

**FLEXIBLE LABOUR MARKETS: QUALITIES OF EMPLOYMENT,
EQUALITIES OF OUTCOME.**

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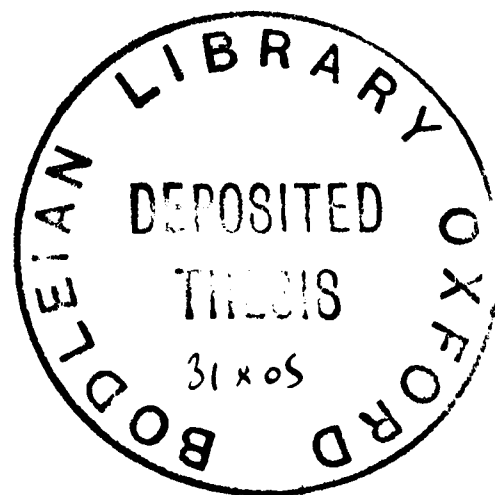
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Thesis Abstract

This thesis investigates the quality of atypical employment to reveal whether support for the generation of temporary and part-time jobs is an effective policy for labour market renewal or whether it leads to labour market segmentation. This issue is investigated through analyses of the quality of atypical employment, with the following components of atypical work investigated: working-conditions, wages, poverty risk, exposure to unemployment and/or labour market drop out, as well as the extent to which atypical employment leads to the standard employment contract, termed its 'bridging function'. Strong and consistent variation in the quality of atypical work (relative to standard contract employment) combined with evidence of a weak bridging function is taken as an indicator of labour market marginalisation for these workers. Evidence of labour market marginalisation would suggest that non-standard contracts foster market segmentation.

A key component of the analyses asserts that institutional context will structure atypical worker outcome with comparative analysis run on three countries to test this hypothesis. The countries chosen for the analysis varied in their combination of institutions thought to structure labour market outcome. The institutions thought to structure labour market outcome were classified into two groups, or axes, thought to structure labour markets in a different manner. The first group of institutions were thought to influence the relative openness or *flexibility* of markets, while the second was thought to influence the *integration* of labour market outsiders. Denmark is presented as a *flexibly integrative* labour market, the French market is presented as *rigidly integrative* and the United Kingdom is labelled *flexibly non-integrative*.

The empirical analyses revealed strong and consistent variation in the quality of atypical work (relative to standard contract employment) and while the evidence suggests that temporary employment does provide a bridging function, the same was not true of part-time employment. This led us to conclude that policies which have sought to flexibilise the labour market through the generation of temporary and/or part-time employment are likely to contribute to market segmentation. Nonetheless we established important differences between countries which provided insights into the labour market conditions which were the most supportive of atypical worker inclusion.

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List of Acronyms Used in Thesis:

ALMP- Active Labour Market Program
CDD- Contrat De Travail à Durée Déterminé
CME – Coordinated Market Economy
CPA- Combat Poverty Agency
DAGEMO-BECI – Ministère du Travail et des affaires Sociales
DWP –Department of Work and Pensions (UK)
ECHP – European Community Household Panel Survey
ECU- European Currency Units
EIRR- European Industrial Relations Review
EMU- European Monetary Union
EPL- Employment Protection Legislation
EU- European Union
EWT- Efficiency Wage Theory
FE- Fixed Effects
FTC- Fixed-Term Contract
FT-Full-time
GDP – Gross Domestic Product
HRM- Human Resource Management
ILO- International Labour Office
INSEE - Institut National de la Statistique et des Etudes
IOT- Insider-Outsider Theory
ISCED- International Standard Classification of Education
LEL – Lower Earnings limit
LME – Liberal Market Economy
NACE- Nomenclature générale des activités économiques dans les communautés européennes (General Industrial Classification of Economic Activities within the European Communities).
NAP – National Action Plan
NIC – National Insurance Contributions
OECD- Organisation for Economic Co-operation and Development
OLS- Ordinary Least Squares
PDB- Production Data Base
PPP- Purchasing Power Parities
PT- Part-time
SC- Standard Contract
SCW- Standard Contract Worker
SMP- Statutory Maternity Pay
TV- Time Varying
UDB- User's Data Base
UIH- unobserved Individual Heterogeneity
UK – United Kingdom
US – United States of America
VAT- Value Added Tax

CHAPTER ONE. Flexible Labour Markets: Qualities Of Employment, Equalities Of Outcome

1: Introduction

The growth of atypical employment has been greeted with concern by a significant portion of labour market theorists and researchers (Kalleberg, Reskin and Hudson 2000; Paugam, 2000; Polavieja 2001). The increased incidence of temporary and part-time jobs has been presented as evidence of the demise of security in employment, with atypical employment portrayed as damaging to the employment relationship (Geary 1992; Sennett 1998) and as a contributor to increased perceptions of job insecurity across contract type (OECD 1997). Job insecurity in turn has been found to have problematic consequences for psychological health and well-being (Wichert 2002) and has been found to decrease insecure workers' wages with fear of job loss correlated with wage restraint (Campbell and Carruth 2001).

Meanwhile the social and employment policy literature has been, comparatively, more positive about the implications of market flexibility and alternative working arrangements (OECD, 1994; Schmid 2002; Pissarides 2001). Policy practice has followed suit with the European Union endorsing the deregulation of the labour market as a means of enhancing market flexibility and generating employment growth¹. One mechanism thought to facilitate market flexibility is the generation of temporary or part-time contracts. The means by which temporary and part-time contracts are thought to enhance market flexibility include: (1) the facilitation of employers' negotiation of volatile product markets, and (2) the reintegration of labour market outsiders. There are two subsets of labour market outsiders thought to benefit from the integrative function of atypical employment. The first are young people, who are in need of entry level positions and work experience, and are thought to cluster amongst temporary contract workers, and the second are women, or parents, attempting to balance their working lives with their domestic responsibilities, who are thought to cluster amongst part-time workers.

¹ The European Council has for several years been committed to the promotion of adaptability and mobility in the labour market with promotion of 'diversity of contractual and working arrangements' a key feature of its specific guidelines (Official Journal of the European Union: 2003, 5.8). The legislative

By facilitating both demand side market dynamics (by assisting employers' management of their work force) as well as dynamics of labour supply (through the provision of positions for a sub-set of the workforce who may not otherwise engage in paid employment) the generation of atypical employment is thought to contribute to a more responsive and dynamic market.

This thesis seeks to establish the implications of strategies of numerical flexibilisation, these being: employment policies and employer strategies that support or generate part-time and temporary employment, on (1) the quality of employment created and on (2) the labour market trajectories experienced. This thesis investigates the *quality* of atypical employment arguing that strategies of worker inclusion must provide comparable forms of employment with those of the standard contract otherwise the generation of atypical employment leads to market segmentation.

The extent to which the generation of temporary and part-time jobs contributes to labour market segmentation will be revealed through analysis of atypical worker job quality, as well as an analysis of the 'bridging function' of atypical employment (the extent to which atypical employment leads to the standard employment contract). The following components of atypical work are investigated.

We start with an analysis of the working-conditions of atypical workers and look at differences in: task discretion/autonomy, in worker participation within the firm and in access to and the duration of job-related training. This analysis is undertaken to reveal whether the work experience of atypical workers is qualitatively different to that of standard contract workers.

The second empirical investigation looks at the wages and poverty risks of atypical workers. The wages of atypical workers are analysed to see if there is a wage penalty associated with atypical worker status, once both observed and unobserved covariates have been controlled for, while the poverty risks of atypical workers are investigated to

context within which these developments have been initiated has, nonetheless, sought to ensure equality of treatment for temporary and part-time workers as stipulated in the EU directives of 1995 and 1997.

reveal whether the lower wages of atypical workers are mediated by other sources of household income.

The final series of empirical analyses probe the labour market trajectories of atypical workers. Atypical workers' transitions to unemployment, as well as their risks of labour market drop-out are analysed. The analysis of unemployment is complemented by an analysis of labour market drop-out in an effort to provide a thorough investigation of the non-integrative transitions of atypical workers, many of whom experience labour market drop-out at the end of their contracts. The analysis of atypical workers non-integrative transitions is done to reveal the relative insecurity associated with these forms of contract.

The bridging function of atypical employment is revealed in the final empirical analysis of atypical workers' transitions to the standard employment contract. With separate analyses of temporary workers' transitions to permanent employment and part-time workers' transitions to full-time employment undertaken, the capacity of atypical employment to re-integrate labour market outsiders is identified.

These analyses provide us with four dimensions of the quality of atypical work: (1) the quality of employment experience, (2) the existence of an atypical worker wage penalty, (3) the insecurity associated with atypical work and finally (4) its bridging function. Together these dimensions should reveal whether atypical employment contributes to labour market segmentation and thereby contributes to the exclusion of labour market outsiders.

One of the principle hypotheses of the thesis is that labour market outcomes will vary by nation state as a result of diverse institutional settings which inform employers' and workers' agency differently. Towards the aim of explaining variations in labour market outcomes by country a typology of the policies and institutional configurations which structure labour market dynamics was constructed. The typology seeks to categorise national labour markets according to two different axes of labour market structuration. These are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side (inclusion/integration axis)

market dynamics. The vital break with traditional economic portrayals of market dynamics is in the conceptualisation of policies of inclusion, which in this case are those alleviating the structural constraints placed on workers that can impede supply.

The relative flexibility of markets is gauged through analyses of the employment protection legislation of nation states in terms of the ease with which employers could hire or fire workers, as well as the relative ease with which they can generate employment, in terms of non-wage labour costs. Broadly the flexibility of markets is expected to decrease the differences between atypical and standard contract workers and increase the bridging function of atypical employment. The integrative function of markets is expected to equalise the working-conditions and wages of workers, as well as offering protection from labour market drop-out. Integrative markets are also expected to reduce the 'scarring effect' of unemployment (Gallie and Paugam, 2000). Markets were classified as inclusive or integrative in accordance with their provision of: security in unemployment (through the provision of generous unemployment benefit), equality in employment (through coordinated trade unionism) and equal access to employment (through policies of defamilialisation²). The three countries chosen for the analysis vary in their combination of *flexibility* and in their policies of market *integration*.

Denmark is described as a *flexibly integrative* market; France is described as a *rigidly integrative* market, while the UK is presented as a *flexibly non-integrative* market.

In summary, this thesis seeks to determine the efficiency of atypical employment as a mechanism of labour market adaptation. Evidence of market segmentation for atypical workers, determined through an analysis of the nature of the employment produced with strong and consistent variation in the quality of atypical work (relative to standard contract employment) combined with evidence of a weak bridging function, will underline the limitations of atypical work as a mechanism of market adaptation. Moreover, in so far as atypical employment has been promoted as a means of removing labour market rigidities, evidence of market segmentation will suggest that

² Defamilialisation refers to the degree to which states allow individuals to uphold a socially acceptable standard of living through paid work, or social provision, free of dependence or duty to the family. The term has its origins in the writings of Ruth Lister (1995).

atypical employment contributes to market failure, and may, therefore, not be an ideal form of market management. It is also argued that the propensities for atypical worker integration will differ by country, and that variation in the calibre of atypical employment will reflect a combination of both employer utility towards the position to be filled and national institutional context, though for reasons elaborated within the remainder of this introduction, we expect strong inter-dependencies between these two dynamics.

2: Why might atypical employment regenerate markets?

This section outlines the two principle arguments advocating the benefits of atypical employment for market flexibilisation, with atypical employment contracts thought to support both demand-side and supply-side flexibility.

Demand-side Dynamics

From a neo-liberal perspective the deregulation of employment law to stimulate the growth of atypical employment is regarded as one means of dismantling a range of market interventions which impede market equilibrium³. Specifically atypical employment is thought to facilitate employers' (1) management of cyclical and seasonal fluctuations in demand whilst simultaneously (2) liberalising wage and labour costs. A series of qualitative case study analyses (Casey, Metcalf and Millward 1997; Purcell and Hogarth 1999) have confirmed employers' use of atypical employment to improve the match between product market demand and labour supply. Atypical employment was found to be particularly beneficial for certain sectors and occupational groups: employers working at the lower end of the value-added spectrum, those requiring low-skilled labour, and the service sector where employees productive output is required beyond the habitual remit of the standard working week (Purcell et al, *ibid*). The generation of atypical employment in these sectors has been presented as a means, for employers, of transferring the risks associated with volatile product markets to employees. Atypical employment is also presented as a means of decreasing

³ Ultimately, the deregulation of labour combined with the withdrawal of various mechanisms of market intervention within the simple competitive model (assuming the agent has perfect information and little or no mobility costs) is seen as the sole means of achieving market equilibrium. Market equilibrium is characterised by low rates of unemployment and equivalent wages for equivalent workers.

the costs of labour, with atypical workers 'cheaper' than standard contract workers as atypical workers are less likely to be entitled to redundancy payments and also tend to cost less in social security contributions.

Supply-side Dynamics

There is also the suggestion that atypical employment supports workers in their pursuit of work-life balance (Pfeffer and Barron 1988) with employers providing working arrangements to suit different types of worker. Increases in women's involvement in paid work, changes in family formation (Crow and Hardey 1999) and increases in the proportion of employment accounted for by the services sector⁴ have altered the traditional means of market engagement, which was previously characterised by full-time continuous market engagement for male breadwinners. It is argued that, increasingly, workers seek different forms of market participation at different stages of their working lives, be it due to childcare responsibilities, a need to combine further training/education with paid employment, the desire to maintain a foothold in the market at the end of ones working-life (Schmid and Gazier 2002) or a desire to invest in one's social rather than working-life (Leadbeater 2000). Moreover, employers' ability to generate atypical employment as a means of transferring the risks associated with product markets to employees, to some extent, requires the complicity of workers, even in instances of high unemployment⁵. For instance employers have been found to generate part-time jobs with the explicit aim of attracting female labour in pursuit of family friendly working arrangements (Burchell, Ladipo et al. 2002).

While the utility of temporary and part-time jobs for both demand and supply-side flexibility is frequently articulated the impact of institutional context on both the quality of atypical employment and on atypical worker heterogeneity is not. These two dimensions are brought out explicitly in this thesis with institutional context expected to both (1) structure the labour market and therefore the working conditions of atypical

⁴ The percentage of those employed in the services sector has increased by 3.3% in Denmark, 6.2% in France and 6.8% in the UK, between 1991 and 2000. These figures are based on my own estimations of published OECD data (2001). Employment in the services sector is frequently presented as more flexible than in the industrial sector which has been in decline over the 1990's (Walsh 1990).

⁵ Purcell and Hogarth (1999) report instances where employers' attempts to restructure production without recourse to employees needs or expectations have failed, with employees responding with high rates of absenteeism, low commitment and high resignation rates.

workers and (2) influence employers' use of different forms of atypical employment, with atypical employment expected to be heterogeneous.

We distinguish two different types of temporary contract. Temporary contract workers are presented as being either probationary contract workers, or short-term contract workers. Probationary contract workers are presented as skilled recruits who are on probation prior entry to the standard employment contract, while short-term workers are used by employers as a means of gaining access to numerical flexibility. We expect probationary contract workers to have similar working conditions to standard contract workers and expect them to be more likely to make transitions to the standard employment contract and less likely to make transitions to unemployment or labour market inactivity. We anticipate the quality of short-term contract work to be inferior to that of standard contract employment, with short-term contract workers the unsuccessful competitors for standard contract employment, and expect short-term contract workers to make considerable transitions to unemployment and labour market drop-out. We expect the relative balance between probationary contract workers and short-term contract workers within the temporary worker market to vary by country, with employers in different institutional contexts more dependent on one form of temporary contract than others.

We also make a distinction between two different types of part-time worker: under-employed part-time workers and retention part-time workers. Under-employed part-time workers have been prevented/ or have been unable to obtain a full-time job. This includes those who actively sought full-time employment but were only able to obtain a reduced hour post and those prevented from engaging in full-time work due to the absence of defamilialization policies. Both of these forms of under-employed part-time worker are expected to have poor working conditions. Those unable to find full-time employment are likely to be the unsuccessful competitors for standard contract positions, and thereby are likely to possess reduced human capital. Those denied access to full-time working hours are disadvantaged by their dual burden of paid employment and unpaid childcare which is expected to decrease their bargaining ability and hence their employment conditions.

The second sub-category consists of retention part-time workers, with employers expected to offer reduced hour contracts to valued employees in certain circumstances. First, we can expect employers who are suffering an economic downturn to attempt to retain valued employees by offering them reduced hour contracts, in the hope of being able to offer them full-time employment in the future⁶. Second, valued employees may be able to negotiate reduced hour employment within their current job description in a part-time compatible working environment. We expect the working conditions of retention part-time workers to be similar to those of standard contract workers. The relative balance between under-employed part-time workers and retention part-time workers is hypothesised to vary by country, with employers in different institutional contexts more likely to use one form of part-time employment over others. In particular we expect employers in internal markets, be they as a result of industrial sector or due to rigid employment protection legislation, to be more likely to use retention part-time employment.

Market Coordination: Interactions between Supply and Demand

As stated we expect *interactions* between employment policies and social policies to structure the labour market and therefore the working conditions of atypical workers. We argue that a rigorous analysis of cross-national differences in atypical worker outcomes requires a *micro-level* analysis of policy context. Support for a micro-level analysis of policy (read institutional) context is found in the inconsistent findings of macro-level analysis on labour market outcome⁷. Examples of the limitations of the macro-policy approach are reviewed below.

For instance several researchers have attempted to measure the effect of employment protection legislation (EPL) on unemployment rates using macro-policy variables. Despite considerable effort in the generation of these variables much macro-policy research has failed to establish a causal link between the relative flexibility of EPL and

⁶ Previous research suggests that French employers are prone to job retention strategies towards their part-time workforce (O'Reilly, 1992).

⁷ A macro-policy perspective purports to measure the impact of policies or institutional configurations in either a single or a series of variables introduced in statistical estimations. Examples of this work include Esping-Anderson (1999, p.136-139).

labour market outcome⁸. For instance (Bertola 1990; Jackman, Layard et al. 1996; Blanchard 1998; Esping-Andersen and Regini 2000; Nickell 1997; Nickell and Layard 1998) fail to establish a causal link between EPL and unemployment rates using this method. In instances where an effect is established the effect is found to relate to unemployment persistence, (Bertola 1990; Blanchard and Portugal 1998), though in some instances EPL impacts on both long and short-term unemployment, increasing long-term unemployment, whilst decreasing short-term unemployment (Jackman, Layard et al. 1996; Nickell 1997; Nickell and Layard 1998). Yet, some macro-policy research has established that countries with strict EPL have higher rates of both unemployment and non-employment (Scarpetta 1996) with a similar conclusion drawn from research using high severance costs as a proxy of EPL (Lazear 1990).

Macro-policy research strategies have also sought to measure the impact of employment protection legislation on labour market transitions, the expectation being that rigid EPL impedes labour market transitions. Once more macro-policy analysis produces mixed results, some have found that strict EPL impedes transitions across the labour market (Schettkat 1997; Blanchard 1998) while others, (Boeri 1999), suggest that 'rigid' EU markets are actually characterised by high labour market mobility but that these are rarely recognised as the majority of transitions in EU markets are job-to-job transitions.

Finally, it should also be noted that the robustness of macro-policy models have been brought into question in instances where more than one variable measuring macro-policy or macro-economic factors are introduced to statistical estimations (Russell and O'Connell 2001, p.10⁹). Given our hypotheses concerning the *interaction* between (1) demand side and (2) supply side employment policy, macro-policy analyses would appear to be excluded to us as a research method.

The evidence suggests that macro-policy analyses provide contradictory evidence of the impact of labour market structure on labour market outcome, offering support for a

⁸ One of the most frequently used macro-policy variables is that developed by Grubb and Wells (1993) and the OECD's expanded version of it (OECD, 1994). Essentially these variables are ordinal and continuous variables reflecting the relative strictness or rigidity of national EPL.

research strategy that provides a detailed investigation of the institutional features of nation states. It is therefore argued that the most effective research method applied is one involving a statistical analysis of individual level data with the variations in outcome by country interpreted through our understanding of the institutional and policy features of the countries analysed. The remaining portion of this chapter sets itself the task, therefore, of identifying the various features of labour markets which are expected to structure labour market outcomes, and in particular, determine the outcomes of atypical workers in terms of the quality of the employment generated, as well as the quality of the transitions experienced.

The review aims to maintain a distinction between theories which provide accounts of convergence in labour market dynamics and those which provide accounts of divergence between countries. We start the following section with a review of employers' human resource strategies, as well as a review of labour market segmentation theories, both of which are anticipated to have a similar effect across country. We then go on to assess the institutional specificities of national markets which, conversely, offer predictions of divergence. The features of national markets contributing to divergence between countries include the following: first, we expect trade union power to have a strong impact on the quality of atypical employment, with trade unions, under the right conditions, enforcing EPL and protecting workers rights. Second, we expect welfare states to influence supply-side structuration by increasing the bargaining power of workers, and equalising access to full-time employment for worker-carers¹⁰. Third, variations in the organisation of production are expected to determine employers' use of different types of atypical labour, with strategies of market coordination providing competitive advantages for highly skilled and stable forms of employment over lower skilled and insecure forms of market attachment.

⁹ The authors found their statistical estimations became unstable on the introduction of more than one institutional variable.

¹⁰ Worker-carers are workers who have primary responsibility, within the home, for child or elder care duties.

Theories of Convergence

3.1: Employer Human Resource Strategy

Employers' management strategies are considered to have a particularly strong impact on atypical worker and market structuration as it is employers who, predominantly, decide whether a position, and what type of position, will be relegated to atypical worker status. We also anticipate employers' management strategies to be influenced by national and institutional context, with different institutions providing competitive advantages for one form of business practice over others. It should be noted, however, that employers' ability to behave strategically is contested with several studies pointing to a lack of coherence in employer strategy (Hunter and McInnes 1991; Purcell 1991; O'Reilly 1992; Gallie and White 1994). However, for the purpose of this analysis, it is suggested that employers' actions are coherently applied and reflect employers' utilities towards different forms of labour contract.

Atkinson in his flexible firm thesis (1987) attempted to provide a holistic account of employers' uses for different forms of flexibility within the firm. The flexible firm is said to incorporate three forms of economic flexibilisation: (1) numerical flexibility, referring to the ability to alter the amount of productive labour according to demand, (2) functional flexibility, concerning itself with the flexibilisation of the productive process, the use of multi-skilling for instance, and (3) financial and pay flexibility referring to the ability of employers to vary pay according to productive output or performance. Atkinson attributes the rise of the flexible firm to employers' attempts to counter balance the costs of skilled labour. Typically a flexibilised workforce is classified according to skill level with multi- or highly skilled workers forming the core of the firm, while lower skill workers, who are hired and fired according to demand, forming the periphery. Temporary contract workers and part-time workers by virtue of their contract type provide numerical flexibility for their employer and we can thus expect them to be peripheral to the 'flexible firm'; however we cannot, as with other theories of market segmentation¹¹, expect all peripheral workers to be low skilled. One of the ascribed characteristics of the flexible firm is its use of temporary

¹¹ See section 3.2.

contracts as a means of gaining access to non-firm specific skills and competencies which may, we hypothesise, contribute to temporary worker heterogeneity.

Contract theories, including efficiency wage theory, primarily explain the incentives and disincentives deployed by employers to maximise workers productive output. Indirectly these theories provide an insight into the mechanisms at play for workers who experience increased unemployment risk, such as atypical workers. Efficiency wage theory (Krueger and Summers 1988) suggests that the wage levels at which employees are at their most productive resides above the full employment equilibrium wage. It is suggested that if wages were reduced to the equilibrium level, worker productive output would decrease as a result of a combination of the following factors. First, productive output is thought to be directly related to workers' wage satisfaction. The implication here is that workers are aware that they are comparatively fortunate to be in receipt of an 'above general equilibrium' / good wage and are more likely to work hard in order to retain their favourable position. So, if an employer provides a wage at equilibrium level the employee's satisfaction with their wage decreases, translating directly into lower productive output. Second, as the wage level approaches the equilibrium wage the search costs to find a position with a wage at a similar level of remuneration also decreases. This situation results in workers decreasing their productive output, as the financial cost of being fired is no longer an incentive to work hard. The optimal level of the efficiency wage is achieved through a balance of employees' productive output, ability, effort and avoidance of wage loss from dismissal. The threat of wage loss, influenced by relative rates of supply, acts as a 'disciplining' device for the employee in terms of productive effort- occupational groups which are not in high demand but are in high supply are most at risk of 'disciplining'. The temporary contract from the perspective of efficiency wage theory is thus interpreted as a worker discipline device where the ability of the employer to dismiss the employee without financial cost is increased so the employee seeks to increase effort to avoid wage loss through unemployment. The additional threat of unemployment at the end of the employment contract is thus said to reduce wage levels for individuals on temporary contracts at the aggregate level (Schömann, Rogowski et al. 1998)¹². Efficiency wage theory (EWT) thus predicts employers' use of short-term

¹² Empirical findings confirm these claims, with the disciplinary effect of the heightened job insecurity of temporary contracts found to weaken workers bargaining power and to decrease their wages (Polavieja: 2001).

contracts as both a means of increasing control over a worker, through the threat of unemployment, and as a means of decreasing costs. Components of EWT, however, fit poorly with our understanding of aspects of part-time employment. First of all, the axiomatic principle of EWT is that all workers pursue strategies of financial maximisation. However, a portion of workers choose to work reduced hours, and thereby choose lower take home pay, providing a direct challenge to the assumption of financial maximisation. Secondly, EWT presents search costs as a key motivator for employees wishing to avoid wage loss. It is suggested here however, that EWT underplays worker complexity, with case study research identifying workers' willingness to quit when dissatisfied with working-conditions, even in instances of extensive local unemployment (Purcell, Hogarth and Simm, 1999). Third, EWT makes no direct reference to the differential impact of unemployment on wage loss by country and within country by occupational group. Legislation concerning redundancy pay, as well as the relative generosity of unemployment benefit and or insurance is likely to mediate the risks of wage loss and thereby the supposed disciplining threat of unemployment.

Case study based research findings of employers' actual uses for atypical employment confirm some of the flexible firm and efficiency wage hypotheses with atypical work used as a means of obtaining numerical flexibility and of increasing employer control. We find that temporary employment, to a much greater degree than part-time employment, is driven by employer demand for flexibility (Kalleberg, Reskin and Hudson 2000). That it is demand driven is evidenced in the high proportion of temporary contract workers, 60%, who work in temporary jobs involuntarily (Cohany 1998). Qualitative research findings confirm this with similar proportions of temporary workers identifying themselves as dissatisfied with the short-term nature of their contracts (Cancé 2002). Nonetheless, while more than half of temporary workers were positive about their temporary work experience, almost all of them stated that they consider permanent contracts to be the ideal form of employment relationship (Cancé, *ibid*), suggesting that the majority of those who claim to be 'voluntary' temporary workers are accepting their short-term positions given their inability to obtain their preferred option of permanent employment¹³.

¹³ There is some controversy surrounding the voluntary nature of temporary employment with ongoing difficulties surrounding the appropriate manner by which 'voluntary' temporary employment should be defined or specified (Ellingson, Gruys and Sackett 1998). So while (Cohany *ibid*) finds that the majority

Employers' reasons for creating, or deploying temporary contract work are multifarious though the most frequently stated reasons are improved control and/or flexibility over the workforce, as well as cost-containment. Different employment practices abound however, some employers have been found to use temporary workers intermittently on an 'as need' basis with the core minima generally hired as permanent full-time workers (Kalleberg, Reskin and Hudson 2000). In other cases employers were found to use temporary workers on a continuous basis applying a core-periphery model to their workforce, with such strategies established in the UK (Casey, Metcalf and Millward 1997) the US (Carnoy and Castells 1997) and France (Lefèvre, Michon and Viprey 2002). While the optimisation of the match between supply and demand is one of the principal forms of cost-containment, in some cases temporary workers, particularly those employed directly by the firm on fixed term contracts¹⁴, cost less per hour than permanent contract workers. Temporary contract workers were found to be used as a means of avoiding the payment of over-time, to avoid the payment of redundancy pay (Casey, Metcalf and Millward *ibid*) and were also found to be a means of reducing the costs of recruitment (Kalleberg, Reskin and Hudson 2000). Temporary work decreased recruitment costs by allowing employers to screen potential recruits on the job, with this form of contract referred to as probationary contract employment (Booth, Francesconi and Frank 2002).

Part-time employment on the other hand, is widely considered to be governed by supply-side dynamics, with household dynamics a primary determinant of part-time supply. The extent to which part-timers choose to work part-time, or engage in reduced hours as a result of the structural constraints under which they find themselves remains a contested topic (Hakim 2000). This thesis, however, makes the assertion that one can only speak of workers' choice to work part-time if credible alternatives to working part-time exist. In addition to this, the current research on part-time workers'

of temporary workers in the US are involuntary, Polivka (1996) manages to conclude otherwise. Research in the UK, using the labour force survey establishes that a significant minority of agency workers claim not to want a permanent job. This was also found to be disproportionately true of women, whom we might expect to benefit from the supposed flexibility a temporary job provides towards work-life balance. However, the author also recognises that 'voluntary' temporary workers may have resigned themselves to their new position given the difficulties of finding permanent work (Biggs, 2003).

¹⁴ Temporary agency workers tend to cost employers more per hour than other types of temporary workers as employers are buying the flexibility and buying out the 'hassle' of recruitment when they obtain workers through a temporary work agency. This is not always the case, however, with temporary

preferences for full-time employment has been poorly researched, with most research failing to distinguish between preferences which are aspirant in character, which should reflect individuals' ideals, and preferences which are practical in character, which reflect positive attitudes to current conditions. The primary data source of this thesis, the European Community Household Panel Survey (ECHP), contains information on part-timers' 'reasons' rather than preferences for part-time work and whilst we can assume that some peoples reasons for working part-time may reflect their preferences, recent research suggests otherwise. Galtier (1999), using the French variant of the ECHP, has established that part-timers have a tendency to accommodate their reasons for working-part-time to their working conditions overtime and finds that workers with decreased probabilities of moving out of part-time employment are most likely to change the reasons they offer for working part-time overtime. Tellingly, part-timers who *initially* defined themselves as underemployed that is those who were unable to find/obtain a full-time job at time period 1, were quite likely to claim that they chose to work part-time at time period 2.

Irrespective of whether part-time workers choose to work part-time or do so under constraint, case study research of employers' preferences have established that part-time employment can be a cost-saving device. Legislation in the UK allows employers to avoid the payment of premiums for overtime through the deployment of part-time work (Casey, Metcalf and Millward 1997). Also, until recently, part-time workers were not protected by equality of pay and treatment legislation in the UK, so had no rights to fringe benefits, or to *pro rata* payments. Part-time employment also provides employers with numerical flexibility (Zeytinoglu 1992; Kalleberg, Reskin and Hudson 2000) with the suggestion that part-time jobs are more easily moved to different times of the day, or week according to demand. Finally, some authors (Tilly 1996) have noted a polarization in employers' strategies towards part-time workers in the US, using part-time employment as both a job retention strategy for valued employees and as a cost saving device.

While it is clear that temporary and part-time jobs are a source of low cost labour, there is also evidence to suggest that employers are increasingly aware of the hidden costs

agency workers, in periods of high inter-agency competition costing less per hour than standard contract workers (Lefèvre et al, 2002).

associated with a flexibilised workforce. High worker turnover is seen to encroach on employee morale and can increase the costs associated with firm specific training (Burchell et al. 2002, p.62). Observers have also spoken of the erosion of the 'psychological contract' of employment between worker and employer when the employment is short-term (Sennett 1998). The introduction of temporary workers has been found to contribute to workplace tensions between permanent and temporary workers (Geary 1992) with employers noting the difficulties in obtaining commitment from temporary contract and part-time workers (Casey, Metcalf and Millward 1997, p120, p130).

Given the difficulties concerning the management and control of atypical workers we anticipate employers to use temporary and part-time employment in positions which are easily supervised and from which the decreased commitment associated with atypical employment will not translate into decreased productive output and expect atypical workers to be lower skilled workers. We expect this tendency to be reinforced by the following supply-side dynamic. First of all, we anticipate supply for standard contract (SC) positions to be higher than demand, with workers competing for SC positions. We therefore expect atypical workers to have lower human capital relative to workers who have been successful in their search for SC employment. We also expect a queuing mechanism to be in operation for temporary and, to a lesser extent, part-time workers, with atypical workers needing to 'do time' as atypical workers before they gain entry to SC positions.

Nonetheless, we also anticipate some atypical worker heterogeneity with probationary contract workers the exception to the rule of temporary workers disadvantage. We also anticipate some employers to use part-time employment as a job retention strategy for favoured employees (O'Reilly 1992; Tilly 1996). We anticipate job retention in the following instances. First, we can expect employers who are suffering an economic downturn to attempt to retain valued employees by offering them reduced hour contracts, in the hope of being able to offer them full-time employment in the future. Second, valued employees may be able to negotiate reduced hour employment within their current job description, in a part-time compatible working environment.

This section presented employers' uses for atypical labour. We argued that the majority of atypical workers are used to obtain numerical flexibility and for cost-containment. We also recognise atypical worker heterogeneity with employers expected to use similar forms of atypical employment for different purposes.

3.2 Employer segmentation strategies

Employer's allocation of different employment opportunities to different forms of employment contract is presented as a crucial determinant of market segmentation. Market segmentation, in turn, is likely to shape the labour market outcome of atypical workers, determining the transitions available to them, and structuring their occupational opportunities.

Doeringer and Piore (1971) suggest that labour markets consist of two segments: a protected core and an exposed periphery. The core market is generated for highly skilled workers to secure a commodity in high demand and to maximise on firm specific human capital. The core market has preferential employment conditions, advanced large-scale capital-intensive production and is closed to labour market outsiders. Employment within the secondary sector, in contrast, was regarded as peripheral, deskilled and exposed to greater job insecurity as a result of strong competitive pressures. From this perspective employers' two-pronged strategy towards their employees accounts for market segmentation with employers' divergent strategies a function of (1) increases in the use of advanced technologies within the firm, which required highly skilled workers, and (2) shifts in the demand structure of product markets, which were no longer characterised by stability of demand. The dual burden of fluctuating demand and of asset specific workers was relieved through the creation of a peripheral/secondary segment.

Further developments in dual market theory (Piore and Sabel 1984) suggest that the shift in production systems was such that new forms of workplace organisation were required to achieve greater flexibility. The most efficient forms of production which were to complement (Berger and Piore 1980) or replace (Piore and Sabel 1984) systems based on mass production were small firms based on flexible specialisation. Flexible specialisation involved highly responsive technology driven craft skills which rapidly altered the object of their productive output according to demand. The ability to recognise and act upon changes in product demand required alternate forms of

workplace organisation that were more adaptable to change. This form of work organisation was characterised by a flattening of workplace hierarchies and the opening of channels for workers to contribute to efficient means of workplace organisation. All workers, from this perspective, are presented as being highly skilled and central to the operation of the firm.

Whilst Doeringer and Piore (1971) and Berger and Piore (1980) attributed the emergence of the cleft within the market to technological advances that necessitated a skilled workforce, other theories of labour market segmentation attributed the division to employer strategy. With employer strategy seeking to 'divide and rule' an increasingly homogenised workforce in an effort to maintain control over the workforce (Edwards 1979; Gordon, Edwards and Reich 1982). The subdivision of the production process was seen as a means of undermining the basis of class-consciousness whilst reinforcing worker alienation through an increasingly atomised workplace (Gordon Edwards and Reich 1982).

Edwards (1979) argues that the employment relationship is a contested terrain where the competing agendas of capital and labour are fought and claims that the struggle for worker autonomy and employer control is central to our understanding of all market dynamics. The means by which employers achieved segmentation is through the organisation of the labour process (Edwards 1979, p.180). Edwards argues that the economic context within which employers find themselves cannot be used to explain employers' workplace organisation either, arguing instead that any workplace can choose to either minimise or maximise employees' previous skill or educational level in the production process. Production that is organised in view of regenerating employees previous skill or educational level will produce employment which is primary in character, whilst secondary employment is conducted with less recourse to employees' skill level or ability. In addition to the segmentation of the market as a result of employers' organisation of labour according to principles of skill regeneration or skill attrition, the segmenting effects of this dual strategy are reinforced by its operation along lines of race and sex. The application of different work criteria to different types of worker facilitates worker differentiation inevitably increasing employer control in instances of industrial action.

In conclusion dual labour market (Doeringer and Piore 1971; Piore and Sabel 1984; Doeringer and Piore 1985) and segmentation (Edwards 1979; Gordon, Edwards and Reich 1982) theories predict little mobility from one labour market segment to another¹⁵. From this perspective the numerical flexibility required of workers in the secondary sector is likely to be obtained through the generation of temporary and part-time contracts. These theories also suggest that worker transitions within the market will be rendered difficult as a result of rigidities surrounding the organisation of production, rather than due to rigidities in EPL.

Theories of Divergence

Sections 3.1 and 3.2 presented theories of employer strategy and labour market segmentation both of which lead us to expect convergence between countries in labour market structure and consequentially in atypical worker outcomes. Sections 3.3 through to 3.5, however, present a series of accounts of market structuration which are specific to nation state. The following section, therefore, offers predictions of divergence between countries.

3.3: The Impact of Trade Union Power on Regulation and Market Management

There are three mechanisms by which trade unions structure markets. The first concerns the segmentation which arises between union and non-union members as a result of union gains in working conditions and wages for union members. The second relates to the role played by centrally organised trade unions in market management and market restructuring. The third concerns the extent to which trade unions 'police' employment legislation.

Lindbeck and Snower's (1988) Insider-Outsider Theory (IOT) is consistent with the first expectation concerning trade unions' structuring impact on market dynamics. IOT suggests that incumbent workers, whom they term 'insiders', ensure that their wages do not drop, even in situations where unemployment has increased to a level where 'traditional' market dynamics would have seen a decrease in wages. Incumbent

¹⁵ Empirical evidence to support market segmentation, as proposed by Gordon, Edwards and Reich

workers' ability to maintain their working conditions is a function of the costs associated with production turnover and rent turnover. Production turnover costs relate, predominantly, to the costs of hiring, and training workers. Rent turnover costs describe the situation where it is not financially viable for an employer to substitute insiders inflated wages by hiring new workers with non-inflated wages. This is due to the combined costs of production turnover, which have already been invested in incumbent workers, as well as the costs of redundancy pay. Trade Unionism, according to IOT theory, is a mechanism by which insider's negotiations for increased earnings and redundancy pay exacerbates the insider-outsider wage gap and productivity differential. It has been argued that standard employment contract workers are characterised by 'insider' rent seeking activities and temporary workers suffer labour market disadvantage as a result of their 'outsider' status (Polavieja 2001). The extent to which atypical workers are covered or excluded from trade union negotiations or collective agreements will therefore be a central component in our analysis of the quality of atypical employment relative to the standard employment contract.

While the gains achieved by trade union negotiations can contribute to an insider/outsider dynamic between union and non-union members, this is not always the case, with the nature of the industrial relations system a crucial factor in the segmenting capabilities of trade unionism. For instance trade unions which are centrally organised, by default, cover non-union members in the employment conditions and wage levels set within collective agreements¹⁶. It is suggested, therefore, that the type of industrial relations system within which trade unions are located will be more predictive of their segmenting capacity with trade union coverage (that is the proportion of workers whose pay is set by collective agreements) as well as the degree to which trade unions are centrally coordinated being important determinants of trade unions' segmenting capacity. The conceptualisation of trade unionism as a market rigidity is therefore anathema to the literature on coordinated trade unionism (some of which is discussed in section 3.2) which regards trade unions as partners in the management of workplace change (Morin and Reynes forthcoming).

(1982), can be found in the work of Hughes and Nolan (1996).

¹⁶ Collective bargaining has been defined as the decision making process between employee and employer representatives which imply the application of an agreed set of rules which will govern the employment relationship (OECD, 1994, p 168).

The role of trade unions as social partners in economic restructuring is, therefore, presented as the second means by which trade unions can influence market dynamics with centralised bargaining regarded as a contributor to: industrial stability, greater worker co-operation and improved competitiveness as a result of what have been termed ‘productivity coalitions’ (Windolf 1989). The positive role of trade unions on market management was confirmed in a cross-national analysis of market reform with reform more likely to be successful in countries where trade unions were partners in economic management (Esping-Anderson, 2000).

The third structuring impact of trade unions concerns its ‘policing’ function, with some employers’ compliance with employment law notoriously difficult. In France, for instance, there has been a two fold increase in redundancies for individual reasons, ‘*motif personnel*’, for which employers have reduced financial liability (Kerbourc’h 2001) suggesting an attempt by employers to avoid the costs of EPL. Another known avoidance strategy concerns employers firing workers in numbers which lie below the thresholds of collective redundancies allowing them to evade the bureaucratic and financial costs associated with EPL on collective dismissals. It is argued here that high trade union density when combined with a tradition of trade union involvement within the workplace will force employers to comply with existing legislation, and will structure employers’ deployment of atypical workers. Under these conditions we anticipate trade unions to protect workers rights, by policing employment law within the firm.

In conclusion, this section argues that the segmenting capacity of trade unions is conditional on the national character of industrial relations, with centrally co-ordinated trade unionism presented as a partner in welfare and social reform, facilitating the process of market re-regulation. Finally, trade unions are expected to police existent EPL within the firm, and thereby secure workers rights.

3.4: Production Regimes and Varieties of Capitalism

Labour market outcome is also likely to be structured by national variations in the organisation of production, with market deregulation having different implications for different forms of production system. While advocates of deregulation argue that all

market interventions operate to the disadvantage of market competition (Siebert 1997), researchers from the varieties of capitalism tradition (Soskice 1990; Soskice 1999) underline the competitive advantage associated with market intervention in a sub-set of national markets.

The current debate in comparative political economy (Hall and Soskice 2001), based in comparative analyses of the organisation of production, has its origins in the sociology of work¹⁷, where the problems associated with Fordist systems of production were recognised as contributing to alternate forms of workplace organisation (Piore and Sabel 1984). Broadly, a 'production regime' is a system of organisation that determines the mode of production as well as the labour market institutions that support them. A distinction between different types of production regime is made according to the nature of market structuration, be it based on co-ordination, termed coordinated labour market economies (CME's), or competition, termed liberal market economies (LME's) (Soskice 1999; Hall and Soskice 2001). The character of a production regime is determined by the interactions of nationally specific institutions that provide incentives for specific forms of firm behaviour. Their character is maintained as a result of the following mechanisms. (1) National institutional structures that provide incentives to firms are actively maintained by employer and employee organisations that are aware of the competitive advantage they gain as a result of particular forms of institutional intervention. (2) Firm behaviour which deviates from the strategies of the status quo are penalised in so far as the business environment provides a competitive advantage to specific forms of business behaviour. The type of firms which gain from the institutional status quo are in a comparatively advantaged position *vis a vis* other firms to maintain their position of advantage.

Briefly, the production regimes of liberal market economies consist of the following:

- (1) A competitive strategy based on low cost labour and highly flexible production.
- (2) Competitive corporate governance and little or no inter-firm relations

¹⁷ Wilkinson's (1983) analysis of the combined effect of the means of production, systems of financial control and political organisation on the competitive advantage of firms can also be described as a forerunner of this branch of political economy.

- (3) The lack of co-ordination between firms or industrial segments extends itself to education and vocational training provision. State provided education is not targeted to the needs of industry, nor are vocational training schemes provided at a sector or industry level.

The production regimes of co-ordinated market economies consist of the following:

- (1) A competitive strategy based on highly skilled labour and co-ordinated production.
- (2) Strong corporate governance and inter-firm relations with pooling of information regarding technologies, standard setting and future market developments.
- (3) The general education system, as a result of market and state coordination, is geared towards the needs of businesses. Moreover the vocational training system is organised at an industry or sector level.

Given the variations in the structure of production regimes we can expect the public policy preferences of employers' organisations to differ dramatically by regime type. In particular, we can expect employers to vary in their preferences concerning the deregulation of employment protection legislation, as well as their use of atypical employment. In LME's we can expect employers to prefer low levels of employment protection (Wood 2001) with atypical employment one means of hiring poorly protected labour. In CME's we can expect employers to be more willing to offer extensive employment protection as a means of securing the commitment of employees who have invested in extensive skills training (Estevez-Abe and Iversen 2001).

While the varieties of capitalism literature provide a convincing account of institutional path dependencies, and of the mechanisms which can ensure institutional reproduction, it is not adopted as the principle theoretical framework in this thesis for the following reasons. First of all, the literatures' account of market dynamics is under-developed, with no reference to market segmentation, nor are the relative advantages or disadvantages of one economy over another for the quality of employment investigated. Secondly, the classification of countries to the ideal types of CME's and LME's fits poorly on closer examination. This is particularly true of the countries

chosen for this analysis. For Denmark, which is classified as a CME, the employment protection legislation is more liberal in parts than those of either the UK or the US, two countries classified as LME's. The French system of production is also poorly described by the varieties of capitalism literature, which is characterised as a particular form of coordinated market economy, despite possessing the lowest trade union density in the European union, a feature of LMEs.

Nonetheless, the following components of the comparative political economy literature are adopted: first the economic efficiencies associated with coordinated and interventionist market management is retained and is used to interpret differences in labour market outcome between interventionist and non-interventionist labour markets. Second, the varieties of capitalism literature offers support for our assertion that trade unionism is likely to foster market efficiencies in certain national economies with the intricacies of macro-economic management most successfully achieved when all market players contribute to policy change and implementation. Third, the conceptualisation of co-ordinated skill generation is retained and is expected to influence employers' use of probationary contract employment. We anticipate employers in liberal markets, such as the UK, to be more likely to be dependent on temporary contracts as a means of scanning the skills of new recruits. That we expect employer strategy to be structured by national context is attributed to the following dynamic. We anticipate temporary contracts to be used for higher skilled workers as a means of scanning the skills and capabilities of new recruits in instances where employer knowledge concerning the abilities of workers is low/weak. We expect employer knowledge of the skill content of workers educational qualifications to be the highest in CMEs, as a result of the coordination between business organisations and the state in skill generation in accordance with the technological requirements of industry.

We anticipate the decreased tendency to use probation for skilled workers in CME's to be compounded by the institutional contract of security in employment which exists between workers, employers and the state in coordinated market economies. Strict/rigid EPL and or security from unemployment, through the provision of generous unemployment benefits, are two means of providing incentives for employee

investment in industry and firm specific skills (Estevez-Abe, Iversen and Soskice, 2001).

3.5 Welfare States, as supply-side structuration

This section presents concepts within the welfare regime literature thought illuminating to the research question at issue: the impact of institutional context on atypical worker outcome. The first observation of note concerns the relative insularity of much of the welfare regime literature, which, despite a theorisation of the welfare state as a means of protecting citizens from the vagaries of the market, has rarely sought to examine the impact of social and employment policies, on labour market outcome (Marshall 1950; Titmuss, Abel-Smith and Titmuss 1974; Esping-Andersen 1990; Esping-Andersen 1999) and while there are notable exceptions (Goodin 1999; Gornick 1999; Meyers, Gornick and Ross 1999; Gallie and Paugam 2000) none of these have sought to directly test the structuring impact of welfare states on atypical worker outcome.

Two crucial concepts, which arise from Esping-Anderson's work (1990), and its subsequent feminist critique (Sainsbury, 1999; Sainsbury, 1994; Lewis, 1997; O'Conner, 1999) are used here to explain the impact of welfare regimes on individuals' agency within markets. These concepts are those of: *decommodification* and *defamilialization*.

Decommodification refers to the degree to which welfare states eliminate dependence on the market through the provision of social security payments which guarantee a "socially acceptable standard of living independent from market participation" (Esping-Anderson, 1990, p37). Decommodification is one of three concepts Esping-Anderson used to classify nation states according to different regime types¹⁸.

¹⁸ The other two dimensions being: state-market relations – referring to the degree to which individuals are reliant on the state rather than the market for welfare, and stratification, the extent to which the welfare state itself structures and stratifies citizens through variations between workers in entitlement. Classification of nation states according to these three dimensions resulted in three ideal types of welfare regime; the social democratic regime, where state involvement seeks to mediate market inequalities and guarantees universalistic welfare payments, the corporatist- or conservative regime, where welfare is limited to interventions which improve market efficiency combined with a strong emphasis on the concept of subsidiary in familial welfare provision and a maintenance of status differentials in welfare payments, and finally the liberal regime, where welfare transfers are obtained predominantly from the market, with a residual benefit system provided on a means-tested basis.

While the concept of decommodification is useful as a means of summarising one of the principle effects of social policy on individual agency and, in turn, labour market outcome, feminist researchers claim that the concept applies poorly to most women's social circumstances many of whom are unable to engage in paid employment as a result of their involvement in unpaid work within the home. Moreover, benefit entitlement and level, in most regimes, is determined according to market engagement suggesting that decommodification will operate differently for women who have tended to engage in the market in a different manner to men. Policies which aim to provide unconstrained access to paid employment rather than policies which allow workers to sustain a minimum standard of living without market engagement became an alternative means of conceptualising the impact of policies on female stratification (Orloff 1993; Gornick 1999). Policies that alleviate the familial responsibilities which constrain workers' access to market involvement are referred to as defamilialization¹⁹ policies.

The capacity of nation states to decommodify and defamilialise workers is expected to structure labour supply with decommodification influencing the conditions under which workers search for employment and defamilialization structuring women's access to full-time paid continuous employment. We suggest that decommodified workers will be facilitated in their negotiation of market risk, as a result of their financial independence, increasing their ability to choose preferred employment options. Countries with poor decommodification, on the other hand, are likely to have a stronger employment forcing dynamic compelling citizens to accept jobs under financial constraint. We can anticipate decommodified labour to have greater bargaining ability and improved working conditions and/or wages. In a similar manner we anticipate defamilialisation to increase the bargaining power of worker-carers who would otherwise be both (1) constrained in their labour market engagement as a result of their caring duties and (2) at a disadvantage to workers without childcare responsibilities, who are not similarly constrained and can therefore complete more successfully for valued positions. We anticipate policies of defamilialization to have a particularly strong impact on the nature of part-time work with worker-carers more

¹⁹ While I argue that defamilialization is the primary dimension of variation in gendered welfare state analysis others have referred to the capacity to form autonomous households (Orloff, 1993) as well as the balance in support for women's rights as mothers rather than workers (Sainsbury, 1994, 1999).

likely to be forced into poor quality part-time work if affordable childcare is not available.

This section considers the potential of welfare states to increase the bargaining power of workers as a result of policies of decommodification and defamilialization. Particular attention was placed on the structuring impact of defamilialization on female supply with countries with extensive defamilialization thought to remove the employment forcing effect of childcare responsibilities into part-time employment.

4: The Components of the Theoretical Framework and the Countries Chosen for the Analysis

This thesis seeks to determine whether the institutional specificities of nation states structure atypical worker outcomes differentially with our primary hypothesis being one of divergence.

Our theoretical expectations concerning the quality of atypical employment are the following. First, we anticipate the vast majority of atypical workers to have inferior working conditions and wages to standard contract workers. We attribute this to both employers' uses of atypical work (the literature suggests that temporary and part-time jobs tend to be used by employers as a means of obtaining numerical flexibility and as a means of cost containment) and of competition for standard contract employment (with atypical workers the unsuccessful competitors for standard contract employment).

We also expect atypical workers to be heterogenous with the following categories identified as exceptions to the rule of atypical worker disadvantage. First we distinguish between temporary workers who are short-term contract workers, and temporary workers who are on probation: probationary contract workers. Probationary contract workers are presented as skilled recruits who are on probation prior entry to the standard employment contract, while short-term contract workers are used by employers as a means of gaining numerical flexibility. We expect probationary contract workers' working conditions to be similar to those of standard contract workers.

We make a similar distinction between good and bad part-time employment. We make a distinction between under-employed part-time workers, whose quality of employment is expected to be inferior to the working conditions of standard contract workers, and retention part-time workers, whose working conditions are expected to be similar to the working-conditions of standard contract workers. Retention part-time workers are valued employees who are some of the few in positions to negotiate reduced hour employment.

A central research question of this thesis seeks to establish whether atypical workers' labour market outcomes vary by nation state as a result of diverse institutional settings which inform employers' and workers' agency differently. Towards the aim of explaining variations in labour market outcomes by country a typology of the policies and institutional configurations which structure labour market dynamics was constructed. The typology seeks to categorise national labour markets according to two different axes of labour market structuration. These are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration.

While we expect the relative flexibility of EPL to support demand-side flexibility, we identified the following as possible sources of supply-side structuration and of market coordination. First, we argued that centrally coordinated trade unionism is likely to protect the working conditions of atypical workers both as a result of (a) collective agreements which benefit atypical workers and as a result of (b) the policing function of trade unions, with existent EPL more likely to be enforced when trade union density is high and/or trade unions are recognised as social partners within the national industrial relations system. We also presented the welfare state as a means by which workers could increase their bargaining power, and thereby their working-conditions, as a result of policies of decommodification and defamilialization. Finally, we presented hypotheses concerning variants in the organisation of production. This literature leads us to expect economic efficiencies associated with coordinated and interventionist market management. It also leads us to anticipate divergence in employer strategy by country with nationally specific institutions and legislation providing strong incentives for employers to act in one way rather than another. An example of this is our hypothesis of an increased use of probation in LMEs where

employers do not possess similar amounts of information concerning the skill content of workers' qualifications as in CMEs.

The three countries analysed were chosen on the basis of their policies which supported (1) demand-side flexibility as well as those which support/or impede (2) supply-side flexibility. Denmark is one of the few countries in the EU which can be described as both highly flexible, in terms of its EPL, as well as being highly integrative: having both extensive and coordinated trade unionism as well as having a highly decommodifying and defamilialising welfare state. France was chosen as an exemplar of a rigid labour market with extensive provision for labour market integration: having moderate policies of decommodification, and extensive policies of defamilialization. French trade union density is one of the lowest in the European Union though its influence in certain sectors of the French labour market, particularly the public sector, is anticipated to be strong. Finally the UK was chosen on the basis of its flexible employment law and its comparatively poor provision of decommodification and defamilialization for its workers, as well as for its highly deregulated trade union movement.

In conclusion this section presented a series of competing accounts of market structuration and atypical worker outcomes. The first series of accounts suggested that atypical workers outcomes would be the same in different countries, with employer strategies and the ensuing market segmentation expected to be the same irrespective of national context. The second series of accounts present a competing hypothesis of divergence, arguing that institutions specific to countries will structure atypical worker outcomes differentially.

5: Thesis Outline

In short this thesis will provide an analysis of the quality of atypical employment as well as an analysis of the transitions of atypical workers. The analysis can be classified into three distinct, though inter-related research questions. These are:

- 1- Is atypical work of inferior quality to standard contract employment?
- 2- Does atypical work disproportionately expose workers to unemployment and labour market drop-out?
- 3- Irrespective of the quality of atypical work does atypical employment lead to standard contract employment?

In addition to these three research questions, this thesis also seeks to establish whether the quality of atypical employment and the transitions to which they are exposed, vary by country. The hypothesis here is that the institutional structures of nation state will lead to considerable differences between countries in atypical worker outcomes.

The research will be conducted on individual level data with a panel component allowing us to track atypical workers over time. Rather than adopt a macro-policy framework to control for institutional variations between countries we aim to explain observed differences in labour market outcomes through our understanding of the national differences in institutional context. The structure of this thesis is the following:

Chapter two provides an analysis of the divergent institutional configurations of Denmark, France and the UK. The institutions and policies reviewed were analysed according to two axes which are considered vital to labour market dynamics. These are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side (inclusion/integration axis) market dynamics.

Chapter three investigates three components of each national labour market. The first looks at the macro-economic climate of the three countries given that macro-economic

context is likely to influence the quality of atypical employment and the transitions of atypical workers. The second presents empirical tests of the degree to which atypical workers have lower tenure and job security. The third analysis looks at national variations in the demographic and labour market characteristics of atypical workers by country. In this section we try to establish the extent to which atypical workers vary between countries and also seek to establish atypical worker heterogeneity according to the ideal types reviewed.

Chapter four investigates the extent to which atypical workers are disadvantaged within the labour market, with the expectation that contractual status will be determinant of workers' working conditions. The extent to which atypical workers are disadvantaged will be established in accordance with the following aspects of their working environments. First we measure atypical workers autonomy/task discretion, offering a tentative analysis of the implications of flexibilised contracts for the employment relationship. Second, the inclusion of flexibilised labour in direct employee involvement schemes is reviewed as are, third, the relative levels of training by contract type. These three sections aim to reveal whether numerically flexibilised workers are treated differently within the firm by virtue of their contractual status.

Chapter five examines two interrelated social phenomena. The first involves an analysis of the atypical worker / standard contract worker wage differential, with evidence of a wage penalty an additional component to our analysis of atypical worker disadvantage within national labour markets. The second analysis assesses atypical workers' wages within the context of total household income, providing for an analysis of poverty risk.

Chapter six investigates the extent to which atypical workers are disproportionately exposed to unemployment and labour market drop-out. The analysis of unemployment is complemented by an analysis of labour market drop-out in an effort to provide a thorough investigation of the non-integrative transitions of atypical workers, many of whom experience labour market drop-out at the end of their contracts.

Chapter seven presents an analysis of the 'bridging function' of atypical employment to the standard employment contract. The definition of the standard employment

contract differs for each form of atypical employment analysed. In our analysis of the transitions of temporary workers we look at their transitions to a permanent contract, whilst our analysis of part-time workers looks at their transitions to full-time work.

Finally, chapter eight presents the conclusions of the thesis.

CHAPTER TWO. Employment Regulation and Social Protection: Managing Market Flexibility, An Analysis of the Institutional Structure of Danish, French and English Labour Markets.

1: Introduction

This thesis investigates the quality of atypical employment to reveal whether support for the generation of temporary and part-time jobs leads to labour market segmentation for atypical workers. A key component of the analyses asserts that existent variations in institutions will be crucial to the extent to which atypical workers are peripheralised within markets. This chapter therefore presents the institutional and structural context of the Danish, French and English markets which are hypothesised to structure the labour market context of atypical workers. The employment and social policies reviewed are those which are relevant to our observation window of 1994-1999, though the historical framework is also presented when relevant.

The institutions and policies reviewed are analysed according to two axes which are considered vital to labour market dynamics. These two axes are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side (inclusion/integration axis) market dynamics. The break with traditional economic portrayals of market dynamics is in the conceptualisation of policies of inclusion, which in this case are those alleviating the structural constraints placed on workers that can impede supply.

The relative flexibility of markets is gauged through analyses of the employment protection legislation of nation states in terms of the ease with which employers could hire or fire workers, as well as the relative ease with which they can generate employment, in terms of non-wage labour costs. The degree to which markets are inclusive or integrative was determined through analyses of the relative investment of nation-states in social and employment policies that: (a) secure employee rights, (b) alleviate caring responsibilities and (c) support workers in their unemployment experience. The countries chosen for the analysis vary in their combination of *flexibility* and in their policies of market *integration*. These combined dimensions lead to the development of the typology described below.

A. FLEXIBILITY AXIS

Essentially the flexibility axis consists of social and employment policies which facilitate mobility across the market be it across labour market statuses or from one form of employment to another. The components of labour market flexibility reviewed cover: employment protection legislation and non-wage labour costs.

1.1 Employment Protection legislation

There are two components of employment protection legislation which are important to an assessment of atypical work. The first is the extent to which the system of employment protection legislation (EPL) is rigid or flexible, determined according to the ease with which employers can hire or fire workers. Employers in rigid regimes are hypothesised to be more likely to obtain numerical flexibility (flexibility over the *amount* of labour applied at various stages of the production process or business cycle) from atypical workers rather than a protected core. This dynamic is expected to lead to a peripheralisation of atypical workers within markets. The rationale behind this assertion is the following: (1) Employers' primary goal is to run a business and not to provide employment, the latter a function imposed by rigid employment law. (2) Even the most socially responsible employer will need to increase and decrease his or her labour force to respond to fluctuations in product demand and will therefore be denied access to flexibility within rigid employment systems. (3) That employers are denied flexibility does not mean that they will not pursue it, but it does mean that the *means* by which they obtain flexibility is likely to be problematic. (4) It is hypothesised that employers in rigid regimes will pursue flexibility by: (a) evading existent EPL, by accessing loop-holes in legislation and/or by openly flouting it (b) targeting minority groups within the labour force: such as atypical contract workers²⁰.

While the first component of the analysis of EPL looks at aggregate flexibilities/rigidities, the second component concerns the extent to which EPL is applied equally to standard contract workers and atypical workers. Differentials in EPL are thought to provide

incentives for employers to generate atypical employment as a cost saving device. Small differences in employment law have been known to generate strong incentives for employers to use one form of employment contract over another (McKnight, Elias and Wilson 1998). The general tendency, however, is for EPL to be similarly flexible or rigid across employment type by country.

1.1.1 Temporary Contract Workers

EPL in Denmark and the UK is comparatively more flexible than in France. In Denmark and the UK both temporary and permanent employees have low levels of employment protection: there are few procedural inconveniences in the termination of employment contracts, and end of contract payments are low/ to non-existent in both countries even after considerable years of service (OECD, 1999). Moreover there are no legislative specifications concerning the length of temporary contracts, nor are there limitations to the number of times an employee can be re-employed on successive temporary contracts. While EPL in Denmark and the UK are similar there are important differences that should be noted, with Danish EPL containing a number of clauses which appear more protective of fixed term contract work than is the case in the UK. The first concerns the maximum number of temporary employment contracts under which a temporary worker can be employed. While there is no legal limit in Danish law, employers can nonetheless be brought to a labour court to challenge their use of successive temporary contracts (OECD, 1999) suggesting the existence of a moral code in the deployment of temporary labour. The second concerns a recent change, mid 1990's, which makes Danish employers responsible for the payment of temporary workers unemployment benefit for the first two days of their spell of unemployment (OECD, 1999). While the cost involved is low, it might encourage employers to reconsider the necessity of terminating a temporary workers' contract. Finally in Denmark the level of employment protection afforded workers is decided by the social partners (Björklund, 2000) which is likely to produce a more coherent employment protection system removing any loop holes in employment law which provide incentives for employers to misuse atypical work as low cost disposable labour.

²⁰It has also been suggested that employers are likely to be facilitated in their pursuit of work intensification if a portion of their employees are on atypical contracts (Burchell, Ladipo and Wilkinson 2002). Work intensification is, however, not directly engaged with in this thesis.

EPL in France, on the other hand, is much more rigid and while the rigidities associated with employment protection cover temporary and permanent employment more or less equally, there are still inconsistencies in the legislation between both forms of employment which we expect will lead to temporary workers being used disproportionately as a source of numerical flexibility. Moreover, we expect considerable recourse to numerically flexibilised labour given the rigidities associated with the termination of permanent contract employment. French labour law requires employers to identify their reasons for terminating permanent contract employment and stipulates a different procedure of termination in accordance with the different reasons presented for termination. Terminations made on the basis of individual reasons (*motif personnel*) are the least cumbersome and involve the notification of the individual concerned by letter within which a date for interview between the employee and employer is set. After the interview a second letter is sent which includes a statement of the reasons for the dismissal. The second form of termination, made on the basis of economic reasons, requires a longer period of notice as well as obligations for the re-training of the fired worker by the employer. The relative proportion of terminations attributed to individual rather than economic reasons are 2:1 with a recent increase in the use of individual motives for termination (Kerbourec'h 2001). That individual, rather than economic reasons are more common is likely to be a function of the reduced obligations which the employer has toward employees fired for individual reasons.

The legislation covering temporary workers are similarly rigid: French employers are required to comply with a series of statutes before they are entitled to employ a worker on a temporary contract, they are constrained from employing the same worker on consecutive contracts and are often obliged to provide training for the employee at the end of their contract if they do not provide that worker with a permanent job at the end of their period of service (DAGEMO-BECI, 1996). There are also strong financial incentives for French employers to offer temporary workers permanent employment at the end of their contracts in the form of an exoneration of social security payments (Boissonnat 1995) and if a temporary contract worker continues to work in her position beyond the stated duration of her contract, the contract is regarded as a permanent one (Kerbourec'h 2001).

So while it is important to recognise the efforts made by French legislators to ensure that temporary workers are provided with security in employment we still hypothesise French employers to use temporary workers to obtain numerical flexibility given the difficulties they encounter in the termination of permanent contract employment. The protective legislation for temporary contract workers differentiates the French case from other rigid economies, Spain for instance, where the creation of temporary contract employment appears to have been done in a non-equalising fashion to protect permanent workers from market fluctuations (Polavieja 2001).

In addition to the expectation that rigid EPL will peripheralise atypical workers, we also anticipate rigid EPL to result in a higher incidence of atypical employment, with employers in rigid regimes obtaining flexibility through the generation of atypical employment. The assumption of increased incidence of atypical employment in rigid labour markets is supported in the statistics available: There has been a decrease in the proportion of workers employed on temporary contracts in Denmark; from a high of 12% in 1985, and again in 1994, both periods of economic recession, to 9% from 1998-2000. In the UK the proportion of workers employed on temporary contracts is lower and has shown less variation over-time: accounting for 7% of workers in 1985 and fluctuating between 5-6% of total employment from 1990 onwards. Finally we find that France has the highest proportion of temporary contract workers accounting for 14% of employees in 2000, we also find that temporary contract employment is a recent phenomenon with less than 5% of workers employed on similar contracts in 1985 (table 2.1).

Table 2.1 Temporary Employment as a Percentage of All Employment by Country, Gender and Time

	1985	1990	1991	1992	1994	1995	1996	1997	1998	1999	2000
DENMARK											
All	12.3	10.8	10.3	9.7	12	10.6	10.2	9.8	9.1	8.9	9.1
Men	11.6	10.6	9.4	8.6	11.1	9.6	9.3	9.2	8.3	7.8	7.7
Women	13.1	11	11.4	10.9	12.9	11.9	11.5	10.5	10.1	10.2	10.6
FRANCE											
All	4.7	10.5	9.3	9.6	11	11.4	11.7	12.3	12.9	13.3	13.8
Men	4.8	9.4	7.9	8.1	9.7	10.3	10.6	11.2	11.8	12.4	13
Women	4.6	12	11.1	11.5	12.4	12.7	13.2	13.7	14.1	14.3	14.9
UNITED KINGDOM											
All	7	5.2	5	5.2	6.5	6.3	6.5	6.7	6.5	6.2	6.2
Men	5.7	3.7	3.6	4.1	5.5	5.3	5.3	5.6	5.5	5.4	5.2
Women	8.8	7	6.9	6.7	7.5	7.6	7.9	8.1	7.9	7.3	7.4

Source: Eurostat (2000, 2002) Employment in Europe, Recent trends and Prospects

1.1.2 Part-time Workers

This section reviews how variations in EPL and in the institutional support for part-time employment determine both the incidence and character of part-time work. We argue that EPL is the primary determinant of the quality of part-time work, and present the interaction between institutional support for part-time work, and its cultural legitimacy as determinants of the incidence of part-time employment.

Denmark

In Denmark part-time workers benefit from the EPL and benefit system afforded to all workers. Collective agreements specify a minimum of 15 hours a week, with part-timers defined as those working between 15 hours and 30 hours a week. Part-time workers who work the minimum of 15 hours benefit from standard EPL and unemployment benefit. The thresholds for access to other benefits are somewhat lower with workers required to work 9 hours a week to be entitled to sickness benefits (Lind, 1999) and 10 hours a week to be entitled to the supplementary labour market pension (Warren, 2001). This could mean, however, that marginal part-time workers are excluded from certain work related benefits.

The incidence of part-time employment in Denmark has changed considerably with a dramatic decrease in the proportion of workers employed part-time since the mid 1980's. In 1983 45% of working women were engaged in part-time employment, with this figure dropping to 22% by 1999 (OECD, 2000). This decrease in part-time employment is attributed to normative and cultural changes in female labour market engagement as well as to shifts in labour market policy. The labour market policies/ institutional features which could account for the decrease in part-time employment include the following: first, in the early 1980's, and then again in the 1988-1993 period, changes in unemployment policy restricted part-time workers access to unemployment benefit imposing a disincentive to part-time work (Lind 1999; Warren 2001). Second, trade unions have traditionally opposed the generation of part-time employment (Lind 1999) which they see as a threat to full-time jobs (Nielsen, 1996). Interestingly both trade unions and employers' organisations have united in opposition against recent attempts to introduce legislation that would guarantee workers reduced hour employment on demand²¹. Finally, and perhaps most crucially, there has been increased expenditure on child and elder care which, it is argued, may have liberated carers to participate in full-time rather than part-time employment. The expenditure of the Danish state on children's day care and maternity leave in real terms represented 1.31% of GDP in 1982 while in 1996 it rose to 1.96%²², with demand for childcare still higher than supply (Rostgaard and Fridberg 1998, p.95). We expect the stark decrease in the quantity of part-time employment to have decreased the overall quality of part-time employment in Denmark, with those who have remained in part-time jobs likely to be disproportionately constrained in this form of market participation. We also anticipate normative shifts in the form of female labour market engagement from part-time to full-time to influence the supply of those who remain attracted to reduced hour employment.

²¹ The facilitation of the generation of part-time work is consistent with a series of National Action Plans (NAP's) which have been developed in accordance with European employment policies that have sought to support the generation of temporary and part-time contracts i.e. European Commission's White Paper on Growth, Competitiveness and Employment (1993), and various council resolutions (http://europa.eu.int/comm/employment_social/empl&esf/empl99/guide_en.htm).

²² A considerable portion of the increase in expenditure in childcare services is due to the costs of parental and maternity leave (Rostgaard and Fridberg 1998).

France

France also provides equality of pay and benefit entitlement for its part-time workers, with part-time working hours defined as 4/5ths or less of the standard working-week (Marullo 1995). Nonetheless, deregulatory elements within the '*loi quinquennale*', 1993, may encourage employers to deploy part-time work as a cost saving device leading to a greater insecurity of employment for reduced hour workers. First there is evidence that employers are using part-time workers to achieve numerical flexibility and to work 'core' workers hours that would otherwise require over-time pay (Galtier and L'Horty 2000). Second, employers who generate part-time jobs²³ can expect a reduction in their social security payments of 30%-50%, as can employers of low waged workers. The combined effect of these policies has seen a decrease in the cost of part-time work by 10%, three-quarters of which is due to the exemption of social security payments for low paid workers (Galtier et al., 2000, p.102).

Part-time employment is a relatively new phenomenon in France, when compared to Denmark and the UK, and we can, therefore, anticipate a lower incidence of part-time employment as well as less normative support for this form of market engagement²⁴. In the early 1970's the French female participation rate was 50%, 5% points higher than the OECD European average, with the majority of working women working full-time: part-time work accounted for 13% of female employment. By the end of the 1990s the female participation rate had increased to 61%, and was still 5% points above the OECD European average, however part-time work at that stage accounted for 25% of female employment (OECD, 1993 and 2000). That part-time employment may receive less normative support appears to be confirmed in the high incidence of part-timers in France who claim to be under-employed²⁵, 33% (Gash 2003), with this tendency increasing over-time, by 8.5%, between 1992 and 1998 (Bloch 1999). So while part-time employment does appear, increasingly, to be adopted as a standard form of labour market participation a significant minority, 1 in 3, state a preference for working more

²³ On condition that the position is permanent and that working hours exceed 16 hours a week.

²⁴ Some have argued that the introduction of part-time work is a retrograde development for women's employment which has traditionally been characterised as full-time and continuous (Maruani, 2000).

²⁵ Under-employed part-time workers are defined as reduced hour workers who stated that they would like to work more hours than their current reduced hour working week.

hours, suggesting some opposition to part-time employment as an employment option. This distinguishes the French case from the Danish case where opposition to part-time employment has come from the social partners, rather than from part-timers themselves. Again we expect the cultural legitimacy associated with part-time employment to influence the calibre of part-time supply.

United Kingdom

Part-time workers in the UK were not provided with equality of pay and benefit entitlement until the 1st of July 2000 under the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 (<http://www.dti.gov.uk/er/ptime.htm>). This law ensures that part-timers have *pro rata* entitlement to pay and benefits, unless it is objectively justified not to do so. It remains to be seen, however, whether employers overuse 'objective justification' to maintain part-time worker pay and benefit inequality with the 'policing' of employment law within the firm impeded by the practical absence of work councils and collective bargaining institutions. An example of the poor enforcement of EPL was established by the National Association of Pension Funds (1993) who noted that just under half of occupational pension schemes excluded all part-time workers despite the existence of EU equality law requiring the inclusion of part-timers in such schemes (Marullo 1995).

Part-time employment has been and continues to be a common form of female labour force participation in the UK. In 1983, 42.4 % of all female employment was part-time in the UK, with this figure remaining relatively stable over the intervening period, accounting for 40.6% of female employment in 1999 (OECD, various years). Nonetheless a curiosity of the UK's system of working-time is the high proportion of part-time workers who work very short hours. One explanation for this is found in the inconsistencies in the system of social security taxation, where neither workers nor their employers were required to pay social security contributions if workers' wages fall below a 'lower earnings limit' (Dickens, 1992). The proportion of workers whose earnings fall below this level is considerable, representing 2.6 million workers between 1994 and 1995 the majority of whom, 2 million, are women. This represented 19% of all female employees in the UK, and 5.5% of male employees, 94 % of whom are part-time workers (McKnight, Elias and Wilson 1998). The lower earnings limit (LEL) for this time period was £64 pounds a week. In an effort to redress this rigidity (employers and employees

lose their 'tax free' employment status if they earn more than the LEL) the Labour government altered the law in April 1999 from which time employers and employees are exempt from National Insurance contributions on the portion of their incomes which fall below the LEL but are able to earn above that level without losing the 'tax free' portion of their income. Earnings above the LEL require a national insurance contribution from both employees and employers. While the system of social security contributions was problematic, in that it supported the generation and maintenance of low income jobs, some local authorities and firms in retail were found to have created jobs with the specific aim of avoiding National Insurance contributions (McKnight, Elias and Wilson 1998), there is also the additional feature of loss of benefit entitlement which meant that many part-timers were not eligible for unemployment benefit at the end of their jobs. It should also be noted that there are further rigidities in the national taxation system which also discourage workers to work full-time hours in the UK (Harvey 1995; McGinnity 2001) underlining the degree to which part-time work in the UK is structurally constrained. The combination of low pay, short hours, as well as the reduced access to unemployment benefits would appear to suggest that part-time employment in the UK would be deemed a problematic form of labour market participation for employees and trade unions.

Yet in the UK part-time employment is a culturally legitimate form of market engagement in a way that is no longer true of Denmark (Warren, 2001) or of France (Daune-Richard 1998). For instance only a minority of UK part-time workers identify themselves as under-employed, 13% (Gash, 2003), while the majority of part-time workers claim satisfaction with their working lives (Hakim 1991). That UK part-timers express little dissatisfaction with reduced hour employment could be a function of a series of different factors. For instance O'Reilly (1992) identified strong differences between French and English women in their orientations to work. French women were described as being more interested in their working conditions, their wages and their promotion prospects, than UK women. French women were also described as having a higher attachment to full-time employment with this presented as a function of the higher educational qualifications and aspirations of women in France. We could also attribute the comparative complacency regarding part-time employment in the UK, relative to the other two countries, to 'feedback mechanisms' – where structural constraints are adapted to rather than challenged. Part-time employment has been a significant feature of the female labour market for decades now and may have been accepted as 'normal' labour

market participation. That the UK is characterised by a greater acceptance of women's partial attachment to the labour market could also be attributed to the UK's breadwinner ideology (Sainsbury 1994; Lewis 1997; Sainsbury 1999) where women's role as carers, rather than their lives as workers, are supported by existent welfare and labour market legislation.

1.2: Severance Costs

An important component of employment protection legislation concerns severance costs, with high severance costs deterring employers from terminating a contract. There are strong differences between the three countries analysed in the degree to which employers are required to pay severance costs. Danish legislation is the most liberal with blue-collar workers ineligible for severance pay, no matter the length of service. White collar workers on the other hand do receive severance pay but only if they have been employed with the same employer for a considerable amount of time: after 12 years of service they are entitled to 1 month of pay, after 15 years they are entitled to 2 months and after 18 years they are entitled to 3 months of pay (OECD, 1999).

In France the severance pay is higher than in Denmark with both blue and white-collar workers entitled to 1/10th of a month's pay per year of service, i.e. 3 days pay per year of service. Nonetheless employers can avoid the payment of severance costs for temporary workers on training or insertion programs as well as casual labourers. This, we argue, provides French employers with incentives to hire short-term contract workers to avoid the payment of severance costs. While severance pay for part-timers is equal the pay for full-time workers, severance pay is calculated as a proportion of monthly income and is, therefore, lower than the sum offered to full-time workers at the end of their contracts.

Of the three countries analysed, the legislation concerning severance pay is the most generous in the UK, where the legal minimum is 1.5 weeks of an employees' earnings per additional year of service up to a maximum of 30 weeks pay, in practice, however, 40% of firms exceed legal minima (OECD 1999). However, employers in the UK are not obliged to pay severance costs for workers who have been working for less than 2 years with the firm, providing incentives for UK employers to hire workers for a short

period to avoid the payment of severance costs. Workers eligibility for severance pay is the same for permanent and temporary workers, which is likely to reduce the concentration of short-term contract workers amongst the temporary worker sample in the UK. In the UK marginal part-time workers, those working less than 15 hours or less a week, are not entitled to severance pay if they have two years of service with a firm, and are required to amass 5 years continuous service before they can claim severance costs (Marullo 1995).

This section presented an assessment of national variations in EPL and presented hypotheses concerning the impact of EPL on the quality of atypical employment. We expect rigid EPL to contribute to an insider/outsider dynamic between atypical workers in France. We also anticipate loop-holes within existent employment law in the UK to result in a peripheralisation of part-time employment. Finally, we expect rigid EPL to increase the incidence of atypical employment in France.

2.1 Non-Wage Labour Costs and the Tax Wedge²⁶

The second component of the flexibility axis considers non-wage labour costs, these being employer's social security contributions, on market structuration. Two aspects of non-wage labour costs are presented: The first presents (1) the proportions of labour tax by country, with high proportions of pay roll tax thought to discourage employers in their generation of employment, as well as (2) the interaction of labour tax with national minimum wage criteria. The second presents policies which have sought to stimulate employment growth through the exemption of social security contributions.

The imposition of a tax wedge on labour in the form of employers' social security contributions (pay-roll tax) and employees' contributions (income tax) has been identified by several authors as a market rigidity (Phelps 1994; Siebert 1997) with high tax wedges thought to reduce take home pay, and therefore unemployed workers' incentives to accept employment, whilst simultaneously increasing the cost of employment for employers. That high pay-roll taxes act as a disincentive is frequently challenged in the literature, however, with suggestions that it is workers rather than

²⁶ The tax wedge is the difference between workers' take-home pay and what it costs to employ them. Typically the tax wedge is comprised of income tax and the social security contributions of employees and employers.

employers, who bear the cost of payroll tax in lower take home pay (Nickell 1997; Cellier, Gelot and Ramadraivonona 1998). There is agreement, however, on the impact of the tax wedge at the lower end of the earnings distribution in countries with national minimum wage criteria. In these environments employers are unable to transfer the costs of the pay-roll tax to the employee and must therefore bear the costs themselves, this is expected to lead to a decrease in demand for low skilled labour in countries where the institutional matrix consists of both high tax wedges and national wage minima²⁷.

Table 2.1 presents the national minimum wage criteria, as well as the components of the tax wedge, to elucidate which countries are likely to exhibit market rigidities at the lower end of the earnings distribution.

Table 2.1. Non-Wage Labour Costs and National Wage Minima by Country

	Payroll Tax rate~	Total Tax Rate~	National Minimum Wage (NMW)	Value per Hour of NWM
	%	%	1994 - 1999	1994 - 1999
DENMARK	0.6	43.3	NO	NA
FRANCE	38.8	63.8	YES	5.42 - 6.21€*
UNITED KINGDOM	13.8	40.8	Introduced in 1999	NA - 5.14€**

~Source: (Nickell, 1997) average rates between 1989-1994.

*Source: Institut National de la Sciences et des études Economiques (INSEE) (<http://www.insee.fr/fr/indicateur/smic.htm>)

**Source: Department of Trade and Industry (<http://www.dti.gov.uk/er/nmw/nmwhist.htm>).

We find that France is the country most likely to experience market rigidities for low wage workers, given its high payroll tax rate of 38.8% and its national wage minima. France has had a national minimum wage since the late 1950's²⁸, while the UK only introduced its national minimum wage on the 1st of April 1999. The UK is also likely to exhibit some rigidity at the lower end of the earning distribution, with a pay-roll tax of 13.8%, though its national wage minima are sufficiently low for this to remain a small disincentive for employers and should not be a consideration for the data window available here: 1994-1999. Denmark, on the other hand, has no national minimum wage, though each trade union coordinates industry specific minima with the

²⁷ In principle the lower end of the earnings distribution is also likely to interact with the rate of unemployment benefit, this dynamic is discussed in greater detail in the section on the integration axis.

²⁸ (<http://www.plan.gouv.fr/organismes/cerc/smic/execsum.pdf>.)

social partners, incorporating both employers' organisations and State officials. Given that the wage minima are coordinated with all partners, it is suggested that Denmark will experience little rigidity at the lower end of the earnings distribution. It should also be noted that the Danish state has the lowest levels of social security contribution for employers, in the order of 0.6%, with the tax base concentrated in VAT rather than employer contributions.

While the French labour market would appear to be at risk of labour market rigidities as a result of the interaction between pay-roll tax and wage minima, these rigidities are tempered, to a certain degree, by the wide availability of tax rebates for employers who hire labour market outsiders be they: low waged workers, the unemployed or workers hired on temporary or part-time contracts. The tax rebates are managed under the system of subsidised employment schemes, with just over one third, 34%, of fixed-term contracts (FTC) in 1997 state subsidised (Cellier, Gelot and Ramadraivonona 1998, p.8). In principle the subsidised contracts are envisaged as integration programmes for excluded workers rather than as mechanisms to enhance market flexibility, with the majority of subsidised employment requiring a training component for the new recruit. In 1997 43.3% of subsidised employment contracts were apprenticeships while 26.4% were '*contrats de formation en alternance*': fixed-term contracts combined with job related training (Cellier, Gelot and Ramadraivonona 1998). Despite the strong financial incentive to hire workers on temporary employment contracts, the incentive operates unequally across industrial sectors and firm size with state subsidised FTC disproportionately found in both small and very large firms. This suggests that small firms use temporary contracts through economic necessity while large firms delegate human resource departments to maximise the subsidies attached to them²⁹. While France is the only country of the three with policies that specifically exempt employers' social security contributions, the UK labour market indirectly exempts employers' social security contributions as a result of its policy of not charging employers any social security contributions for workers whose wages are below the lower earnings limit (LEL). As discussed in the section on employment protection legislation and part-time workers, we can anticipate the LEL to encourage UK employers to generate low cost, low calibre part-time work.

²⁹ The disproportionate use of temporary employment by small and very large firms is echoed in Ramaux's analysis of firms' utilities of temporary work (Ramaux 1994).

This section presented payroll tax as a contributor to labour market rigidity, with employers' ability to create employment at the lower end of the earnings distribution restricted in countries where national minimum wage criteria and high payroll tax interact with each other. We also noted French attempts to relieve this rigidity through the provision of exemptions in social security payments for employers who hire labour market outsiders on atypical employment contracts. We hypothesise this to decrease the overall quality of French atypical work.

B: INTEGRATION AXIS

Nation States which invested in social and employment policies and or institutional structures that facilitate workers' integration to paid employment were termed: integrative. Policies considered to be integrative offer support to workers in their mediation of market risk whilst removing the barriers to worker supply. The integrative policies and institutions reviewed in this section cover: (a) the system of unemployment protection, with a particular emphasis on the generosity of unemployment benefit (b) the provision of public childcare facilities and (c) collective bargaining institutions.

3.1 Unemployment Experience

The first component of the integration axis looks at variations in the implications of a spell of unemployment in different countries. A spell in unemployment which is not marred by financial deprivation and contains a component of activation, is expected to be more supportive of workers in their labour market transitions and in their bargaining power. Concerns over the quality of unemployment experience mirrors Esping-Anderson's (1990) concept of decommodification in that it recognises the importance of generosity in unemployment benefit to workers. It differs from the concept of decommodification, however, in three crucial respects: first it places considerable emphasis on the impact of generosity of payment on workers' bargaining power, arguing that workers are more likely to choose preferred employment options within generous unemployment compensation systems, than when they are under financial constraint. The ability to choose preferred employment options is expected to improve the quality of employment at the lower end of the earnings distribution. Second, gender

differentials in entitlement to unemployment benefit or insurance are considered with differential entitlement to unemployment insurance likely to structure forms of female market engagement. Third, the role of activation and training on the reintegration of labour market outsiders is taken into account.

That generous unemployment benefits are presented as a means of supporting supply-side flexibility, and thereby we hypothesise atypical worker re-integration, is not an uncontested claim, with neo-classical economics regarding generous unemployment payments a market rigidity. High unemployment benefits are thought to influence workers' reservation wage, the hypothetical wage minima of an unemployed worker, acting as a disincentive to job search and placing a floor on wages. Replacement rates, i.e. the ratio of income when unemployed to post-tax and transfer income in work, are taken to reflect the financial 'disincentive' to take up paid work. Estimations of replacement rates for Denmark, France and the UK have placed them at 90%, 57% and 38% respectively (Nickell 1997). This suggests that Danish workers have the strongest incentives to remain unemployed while UK workers have the lowest incentives. Nonetheless, the exact nature of the relationship between unemployment benefit levels and the likelihood of entering or leaving unemployment is not so simple, with contradictory findings concerning this relationship established in the literature (Atkinson and Micklewright 1991). Some have even claimed that there is little empirical support for the assertion that high unemployment benefit increases unemployment (Barr 1998). Continuing with our example of the high Danish replacement rates, we find that some workers suffer a net financial loss on entering employment, in that their take home pay is lower than their benefit entitlement whilst unemployed, suggesting a partial falsification of the reservation rate thesis. It should also be noted that it is not just a minority of the Danish population who are willing to engage in paid employment, even though their benefit entitlements whilst unemployed are generous. Andersen, Jensen and Risager (1999) claim that 22% of Danish workers would only suffer a loss of 500DKK a month, that is approximately €67 a month, were they to give up their jobs and claim unemployment benefits. That one in four Danes remain in employment despite the comparatively low returns to their market engagement suggests alternative motivations to employment take up than financial

ones, with social and psychological benefits also a consideration (Jahoda 1982; Jahoda 1972)³⁰.

While the empirical findings concerning the link between generous unemployment payments and decreased unemployment exit are inconsistent (Atkinson and Micklewright, 1991; Barr, 1998) there is support for the claim that generous social payments may be positive for future worker integration: Gallie and Paugam (2000) argue that the ‘scarring effect’ of unemployment, that being the link between previous unemployment experience and future individual market failure, is likely to be lower in countries with high investment in policies for the unemployed. This hypothesis is supported by Layte et al’s (2000) analysis of unemployment exit, where previous unemployment experience decreased transitions to employment in countries with low investment in the unemployed. Further support for the market efficiency of generous unemployment benefit comes from suggestions that job/skills matching is improved when the unemployed spend longer in job search (Boheim and Taylor 2001) with extensive job search more likely in financially supportive environments.

While generous unemployment benefits are presented as one mechanism towards the management of labour supply, labour market policies which provide activation in the form of labour market insertion programmes are also presented as a component of the integration axis. Activation is thought to facilitate labour market integration, and thereby worker supply, by up-skilling displaced workers through the provision of training programmes and/or through the provision of work experience for labour market outsiders. It is difficult, however, to disentangle the impact of generosity of payment from the impact of active labour market policy (ALMP), with countries with generous social security payments frequently high investors in activation programmes.

Table 2.2 presents a series of indicators concerning the rates and coverage of unemployment benefits by country, which reveal the financial implications of unemployment experience. The table presents: the average rate of social security

³⁰ An additional component which has not been investigated concerns cultural variations in work ethics and/or social integration which may account for Danish unemployed workers willingness to engage in paid employment with low to zero financial gain. Another explanation for Danish willingness to engage in paid employment concerns the calibre of Danish working conditions, with work councils and trade unions placed in a position to both negotiate and police quality of employment.

payments, the expenditure per person as a percentage of gross domestic product, the coverage rates for men and women as well as the percentage of the unemployed who live in poverty. Broadly we find that the Danish welfare state is both generous, in its rates of benefit, and egalitarian, in its rates of coverage between men and women. We also find that the Danish welfare regime is effective in its protection of the unemployed from financial deprivation with just 8% of the unemployed exposed to financial poverty. The French regime is considerably less generous, though relatively egalitarian, with 48% of unemployed men and 43% of unemployed women entitled to unemployment benefit, rather than assistance. The French regime is also comparatively unsuccessful at protecting its unemployed from financial deprivation with 28% of the unemployed exposed to poverty.

Table 2.2: The Coverage and Generosity of Unemployment Benefits for the Unemployed

	Expenditure on Unemployment Benefits per Unemployed Person *	Coverage Men*	Coverage Women*	Proportion Poor**
Unit of Measurement	(% of per capita GDP)	%	%	%
DENMARK	61.8	66.9	66.2	8.1
FRANCE	36.1	47.6	42.8	28.1
UNITED- KINGDOM	34.9	71.8	36.6	48.5

*Source: Gallie and Paugam (2000, p.8) Expenditure includes social assistance as well as insurance benefits. The coverage rates represent the proportion of the unemployed in receipt of benefit

**Source: Gallie, Jacobs and Paugam (2000, p.51). This represents the percentage of the unemployed whose household incomes fall below 50% of the national household mean.

The UK regime, however, offers the worst protection and even though its rates of coverage are higher than in Denmark, for men, the generosity of benefit entitlement is very low. Moreover, the UK system is far from egalitarian, with women half as likely to be covered by unemployment insurance. Finally, the UK has the highest rates of poverty amongst its unemployed, 48.5%, suggesting that the financial implications of unemployment experience will be the most damaging in the UK.

Table 2.3 reveals the proportion of expenditure in both passive and active labour market policies as a proportion of gross domestic product. Two time periods are presented, 1994 and 1999, which correspond to the data window used in the majority of the analysis. We find that in 1999 both Denmark and France have greater active to passive ratios than the UK, with the ratio for Denmark considerably lower in 1994 the same year that it brought in its most recent labour market reform (Ministry of Labour, 1999). The type of labour market programme is important with labour market training programmes widely regarded as the most beneficial (O'Connell and McGinnity 1997). We find that Denmark is the most committed to training programmes in terms of relative rates of expenditure at both time periods: representing an investment of 0.72% of GDP in 1994 and 0.98% of GDP in 1999. Both the UK and France decreased their expenditure in training programmes in the same period, with the UK expenditure significantly lower than French government spending, 0.31% relative to 0.07% in 1999. It should be noted, nonetheless that there is a strong training component in French subsidised employment schemes, with French spending on activation surpassing our social democratic regime in its ratio of active to passive labour market expenditure. It remains to be seen, however, whether French support of subsidised employment is as effective in the integration of labour market outsiders.

Table 2.3: Public expenditure in Active and Passive Labour Market Policies as a Percentage of GDP, 1994-99

		DENMARK		FRANCE		UNITED-KINGDOM	
		1994	1999	1994	1999	1994 -95	1997-98
Active	Public Employment services	0.12	0.11	0.16	0.16	0.22	0.16
	Labour Market Training	0.72	0.98	0.42	0.31	0.14	0.07
	Youth Measures	0.19	0.12	0.3	0.32	0.14	0.12
	Subsidised Employment	0.44	0.23	0.33	0.46	0.03	-
	Measures for the Disabled	0.34	0.33	0.09	0.09	0.03	0.02
Passive	Unemployment Compensation	3.75	1.43	1.57	1.48	1.41	0.82
	Early Retirement	1.39	1.7	0.38	0.32		-
Total		6.97	4.9	3.39	3.13	1.95	1.19
Ratio of Active/Passive		0.35	0.57	0.67	0.74	0.40	0.45

Source: OECD, Employment Outlook, (various years)

We expect the quality of unemployment experience to help to explain how quickly the unemployed make the transition to employment. Nations with more integrative institutions make this transition easier. As a final test of variations in unemployment experience we present subjective assessments of life satisfaction by labour force status to reveal the extent to which unemployed workers are supported by welfare states in their transitions to and from unemployment. The life satisfaction measure asks respondents to classify their satisfaction with their work or main activity on a 6 point scale, from not satisfied (1) to fully satisfied (6) and was asked of respondents for each panel year. Table A2-1 (in the appendix) presents the mean life satisfaction scores for workers at two points in time: the first records their life satisfaction scores in time period (t), when they are in paid employment, and in time period (t+1), which records their life satisfaction scores when they made a transition to unemployment³¹. We find that respondents exhibit higher life satisfaction scores when in paid employment than non-employment and that the Danes are marginally more satisfied with their working lives than workers in either France or the UK. The most dramatic finding, however, concerns the high life satisfaction scores of the unemployed in Denmark, relative to the unemployed in either France or the UK, with unemployed Danes exhibiting almost equal levels of life satisfaction as UK citizens in employment. Significance testing of the mean decrease in life satisfaction on entry to unemployment, within countries, is upheld for each comparison group. Between country significance testing revealed that unemployed workers in Denmark are significantly more likely to exhibit higher life satisfaction scores than unemployed workers in either France or the UK and this is true of both genders (Table A2.2). These findings provide some support for the expected impact of generous benefits and activation on the quality of unemployment experience in Denmark. It is nonetheless important to underline the maintenance of the life-satisfaction differential between employment and unemployment in Denmark, suggesting that positive unemployment experience does not remove workers preferences for market engagement.

³¹ By testing the same group of individuals at two points in time, t and t+1, we can assume a random distribution of other time constant covariates which may explain life satisfaction. Were we to measure the life satisfaction levels of employed individuals at time t versus unemployed individuals at time t it would not be possible to determine whether differences in life satisfaction levels were a function of unemployment or a function of the characteristics associated with our sample of unemployed workers.

A review of unemployment policies revealed stark variations by nation state, with Denmark characterised by generous and egalitarian unemployment compensation with considerable investment in job related training, France characterised by egalitarian provisions, though at less than generous rates, and with an emphasis on employment subsidies rather than job related training, and finally the UK was characterised by unequally distributed and low rates of unemployment compensation, with little to no emphasis on activation for the unemployed. An assessment of the life satisfaction levels of individuals in both employment and unemployment revealed that the Danish regime appears to offer the best support to workers, with higher than average life satisfaction rates for unemployed workers. Nonetheless unemployed workers in each country exhibited a significant decrease in life satisfaction when they became unemployed, underlining their preferences for paid employment.

4.1 Child Care and Defamilialisation

The second component of the integration axis looks at nation states' provision of publicly funded childcare services which I present as crucial to the supply of female labour, as well as the stratification of female labour by skill level. Lack of publicly provided childcare and maternity and parental leave schemes are hypothesized to reduce female supply, to decrease the bargaining power of workers with childcare responsibilities in the market (relative to workers without childcare responsibilities) and to polarize inequalities between women, with low skilled women in liberal market economies unable to purchase childcare with their lower earnings. Policies that alleviate the burden of childcare are thought to remove rigidities in market supply, and thereby facilitate full market engagement for all citizens' of working age.

While we expect the provision of childcare to structure the labour market generally, we expect it to have a particularly strong impact on the dynamics of the part-time market. We hypothesize the provision of publicly funded childcare to influence the proportion of the female labour force engaged in reduced hour employment, given that a high proportion of part-time workers work reduced hours to engage in family duties. We also expect the quality of part-time employment to be affected by public provision of

childcare services with ‘worker-carers’³² at a disadvantage relative to workers without caring responsibilities in countries where there is little public childcare provision. The only exception to this dynamic is anticipated amongst the higher grade of worker, who are some of the few who can afford childcare in the private sector.

Table 2.4 presents indicators which together provide us with an assessment of the degree to which workers with children can compete in the market on an equal footing with those without childcare responsibilities. The indicators reviewed include: (1) government spending on childcare services as a percentage of gross domestic product as well as the proportion of children below school going age in public childcare, (2) the entitlement period to maternity leave, and finally (3) the average length of the school day.

³² Worker-carers are considered to be disadvantaged relative to other workers as their caring responsibilities place constraints on their ability to dedicate themselves completely to paid employment, these constraints are possible to remove if childcare is outsourced, to either public or private childcare services.

Table 2.4: Childcare Index, figures relevant to 1996

	CHILDCARE INDEX(1996)				
	Spending on Child Care services ³³ (as % of GDP)	Percent of Children in Public Childcare*	Maternity Leave Entitlement Period (weeks)	Length of School Day	Overall Provision of Childcare
DENMARK	1.96	74%	24+ ³⁴	Medium	Strong
FRANCE	1.50	37.6%	16+ ³⁵	Long	Strong/Medium
UNITED- KINGDOM³⁶	0.31	5.6%	18 ³⁷	Medium	Weak

* DK: Prop of children in day care aged 0-6 yrs. (Children begin school at 7 yrs in Denmark). FR: Prop of children in day care aged 0-5 yrs. UK: Prop of children in day care aged 0-4 yrs. Source: Rostgaard and Fridberg (1998).

The indicator for government spending on childcare services reveals that Denmark has the highest spending, representing 2% of GDP, with France coming in a close second. The UK, on the other hand, spends a comparatively small amount, amounting to 1/6th of Danish investment and 1/5th of French investment. The proportion of children in public childcare reflects the investment in childcare services, with 74% of Danish

³³ In Denmark the childcare and child leave benefits include: childcare/family centres: 63 percent, maternity and paternity and childcare leave payments (37%). In France the breakdown of the social services and cash benefits are: nursery education: (49 %), 26 percent on family services, 2/3rd of which are subsidies for day care, while 25 percent is spent on maternity and parental leave. In the UK 75 percent of the GDP indicated is spent on nursery education and play groups, while 25 percent accounts for spending on maternity pay. Statistics taken from Rostgaard and Fridberg's review of child and elder care services in the European Union (1998).

³⁴ Public sector employees are entitled to full wage compensation and are entitled to an additional 4 weeks leave according to some collective agreements. Unemployed mothers receive a rate similar to unemployment benefit.

³⁵ Under French law maternity leave commences six weeks before the expected date of the employee's confinement (eight weeks if she already has two or more children), and ends ten weeks after the confinement (sixteen weeks from the third child onwards). It is extended in the event of a pathological condition or of multiple births, and is adjusted if the birth is premature. This leave is deemed, in principle, to be a period of effective employment. It constitutes a period during which protection against dismissal is specially increased with the guaranteed right to return to the same job.

³⁶ The labour government in the UK implemented its national childcare strategy in 1998, the aim of which was to increase the supply of childcare, as well as to provide quality control across the various formers of private and informal childcare arrangements. Since 1997, half a million childcare places have been created (<http://www.number-10.gov.uk/output/Page1430.asp>) though the UK has a long way to go before spending is comparable with that of France and Denmark.

³⁷ All employees with an average weekly wage of £60+ are entitled to Statutory Maternity pay this represents around 60% of female employees (Rostgaard and Fridberg 1998). Statutory maternity pay for the first 6 weeks represents 90% of the recipients' average wage, after which they are entitled to a flat rate of £55.70 a week (= approx. €80) according to 1997 rates for 12 weeks.

children in public childcare, and less than 6% of UK children in public childcare. While the proportion of French children in public childcare services amounts to 38%, it should be noted that this figure masks the high proportion of children who attend *maternelle* schools, just under 100%, from the age of 3 years onwards which in effect can be deemed a public childcare service. Maternity leave entitlements are the most extensive in Denmark, amounting to 24 weeks with full wage compensation for public sector workers. Private sector workers are entitled to full-wage compensation up to a maximum of 2688 Danish kroner a week (approx €362). In France, the entitlement period is shorter, 16 weeks. Payments are 100% of average daily earnings, with a maximum entitlement of 351.91FF a day, that is €53.65 a day, or €268.25 a week. While women in the UK are entitled by law to 40 weeks maternity leave, the highest rate in the EU, they are only entitled to benefit for 18 of those weeks. For the first 6 weeks of maternity leave they are entitled to statutory maternity pay which amounts to 90% of their average wage, after which they are entitled to a flat rate benefit of £55.70 a week (approx. €80) according to 1997 rates. However, many working women are not eligible for statutory maternity pay (SMP), approximately 40%, with entitlement to SMP dependent on national insurance contributions (NIC) (Rostgaard and Fridberg 1998). Women who are not entitled to SMP: the self-employed, those whose earnings are below the NIC, or those who have been working intermittently³⁸, are eligible for supplementary maternity benefit. Supplementary maternity benefit is offered at the same rate as the flat rate benefit for SMP recipients though the self-employed and the unemployed are only entitled to £48.35 (approximately €69). Finally, the average length of the school day is presented, with long school hours compatible with an average working day thereby facilitating carers full-time labour force participation. While school hours are less amenable to full-time market engagement for workers carers in Denmark, this is compensated for by a childcare system which operates outside school hours.

Broadly the Danish system of child care provision is presented as the most generous and therefore the one most likely to support 'worker-carers' in their transitions between motherhood and paid employment. The UK, on the other hand, is presented as the least encompassing and we expect worker-carers to be the most exposed to market

³⁸ Entitlement is also dependent on 26 weeks of employment prior to the 15th week before birth, i.e.

failure, with little provision for their reintegration after and/or during motherhood. We also anticipate the UK market to be particularly problematic for low skilled worker-carers who will be unable to purchase childcare on the market, and will thereby be constrained in their pursuit of paid employment. Finally, the long working hours culture in the UK is expected to render full-time employment incompatible with parenting making women more dependent on part-time employment as a means of balancing care and paid employment.

5.1 Collective Bargaining Institutions and Trade Unionism

The final component of our integration axis looks at the impact of collective bargaining systems and trade unionism on labour market structure with highly segmented markets likely to peripheralise atypical workers. There are two means by which trade unions³⁹ are thought to structure market dynamics. First, trade unions are thought to segment the market by improving the working conditions and wages of trade union members, with trade union density an indication of the proportions included and excluded by trade union negotiated agreements. Second, the bargaining level at which trade unions negotiate is thought to structure market dynamics with centrally coordinated bargaining providing a focal point for more cohesive market management, while industry or establishment level bargaining is thought to contribute to market segmentation.

The majority of workers in Denmark, in contrast with France and the UK, are members of trade unions. Moreover Denmark has experienced an increase in its trade union density from 63% in 1970 to 76% in 1997 (Ebbinghaus and Visser 2000) whilst both France and the UK have experienced a decline (Table 2.5). That Danish trade union density is so high relative to densities in other economies is partially explained by the unemployment insurance system which is union administrated, termed the ‘Ghent system’, with entitlement to unemployment benefit dependent on union related contributions (Ebbinghaus and Visser 2000). There are few differentials in trade union

approximately 10 months prior to the birth of the child.

³⁹ The union densities presented in this section represent the proportion of employees who are members of a trade union, the figure presented is therefore net of trade union members who are unemployed or economically inactive.

membership between different labour market segments in Denmark, with blue collar workers only slightly more likely to be trade union members relative to white collar workers: 94% relative to 84%⁴⁰. Moreover, the gender differential in trade union membership has steadily declined since the 1970's, with the most recent figures representing parity in trade union density between men and women, 88% (Ebbinghaus and Visser, *ibid*).

France, on the other hand, has experienced a decline in trade union membership and has one of the lowest trade union membership rates in the European Union with approximately 8% of employees trade union members⁴¹ (Amadiou 1999). In France trade unionism is unequally distributed across the working population with trade union membership concentrated in the public sector and nationalised industries, though exact figures are difficult to come by. While surveys have established an increase in the proportion of women with trade union membership, gender differentials remain. The most recent figures, for 1989, estimate female density at 7% relative to male density at 13% (Visser 1989). Finally, there is also evidence of a decline in the proportion of young trade union members in France (Visser, Dufour, Mouriaux, and Subilieu 2000) which may contribute to an insider/outsider dynamic between generations.

In the UK trade union membership has also declined since the 1970's with 50% of workers members of trade unions in 1970 and 36.4% in 1995 (Table 2.5). As in France, the distribution of trade union membership by industrial/labour market segment varies, though the statistics on these differences are superior for the UK labour market. We find that while the net union density for employees was 30%, in 1997, there were significant differences by: public sector, working-time and gender. 61% of public sector workers were members of a trade union in 1997 relative to 20% of private sector workers, while 34% of full-time workers relative to 20% of part-time workers were members of trade unions. Finally, women are slightly less likely to be

⁴⁰ Workers in receipt of high incomes are excluded from eligibility to unemployment insurance (Visser, Dufour, Mouriaux, and Subilieu 2000, p.170), which may explain some of the gap in trade union membership between blue and white collar workers.

⁴¹ This figure is taken from a 1997 INSEE survey on French workers. In general trade union membership data is not freely available. It is not collected regularly by the national agency responsible for the collection of statistics, INSEE, while trade unions themselves are highly secretive about their membership rates (Visser, Dufour, Mouriaux, and Subilieu 2000, *ibid*), for instance, have approximated a higher trade union density by 1 percentage point, see table 2.5.

members of trade unions with 28% of women members of trade unions in 1997 relative to 32% for men (Visser, Dufour, Mouriaux, and Subilieu, *ibid*).

Table 2.5: Overall Net Trade Union Density

	1970	1990	1995	1997
DENMARK	62.6	75.3	77	75.6
FRANCE	19.5	13.9	10.3	9.9
UNITED-KINGDOM	49.8	42.8	36.4	30*

Source: Ebbinghaus and Visser (2000, p 63).

*Gross density, rather than net density, includes non-active members of the labour force in the estimation.

Whilst the gains achieved by trade union negotiations can create an insider/outsider relationship in employment conditions between union and non-union members (Lindbeck and Snower 1988), this is not always the case. In many countries workers who are not union members are included by default in the employment conditions and wage levels set within collective agreements, as is the case in Denmark where we can expect atypical workers to benefit from trade union agreements. There are also suggestions that trade union driven segmentation only occurs at the median levels of trade union density, with little to no segmentation resulting from both very high and very low trade union densities (Calmfors and Driffil 1988). Accordingly we can expect the low trade union densities in the UK and France and the high trade union density in Denmark, to have little impact on market structuration. Nonetheless, the differences in union membership by industrial segment, gender and working time may come into play in our analysis of atypical workers with public sector workers in France and the UK more likely to be in receipt of trade union gains in terms of working-conditions and wages. There are also suggestions that non-centrally organised trade unions are likely to have considerable difficulties in the recruitment of atypical workers who, by nature, will have looser attachments to the firm (Standing 1999, p.199).

The second component in our analysis of the structuring impact of trade unions reviews the level at which negotiation takes place, with a distinction by national, sectoral and establishment level. The neo-liberal model of collective bargaining, that is de-centralised bargaining at establishment level, is considered to provide the most

labour market flexibility and is the bargaining model adopted in both the UK (Deakin and Reed 2000) and increasingly France (Malo and Toharia 2000; Visser, Dufour, Mouriaux, and Subilieu 2000). That establishment level bargaining is preferred by the neo-liberal tradition of market management⁴² comes from the relative weakness of trade unions in establishment level negotiations.

The extent to which establishment level bargaining fosters a dynamic market, as a result of its relative weakness, is challenged by the role of centralised bargaining in macro-level market management. Centralised bargaining is seen to contribute to industrial stability, greater worker co-operation and improved competitiveness as a result of what have been termed 'productivity coalitions' (Windolf 1989). Other advocates of centralised bargaining systems include Layard et al (1991) and Layard and Sentance (1986) who argue that a system of centralised bargaining, with high trade union and employer coverage, in combination with generous unemployment benefits, of fixed duration with a strong job related training component, is the most efficient means of managing markets and avoiding unemployment. The positive impact of centralised bargaining is also advocated in a recent review of market deregulation which concluded that labour market reform is most likely to be successful if it is negotiated with social partners with a tradition of consensual relations and a centralised coordinated bargaining system (Esping-Anderson, 2000).

We expect the combination of high trade union density and equality of trade union coverage to result in comparative equality of treatment between atypical and standard contract workers in Denmark. We also anticipate the Danish system of coordinated bargaining to ensure a more cohesive management of market dynamics with atypical worker integration supported by macro-economic policy coordination. While the trade union densities of France and the UK are less likely to have a strong impact on market structuration, given that they are both quite low, we do expect some segmentation by industrial sector given variations in trade union membership by sector. We also have less reason to anticipate support for atypical worker integration in the French and UK economies, given the reduced role of employee organizations in market management in both these countries.

⁴² Typically, neo-liberal forms of market management prefer reduced state intervention, flexible

6: Conclusion

This chapter presented the institutional and policy context of the Danish, French and English markets which were hypothesised to structure the labour markets of atypical workers. The policies reviewed were analysed according to two axes which are considered vital to labour market dynamics. These two axes are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side (inclusion/integration axis) market dynamics.

The Danish system of flexible employment protection legislation in combination with very low rates of pay roll taxation would appear to provide employers with the most supportive environments towards the generation of employment. It is argued that atypical employment is considerably less likely to be used as a means of providing flexibility either in terms of an enhanced ability, both legislatively and normatively, to fire workers and expect atypical workers to be less disadvantaged for this reason. The UK labour market also provides employers with considerable flexibility, though we do anticipate the lower earnings limit, which was in operation for the full duration of our observation window, to support employers in their generation of peripheralised part-time employment. In France, employers find it difficult to adjust employment levels to fluctuations in product demand, giving them an incentive to use atypical labour.

The degree to which markets are inclusive was determined through analyses of the relative investment of nation-states in social and employment policies that facilitate workers (re)integration to paid employment. The policies that fall under the integration axis are seen as preventative of market failure, offering support to workers in their mediation of market risk. The policies reviewed in this section cover: (a) the system of unemployment protection, with a particular emphasis on the generosity of unemployment benefit as well as the efficiency of the programmes of labour market activation (b) the provision of public childcare facilities and (c) the collective bargaining institutions and trade union membership.

Social security payments which protect workers from financial deprivation, in combination with activation policies which support workers' transitions back to employment, were presented as supportive of market integration. Denmark was characterised by generous and egalitarian unemployment compensation with considerable investment in job related training, and was considered to be the most supportive of supply-side integration to paid employment. France was characterised by equal provisions of unemployment compensation, though at less than generous rates, with an emphasis on employment subsidies rather than job related training. The UK was characterised by low rates of unemployment compensation, with little to no emphasis on activation for the unemployed, and was characterised as the least supportive of unemployed workers re-integration to paid employment. The UK system was expected to exclude women workers many of whom are ineligible for unemployment benefits. An assessment of the life satisfaction levels of individuals by labour force status revealed higher than average life satisfaction scores in Denmark, for both the employed and the unemployed.

The review of national strategies towards the integration of parents to paid employment established the Danish system as the most supportive. The UK, on the other hand, is presented as the least encompassing and we expect worker-carers to be the most exposed to market failure, with little provision for their reintegration after and/or during motherhood. We also anticipate the UK market to be particularly problematic for low skilled worker-careers who will be unable to purchase childcare on the market, and will thereby be much more constrained in their negotiation of paid employment.

The review of trade unionism lead us to expect the Danish combination of high trade union density with equality of coverage by industrial segment to result in comparative equality of treatment between atypical and standard contract workers. We also expect the Danish system of collective bargaining to ensure a cohesive management of market dynamics with atypical worker integration supported by macro-economic policy coordination. While the trade union densities of France and the UK were thought to have little impact on market structuration, given that they are both quite low, we did expect some segmentation by industrial sector given variations in trade union membership by sector. We also have little reason to anticipate support for atypical

worker integration in the French and UK economies, given the reduced role of employee organizations in market management in both these countries.

Having reviewed the institutional structures thought to structure atypical worker labour market outcomes we present our hypotheses of national differences in the quality of atypical employment.

The research strategy for the majority of our analyses seeks to compare the conditions of atypical employment, in terms of job quality and exposure to unemployment and labour market drop-out *relative* to standard contract workers. Our hypotheses concerning national variations in the quality of atypical work focus on the extent of the difference in employment conditions between atypical workers and standard contract workers. Our analysis of the bridging function of atypical employment does not use standard contract employment as a reference category. Here our interest is in establishing whether atypical workers enter the standard employment contract, and if they do what factors hinder or support their transitions. We present the hypotheses below by forms of atypical employment, with part-time employment likely to be disproportionately influenced by dynamics of labour supply.

We describe Denmark as a flexibly integrative regime on the basis of its liberal employment protection legislation and its provision of social and employment policies supporting worker (re)integration to paid employment. The combination of considerable demand-side flexibility, supporting employers in the negotiation of market risk, combined with coordinated trade unionism and policies of decommodification and defamilialisation, ensuring employees are protected from labour market disadvantage, is anticipated to be the most protective of atypical work.

We expect the temporary worker and permanent contract worker differential to be low in Denmark, with temporary workers likely to be less disadvantaged in openly flexible labour markets, as a result of employers' ability to manage fluctuations in supply and demand from other forms of contract type. We also anticipate coordinated trade unionism and worker decommodification to improve the working conditions of atypical workers, with trade unions in a position to both police existent employment protection legislation and also able to negotiate improved working conditions for

workers. The crucial component of the Danish system concerns the coordination between employer organisations and trade unions that are anticipated to be the most efficient form of market management.

We expect the Danish system to ensure comparative equality in the working-conditions of temporary and permanent contract workers and anticipate the wage penalty for temporary workers to be the lowest in Denmark, with coordinated trade unionism likely to ensure pay equity for atypical workers. We also expect the Danish system to mediate unemployment risk for temporary workers both by reducing their disproportionate exposure to unemployment (as a result of the flexibility of EPL), but also by removing the 'scarring effect' of unemployment (Gallie and Paugam, 2000) and by decreasing the risk of financial deprivation on entry to unemployment (as a result of the generosity of unemployment benefits). We expect Danish efforts to integrate worker-carers to paid employment to lower atypical workers increased exposure to labour market drop-out. Finally, we anticipate a strong bridging function for temporary employment in Denmark as a result of the flexibility of the Danish market.

We expect the French system of rigid integration to result in a peripheralisation of temporary contract workers, in terms of their working-conditions and their wages. This is primarily attributed to the rigidity of French employment law constraining French employers from obtaining numerical flexibility from their core workforce who consequentially, seek numerical flexibility from temporary contract workers. While we expect temporary workers in France to be exposed to unemployment as a result of the dynamic presented above, we expect the French system of integration to decrease atypical workers' risks of labour market drop out. Finally, while we anticipate a bridging function associated with temporary employment in France, we expect it to be comparatively weak.

We expect the UK system of flexible non-integration to decrease the differences between temporary and permanent contract workers as a result of employers' ability to manage fluctuations in supply and demand from both temporary and permanent contracts. Nonetheless the comparative weakness of the UK trade union movement is expected to result in decreased employment protection for temporary contract workers which should be reflected in poor working conditions and a wage penalty. The level of unemployment benefits in the UK also means that the implications of increased unemployment risk will

be more problematic in the UK which needs to be taken in consideration even if we hypothesise a decreased unemployment risk for UK temporary workers as a result of the flexibility of the UK regime. We also expect the UK system of non-integration to expose temporary workers to considerable risk of labour market drop out. Finally we expect a strong bridging function attached to temporary contract employment in the UK, as a result of its flexibility, and as a result of employers' disproportionate dependence on probation in liberal market economies.

We expect Danish part-time workers' working conditions to be protected as a result of policies and institutions of worker integration, with trade unionism enforcing existent legislation concerning equality of treatment, and provision of child-care services removing the disadvantage associated with constrained part-time work. We anticipate the trade union movement to have a particularly strong impact on part-time workers' wages ensuring a pro-rata payment. We expect the Danish system to protect part-timers from disproportionate exposure to both unemployment and labour market drop-out, and again refer to the different implications of unemployment for Danish workers given the generosity of benefit entitlement. Finally, we expect the flexibility of the Danish regime, in combination with its policies of integration, to be the most supportive of part-time workers transitions to full-time employment.

While the rigidity of the French system is predicted to be particularly disadvantageous for temporary contract workers, it is expected to be advantageous for French part-time workers within primary labour markets. We anticipate this to be most notable amongst part-time workers within the public sector. We also expect the rigidity of the French regime to structure employers' uses of part-time employment with French employers more likely to offer retention hours to part-time workers as the bureaucratic impediments to firing workers are much higher than in either of our more flexible regimes. We expect the heterogeneity in the French part-time market to mediate the anticipated differences in the working conditions and wages of part-time workers relative to full-time workers in France. We do, however, expect some employers in their pursuit of numerical flexibility to expose part-time workers to disproportionate risk of unemployment and labour market drop-out. Finally, we expect part-time employment to have a weak bridging function, with the combined effect of rigidity and worker retention, decreasing transitions to full-time employment.

Our hypothesis concerning the impact of institutional structure on the labour market outcomes of part-time workers in the UK are the following: first while we anticipate the flexibility of the UK system to decrease differences between different categories of worker more generally, the comparative absence of policies of worker integration is expected to be disadvantageous to part-time workers. The relative weakness of trade unionism is expected to compound this problem. We therefore expect UK part-timers to have poor working conditions, low wages, and to be disproportionately exposed to labour market drop-out. We also expect part-time workers to exhibit decreased transitions to unemployment, not because of their security in employment but rather due to their ineligibility for unemployment benefit and or assistance at the end of their contracts. Finally, we anticipate UK part-time employment to have a weak bridging function with a significant majority of part-time workers engaged in reduced hour employment due to an inability to work full-time.

This chapter presented the institutional context of Denmark, France and the UK, and presented hypotheses concerning the impact of the institutional configurations on the flexibility of markets and thereby on the quality of atypical employment. The following chapter, chapter three, tests a series of these hypotheses through an empirical analysis of variations in the incidence and character of atypical workers by country. The following chapter also provides a review of the macro-economic character of each economy given the role this is anticipated to play on atypical worker outcome.

Appendix for Chapter 2

Note on tables A2.1 and A2.2

The analyses presented in tables A2.1 and A2.2 are estimated with the dataset used to analyse the transitions of atypical workers, described in chapters 6 and 7. The dataset measures the labour force outcomes of workers at time t and again at time $t+1$, once their job, or labour force status, has changed. Tables A2.1 and A2.2 present the means of subjectively defined life-satisfaction for the same group of workers when in employment, at time t , and later at time $t+1$, when unemployed. The analysis is only presented for individuals who became unemployed at time $t+1$. Only those with complete information at both points in time are analysed. Individuals cannot contribute more than one transition to the analysis. The number of cases, for this reason, is quite small. On the plus side, however, is the inference we can make about the impact of unemployment on the change in subjectively defined life satisfaction.

Table A2.1: Mean Life Satisfaction Score by Labour Force Status at Time T (Employment) and Time T+1 (Unemployment), by country and gender, employees only, aged between 18 and 64 years with complete information at time t and t+1, waves1-6 of the ECHP

			Mean	Std. Dev.	Sig. of T-test of Difference in Life Satisfaction between time t and time t+1	N
DENMARK	MEN	Origin at time t (Employment)	5.11	1.19		
		Destination at time t+1 (Unemployment)	3.70	1.72	0.000	71
	WOMEN	Origin at time t (Employment)	4.85	1.16		
		Destination at time t+1 (Unemployment)	4.28	1.53	0.000	101
FRANCE	MEN	Origin at time t (Employment)	4.09	1.35		
		Destination at time t+1 (Unemployment)	2.20	1.51	0.000	189
	WOMEN	Origin at time t (Employment)	4.05	1.35		
		Destination at time t+1 (Unemployment)	2.68	1.70	0.000	235
UNITED- KINGDOM	MEN	Origin at time t (Employment)	3.73	1.46		
		Destination at time t+1 (Unemployment)	2.55	1.63	0.000	86
	WOMEN	Origin at time t (Employment)	4.26	1.16		
		Destination at time t+1 (Unemployment)	3.02	1.55	0.000	57

Table A2.2: Significance Testing of Difference in Mean Life Satisfaction Score of the Unemployed, by country and gender, employees only, aged between 18 and 64 years with complete information at time t and t+1, waves1-6 of the ECHP.

	Men		Sig. of T-test of difference in life satisfaction of workers making a transition to unemployment by country	Women		Sig. of T-test of difference in life satisfaction of workers making a transition to unemployment by country
	Mean	Std.Dev		Mean	Std.Dev	
DENMARK VS UNITED- KINGDOM	3.7 2.55	1.72 1.63	0.000	4.28 3.02	1.53 1.55	0.000
DENMARK VS FRANCE	3.7 2.2	1.72 1.51	0.000	4.28 2.68	1.53 1.7	0.000
FRANCE VS UNITED- KINGDOM	2.2 2.55	1.51 1.63	0.088	2.68 3.02	1.7 1.55	0.168

CHAPTER THREE. Contextualising Numerical Flexibility: An Examination of National Variation in the Incidence and Character of Temporary and Part-time Employment.

Introduction

The primary function of this chapter is to present empirical data of the incidence of temporary and part-time jobs, as well as the implications of atypical employment for workers' job security and tenure. We then go on to reveal whether divergent national profiles of atypical employment exist and whether our expectation of atypical worker heterogeneity is supported in the evidence available. We start, however, with an analysis of the macro-economic conditions of each nation state analysed, which we anticipate will account for a portion of the cross-national variation in the quality of atypical employment⁴³. The review of the macro-economic conditions is also necessary to determine the comparability of the economies under consideration.

1: The Macro-Economic Climate of Denmark, France and the United Kingdom.

The macro-economic indicators presented in this section include an analysis of gross domestic product, relative rates of employment growth as well as statistics concerning unemployment and labour force participation.

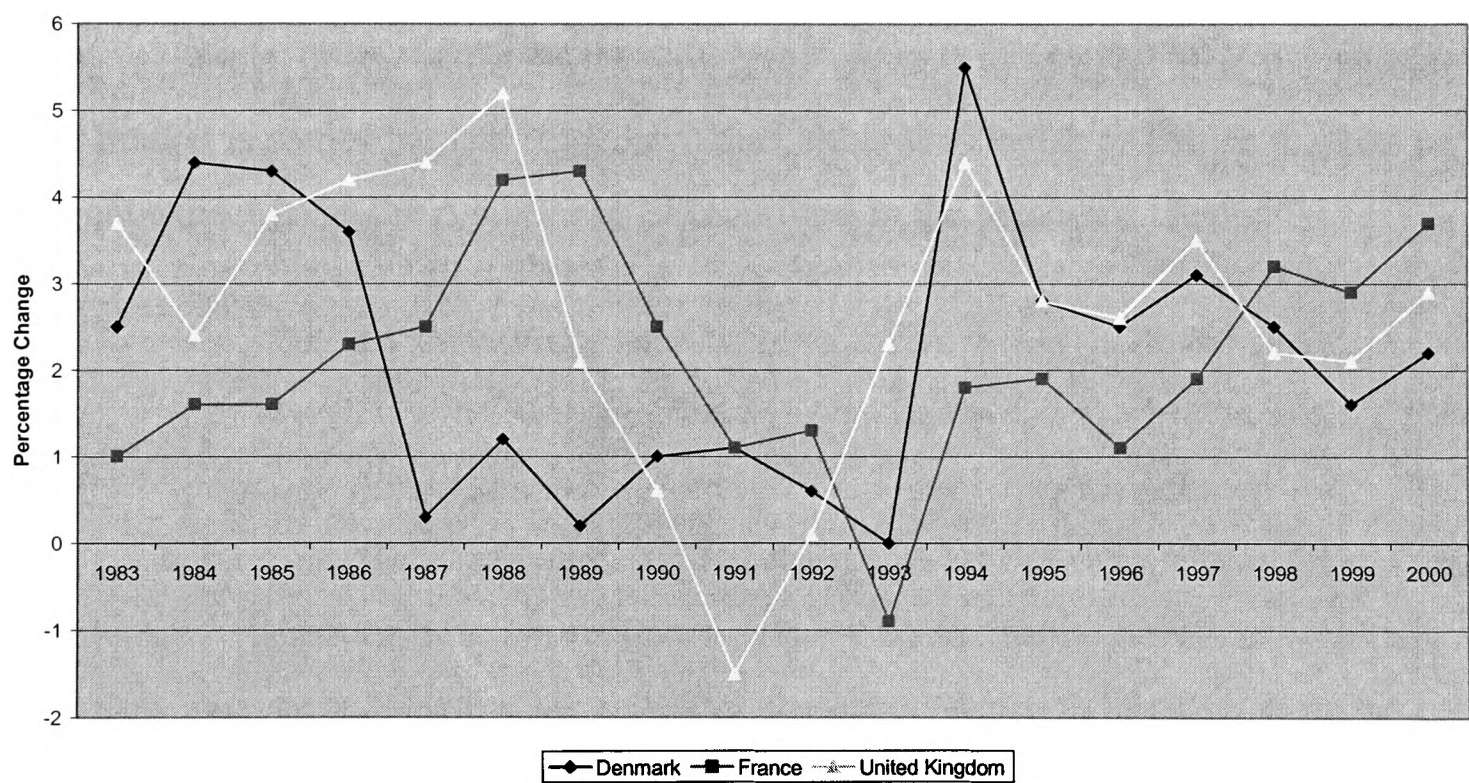
The first indicator, gross domestic product (GDP), is presented over-time providing us with an analysis of economic growth. Figure 3.1 presents the percentage change in real GDP for Denmark, France and the United Kingdom from the mid 1980's to the end of 2000. The period preceding our data window, 1994-1999⁴⁴, sees the Danish economy experiencing an extended period of sluggish growth from the late 1980's to 1993, after which there was a strong upturn in 1994 translating into higher earnings, falling unemployment and expanding property prices as real wealth increased (OECD, 2000). In France, the slump in GDP in 1989 was aggravated by a loss of business confidence on France's entry as combatants in the Gulf war, (1990-1991), business and consumer

⁴³ For instance we anticipate atypical workers to be most exposed to unemployment risk when unemployment rates are high. We also expect the macro-economic climate to influence employers' deployment of atypical labour and anticipate employers' to be more likely to use atypical employment during an economic downturn than during an economic boom.

⁴⁴ The primary data source for this thesis uses waves 1-6 of the European Community Household Panel Survey spanning the period from 1994 to 1999

confidence continued to weaken during late 1992 contributing to the recession in 1993. The easing of monetary conditions, as a result of greater certainty concerning EMU, combined with the French francs relative position within it saw a brief and vigorous recovery in 1994 which, after a shaky start, was maintained into early 2002 as a result of strong demand in both the domestic and international markets. The UK also experienced a sharp recession in the early 1990's with dramatic increases in unemployment and a drop in domestic demand. The British economy has continued to do well in the later half of the 1990's with growth driven by strong domestic demand and this in spite of the strong pound which affects and continues to affect its export performance. All three countries therefore experienced turbulent economic change in the 1980's and early 1990's, with both France and the UK experiencing negative GDP growth. They have all benefited from steady economic growth from 1995/1996 onwards and therefore, from the perspective of economic strength and development, appear to be relatively suited for a comparative analysis.

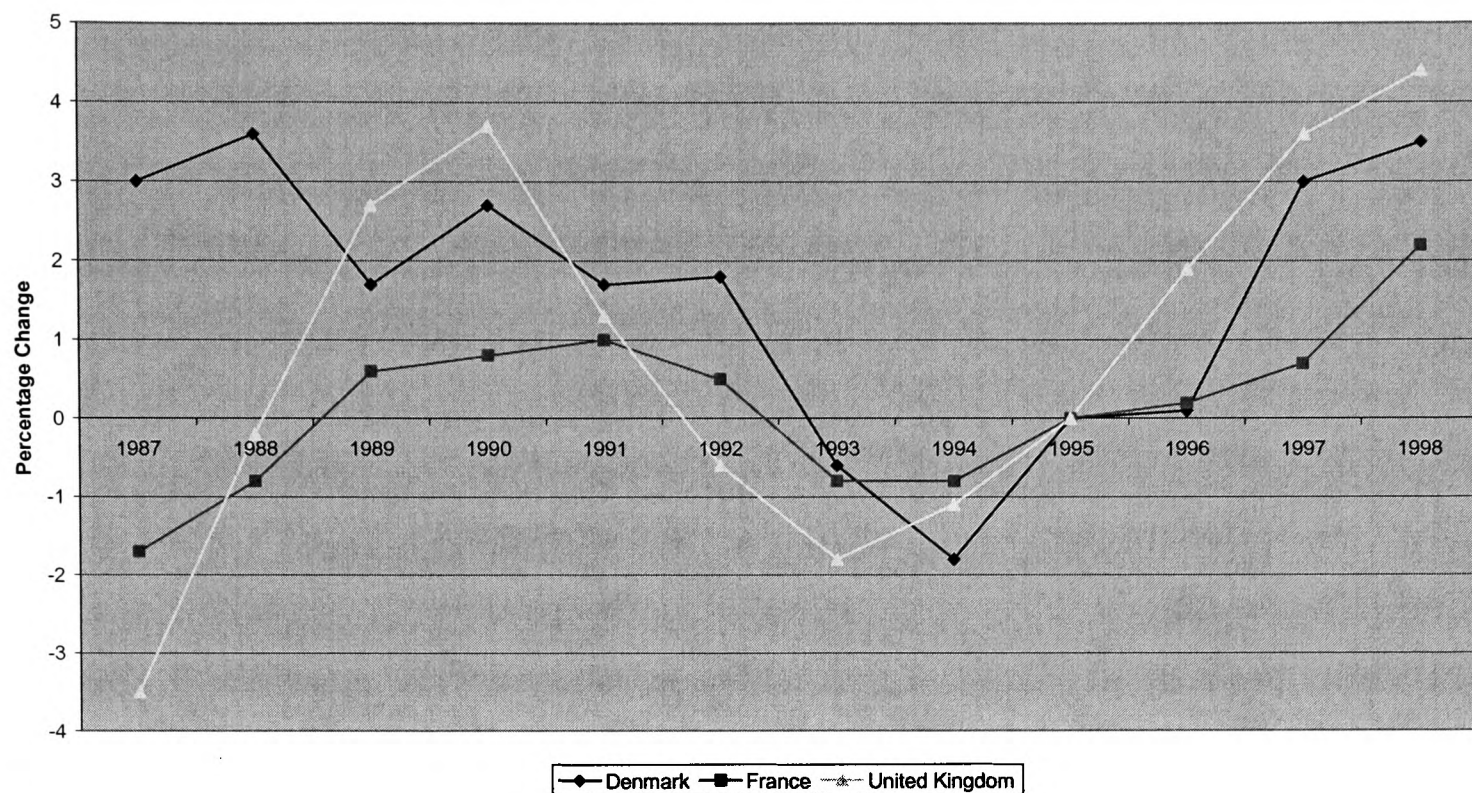
Figure 3.1: Real GDP, Percentage Change 1983-2000
Denmark, France and the UK



Source: OECD Economic Outlook (2000).

It is suggested that both the incidence of numerically flexibilised labour as well as its stability in employment will be affected by employment rates. Figure 3.2 presents the percentage employment change by country overtime from the late 1980's to the late 1990's. The percentage change refers to the proportion of individuals who, during a specified reference period, were in paid employment even if only for a minimum of one day. Those considered to be in paid employment include: all paid employees, the self-employed, those who were temporarily out of work but held a position for which they were paid, employers, unpaid family workers and the armed forces. The first observation of note is that the data window, for all three countries, is found within a period of steady and continuous employment growth and we could expect this to translate into greater employment stability in our analysis. The United Kingdom exhibits the most dramatic increases in civilian employment with an increase of more than 8% between 1994 and 2000. Denmark follows closely behind with an increase of 7.6% from 1994 to 2000 while France exhibits an increase of 6.9% for the same time period. Compared to the rather volatile shifts in employment growth in both Denmark and the UK, the rates of employment change in France are more restrained. This restrained employment change is interesting given the shared experience of economic growth presented in the preceding figure. This appears to suggest that the French labour market is somewhat less responsive than either the Danish or British markets as we might expect given the rigidities in EPL outlined in the preceding chapter.

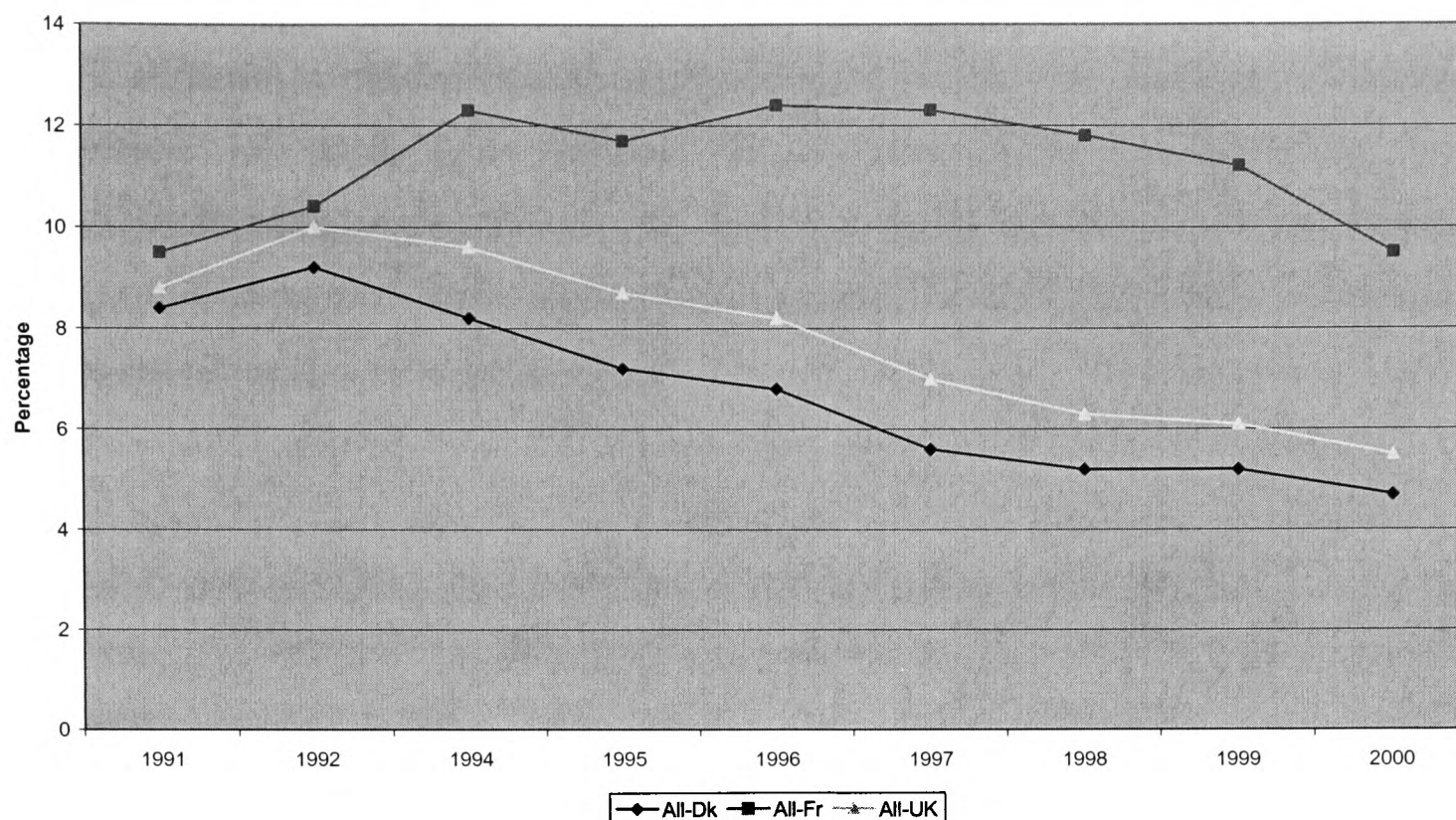
Figure 3.2: Percentage Employment Change from the Preceding Period, 1987-2000, Denmark, France and the United Kingdom



Source: OECD, Employment Outlook (various years)

Figure 3.3 provides comparative statistics of the proportion of the labour force that are unemployed. The definition of unemployment used in the data presented is the International Labour Office (ILO) definition. The ILO definition classifies as unemployed all persons who (1) were not in paid employment during the reference period, (2) were available to start work within a two week period and (3) had been actively seeking employment in the past four weeks. Viewing the aggregate data, with no breakdown by gender or age, we find that 1992 marks the beginning of considerable divergence in both the unemployment rate as well as the general trends towards an increase or decrease in unemployment. The French unemployment rate increases slowly over the first half of the period from 9.5% in 1991 to its peak of 12.4% in 1996, after which we see a slow but steady decrease in unemployment. For the UK we find a slow and steady decrease in unemployment from 1992, when 10% of the labour force were unemployed, to a low of 5.5% in 2000. Denmark has a similar trend as that established in the UK.

Figure 3.3: Percentage of the Labour Force in Unemployment by Country and Year (1991- 2000)



Source: Employment in Europe, EUROSTAT (2001).

The data presented above hides many important differences amongst the unemployed that require investigation given our hypothesis of differential labour market outcome by demographic group. For instance, it would be important to be able to identify whether women are more or less at risk of unemployment given that women are more prone to experiencing intermittent employment and that non-integrative countries, such as the UK, do not support worker-carers in their transitions from motherhood to paid employment.

A breakdown of unemployment by gender establishes that while men and women clearly exhibit similar within country trends there are nonetheless marked differences in the rates of unemployment by gender, Table 3.1. The first variation of note concerns the lower unemployment rates of UK women relative to UK men, while the opposite is true of the other two countries. The lower unemployment rate of UK women needs to be interpreted with caution, however, as it may be a function of reduced entitlement to unemployment benefits, rather than enhanced employability. UK women are considerably less likely to be entitled to unemployment insurance (Gallie and Paugam, 2000) and are, moreover, ineligible for unemployment assistance if their partners have

savings equal to or higher than £8,000 and/or their partners work more than 24 hours a week. Even if unemployed women fulfil the criterion for unemployment assistance, the rate of assistance is very low, less than £54 a week (approx. €78), and, on a practical level, is difficult to obtain requiring frequent visits to the state employment centre (Department of Work and Pensions, <http://www.dwp.gov.uk>). Eligibility for unemployment assistance in France and Denmark is less contingent on the labour market status of partners, with women in these countries more likely to be entitled to unemployment payments if unemployed.

Table 3.1: Proportion of the Labour Force Unemployed by Country, Gender and Age.

Year	1991	1992	1994	1995	1996	1997	1998	1999	2000
DENMARK									
All	8.4	9.2	8.2	7.2	10.8	5.6	5.2	5.2	4.7
Men	7.5	8.3	7.3	5.8	9.6	4.6	4.1	4.5	4.2
Women	9.4	10.1	9.3	8.9	12.4	6.8	6.6	6.0	5.3
FRANCE									
All	9.5	10.4	12.3	11.7	12.4	12.3	11.8	11.2	9.5
Men	7.3	8.3	10.5	9.7	10.5	10.6	10.0	9.5	7.8
Women	12.1	13.0	14.5	14.0	14.5	14.4	13.9	13.3	11.5
UNITED KINGDOM									
All	8.8	10.0	9.6	8.7	8.2	7.0	6.3	6.1	5.5
Men	9.9	11.8	11.2	10.1	9.5	7.9	7.0	6.7	6.0
Women	7.5	7.7	7.5	7.0	6.5	6.0	5.5	5.3	4.9

Source: Employment in Europe, EUROSTAT (2001).

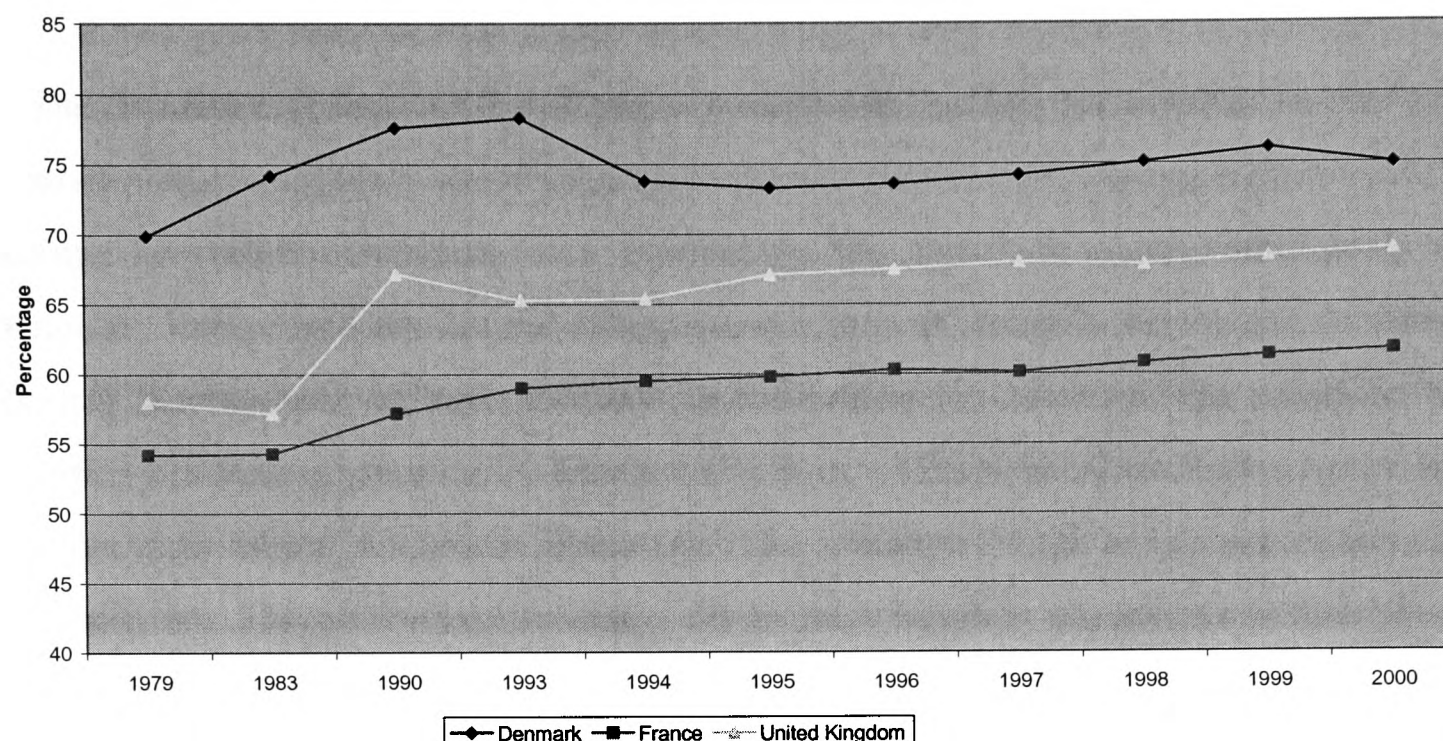
The final measure of macro-economic context presents labour force participation rates. Participation rates consist of the proportion of all men and women of working age, in this instance referring to those aged between 15-64 years, who are in the labour force. Labour force participants include all those engaged in paid employment, and the unemployed. Those identified as non-labour force participants are predominantly engaged in full-time education, in home duties or are on early retirement schemes. Figure 3.4 presents the female participation rates for Denmark, France and the UK to test our hypothesis concerning differentials in female labour market integration. An extensive period of time is presented in an attempt to reveal the shift in the proportions of women engaged in the labour market. In Denmark we find a 10% increase in female participation rates between the 1970's and the 1980's, with a continued increase up until 1993, after which the economic slump appears to have cut into the female participation rate somewhat. While the UK also experiences a surge in female participation rates, the increase in female participation occurs one decade later, between the 1980's and the 1990's and since then has remained more or less stable. Female participation rates in France are low, and while they have increased steadily since the early 1970's, from 50% in 1973 to 61% in 1999 the rate of change has been much slower than in either Denmark or the UK. There are problems with the comparability of the statistics on labour force participation, however, with variations in the form of labour market engagement between countries obscuring important cross-national differences. In the UK, a high proportion of women are marginal part-time workers, with women working less than 15 hours a week accounting for 18-19% of the female workforce⁴⁵, while the total proportion working less than 30 hours a week was 41% in 2000 (OECD, 2002). In France, on the other hand, women tend to work full-time hours, 76% (OECD, 2002) with the proportion working marginal part-time comparatively small, 3%⁴⁶. It is suggested, therefore, that female participation rates which do not differentiate between female participation on marginal hours and female participation on full-time hours, obscure important differences between countries in the *form* and *concentration* of female labour market participation. We anticipate high levels of female participation to reflect national strategies towards the integration of women workers to paid employment. We expect this to be reflected in unemployment

⁴⁵Own analysis of the UK Labour Force data for the period spanning 1995-2000.

⁴⁶ Own analysis using the ECHP, waves 1-6.

and labour market drop-out rates for men and women and atypical and standard contract workers.

**Figure 3.4: Female Labour Force Participation Rates, 1970-2000
Denmark, France and the United Kingdom**



Source: Employment in Europe, EUROSTAT (2001)

In conclusion the Danish, French and UK economies share a series of macro-economic conditions which make them suitable for comparison: They all experience a period of economic and employment growth in the time period under consideration. There are, however, important differences which will need to be taken into consideration in the analysis. First of all, the rigidity of the French market results in a lag in the timing of French economic recovery, relative to the Danish and UK markets. So while economic and employment growth in France eventually surpasses that of Denmark and the UK, it achieves this in the latter half of the 1990's whereas the other two economies experience a boom in the mid 1990s. The second and arguably most important macro-economic difference between the three countries under-investigation concerns the comparatively high unemployment rates in France which were found to increase slightly during our observation window, whereas Denmark and the UK experienced a decreased unemployment rate. We also found that women workers integration to paid employment varies by country, with Danish women the most integrated and French women the least, we also noted, however, the paucity of the statistics available which

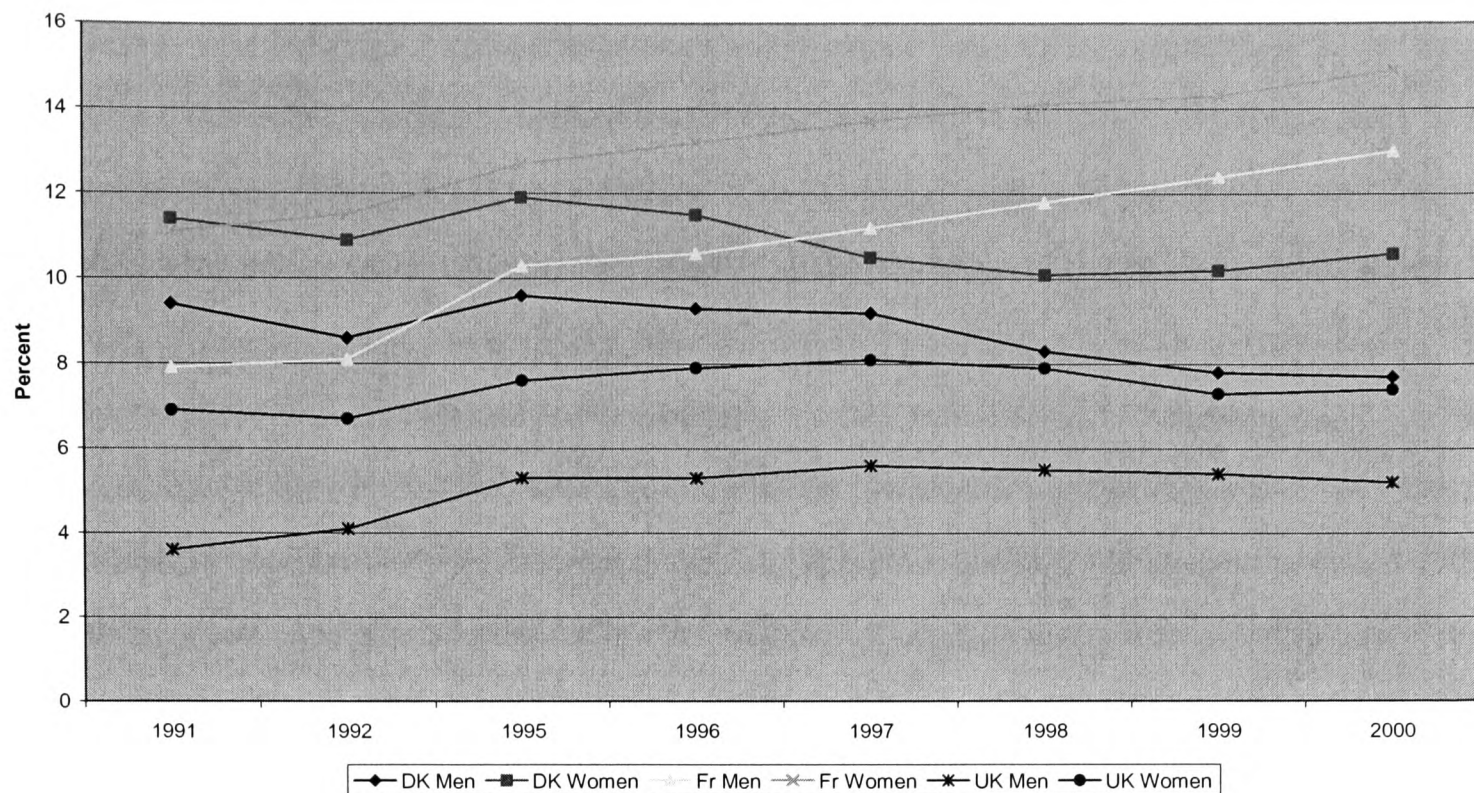
do not reveal variations in the *form* of female labour force participation. We expect a large portion of female workers in the UK to have particularly weak labour market attachment with many women in the UK working part-time hours and marginal part-time hours.

2: The Incidence of Atypical Employment and its implications for atypical worker job security

Having presented contextual data concerning the macro-economic conditions of Denmark, France and the United Kingdom, we present statistics on the incidence of atypical employment, as well as statistics concerning job security. The provision of statistics concerning job security tests the extent to which atypical workers are used by employers to obtain numerical flexibility. The indicators used to capture numerical flexibility are: (1) job tenure, presenting the average duration of workers in their jobs; and (2) job insecurity, revealing workers subjective evaluations of their job security. Each indicator presented is analysed by atypical worker status and country in an attempt to reveal both within and between country variations in the numerical flexibilisation of atypical workers.

Figure 3.5 presents the proportion of all employees with contracts of limited duration, that is those who are on fixed-term contracts or casual/seasonal contracts by gender. We find a marginal increase in temporary employment over the 1990's with France the only country displaying a notable increase in temporary employment, with temporary employment accounting for 9% of all contracts in 1991 and 14% of all contracts in 2000. The United Kingdom exhibits a small increase over the ten-year period of 1 %, while Denmark has a 1% decrease in temporary employment as a proportion of all employment contracts. Casting back the analysis to the 1980's we find that the tendency to employ workers on temporary contracts does not differ considerably in either Denmark or the UK for the 20-year period, however, this is not the case for France. In France the shift to temporary employment marks a radical departure with only 3% of French employees employed as temporary workers in 1983 compared to 14% in 2000 (not shown). Figure 3.5 also reveals that women in each country are more likely to hold temporary positions, with an average difference of 3% in France and the UK and 2% in Denmark over the 1990's.

**Figure 3.5: Temporary Employment as a Percentage of all Employment
by Gender and Country (1991- 2000)**

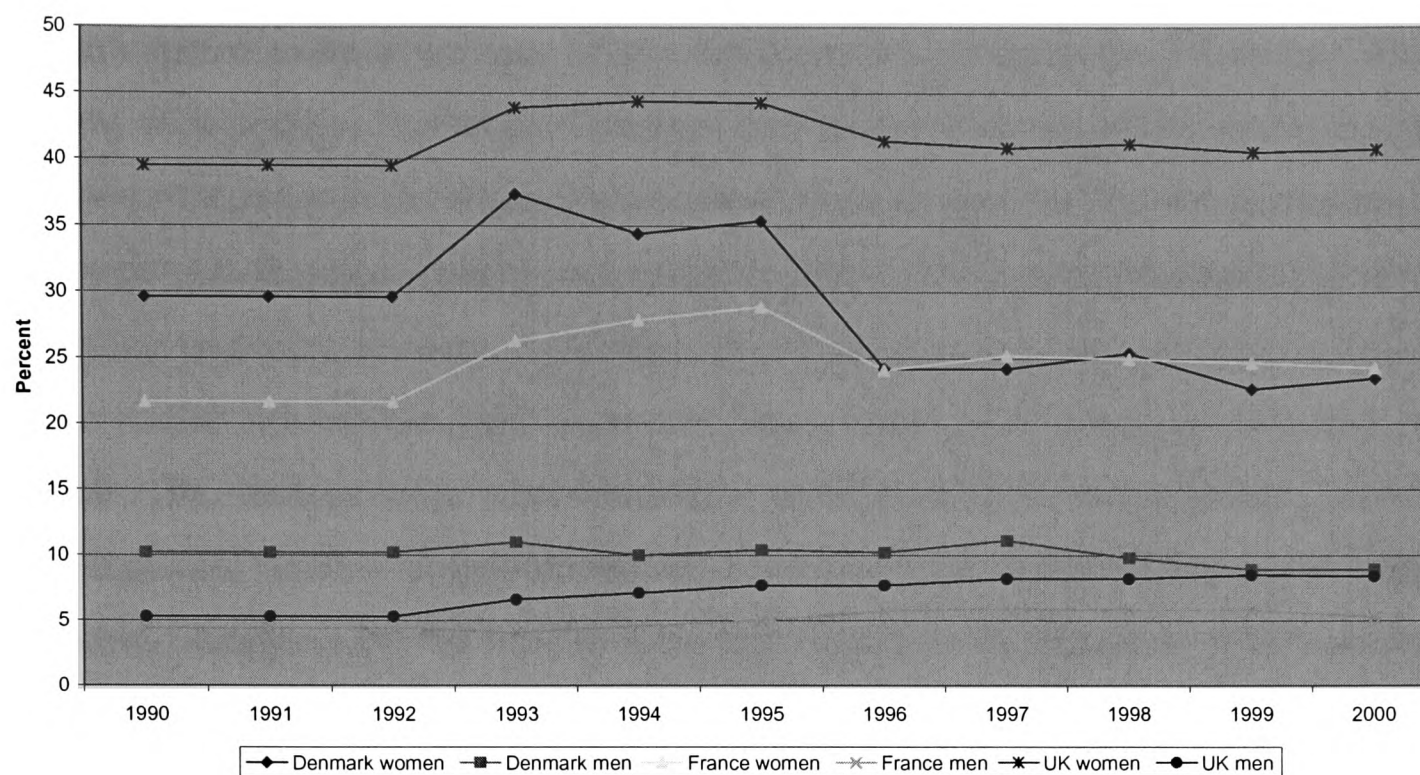


Source: Employment in Europe, EUROSTAT (2000, 2001⁴⁷)

Figure 3.6 provides a similar analysis of the relative proportions of the workforce engaged in part-time employment disaggregated by gender. We find an increased proportion of workers engaged in reduced hour employment since the early 1990's and find that women are considerably more likely to be engaged in part-time work. We also find considerable between country variation in the proportion of women engaged in part-time work with the UK exhibiting the largest part-time labour market by far. Finally, there is a remarkable decrease in the proportion of women working part-time in Denmark from 1996 onwards, with the Danish labour market exhibiting a 13% decrease between 1993 and 1996. Turning our attention to men, we find no dramatic variation between 1991 and 2000.

⁴⁷ Note that the unemployment figures for Denmark for 1996 are taken from the figures published in 2000, as the figures published in 2001 vary in an unexpected manner, they increase by 3-4% points and drop by the same amount the next year.

Figure 3.6: Part-time Employment as a Percentage of all Employment by Gender and Country, (1990 - 2000)



Source: OECD, Employment in Europe (various years)

While we can realistically expect atypical workers to be more insecure, in that they have less legal and normative protection from redundancy than those on a standard employment contract, contract type is not the sole indicator of numerical flexibility. The following analyses present two alternate measures: job tenure and job insecurity by contract type and working-time. These statistics will reveal the implications of atypical employment for atypical workers. It also provides additional information on employers' uses for atypical employment, that is whether they are used to gain access to numerical flexibility. The data used in the following section is the European Community Household Panel Survey, (ECHP).

Job Tenure

Job tenure is a frequently used measure of employment stability (Farber, 1996) and, as in this case, involves a calculation of the length of time a worker has spent in their current position. We could expect job tenure to change as a result of two different factors. First of all we could hypothesise a decrease in average tenure as a result of increased market flexibility with increased worker mobility from job to job and /or

across labour force status decreasing the overall length of job tenure. Second, reduced job tenure could also reflect a period of employment growth and job creation with employees entry to new positions reducing the overall rates of tenure. Finally, tenure is also anticipated to be a function of the demographic composition of national labour markets, with younger market participants likely to decrease aggregate tenure. There is conflicting evidence in the UK concerning the extent to which job tenure has decreased with work by (Doogan 2001) and (Taylor, Brice, Buck and Prentice-Lane 2002) suggesting that there has been an increase in job tenure in the past ten years in the UK labour market while (Gregg, Knight and Wadsworth 2000) suggest that once one controls for demographic characteristics associated with employment stability including; age, gender and occupational sector, we find a slight decrease in tenure overtime. Analyses by the OECD have also assessed the extent to which average tenure has changed over time and have found stability in average tenure in France and the UK between 1985 and 1995 (OECD 1997, p.140) however they also establish an increase in the proportion of employees employed for less than one year. While the table below does not provide for a breakdown of tenure over time⁴⁸, we make an analysis by contract type and working-time as well as offering an indication of the proportion of the population who have reduced tenure (Table 3.2). Tenure was established through analyses of the current job start date, and is presented in both continuous, as median tenure, and categorical form.

⁴⁸ An analysis of variations in tenure over-time was not presented as the time period available to us using the ECHP, 1994-1999, is too short to measure variations in tenure.

Table 3.2: Categorical and Median Job Tenure by Contract Type and Country, Pooled Descriptives using Waves 1-6 of the ECHP, for paid employees between the ages of 18 years and 64 years.

		Categorical Tenure by Job Type					
		<2yrs %	2-5yrs %	5-9yrs %	10+yrs %	Median Tenure	Sig of T-test
DENMARK	Permanent	24.76	19.02	17.90	38.33	6.08	***
	Temporary	70.88	11.50	8.37	9.25	0.83	
FRANCE	Permanent	12.78	16.86	21.80	48.57	9.42	***
	Temporary	74.32	15.29	6.72	3.67	0.92	
UNITED-KINGDOM	Permanent	37.74	24.35	19.98	17.92	3.08	***
	Temporary	77.30	12.97	5.56	4.17	0.67	
DENMARK	Full-time	31.08	18.29	17.00	33.63	5.00	ns
	Part-time	35.01	15.13	15.88	33.99	4.92	
FRANCE	Full-time	17.85	16.41	19.91	45.82	8.50	***
	Part-time	32.41	18.69	16.64	32.26	4.50	
UNITED-KINGDOM	Full-time	37.97	23.75	19.43	18.85	3.25	***
	Part-time	41.63	22.46	20.18	15.73	2.67	

Key: *** $p \leq 0.001$, ns Not Significant

We find considerable variation in median tenure by country. France exhibits the highest median tenure, 8.42 years, while Denmark's median tenure is 5 years. The UK has the lowest median tenure, 3.17 years (not shown). These findings are consistent with expectation, we would expect France with its more protected market to have the highest rates of tenure, and expect the British market to have reduced employment stability. We also attribute a portion of France's high tenure to its lower than average employment growth rates, as established in section 1. Turning our attention to differences in median duration by contract type, we find that temporary workers, in each country, have a median tenure of less than one year, with the vast majority employed in their jobs for less than 2 years. This is the case for 71% of temporary workers in Denmark, 74% of temporary workers in France and 77% of temporary workers in the UK. There are also non-negligible proportions of temporary workers who have been employed in their current jobs for extensive periods of time, while this is not surprising of Denmark or the UK, whose legislation is such that employers can employ temporary workers on a continuous basis, it is surprising in relation to France

where legislation specifies a maximum duration of two years for a temporary contract⁴⁹.

While the reduced employment stability of temporary workers does not come as a surprise, similar assumptions are not so readily made of part-time work. Part-timers receive similar levels of employment protection as full-time workers in Denmark and France, and are similarly protected from legislation on unfair dismissal. Moreover, even though one expects part-time work to be more open to labour market outsiders (O'Connell and Gash 2003), reducing overall tenure, we could also expect some part-timers to be relatively stable in their employment (Gallie et al. 1998). We find that the median tenure of part-timers, in both France and the UK, is lower than full-time workers', in Denmark, however, part-time workers have similar median tenure to full-time workers (Table 3.2). We also find that part-time workers in Denmark and France appear to cluster amongst those with very short tenure, less than 2 years, and those with considerable tenure of ten years or more. This would appear to support our expectation of heterogeneity in the Danish labour market between workers who have been part-time workers for an extensive period of time and have remained so despite changes in employment law which have increased the incentives for full-time employment and those workers who use part-time employment as a short-term employment strategy: students and former labour market outsiders looking for a launch pad back into the standard employment contract. That the French part-time labour market also exhibits polarization between high tenure and low tenure part-timers may be a function of recent changes in EPL which have provided incentives for employers to generate part-time employment for labour market outsiders.

Given that tenure is inevitably linked with age one might expect some of the trends established in relation to relative rates of tenure to be the result of the demographic composition of either part-time or temporary employment, the following tables present an analysis by age, contract and tenure (table 3.3). What we establish in table 3.3 is that within age category comparisons of median tenure reveal consistently lower

⁴⁹ Even though Danish legislation allows employers to employ workers on a temporary contract indefinitely, it is still surprising that 9% of Danish temporary workers have tenure of ten years or more. Whilst attempts were made to ensure the veracity of this finding, it was difficult to determine whether this result was due to respondent error or not.

median tenures for atypical workers relative to standard contract workers. The only exception to this tendency is found amongst French part-time workers aged 55 years and over. What table 3.3 also reveals is that the established parity in median tenure between part-time and full-time workers in Denmark is a function of the demographic characteristics of part-time workers, with part-time workers within the same age cohort as full-time workers consistently exhibiting lower median tenure. One additional point that should be noted is the strong impact of temporary employment on tenure even when we analyse the differential by age category. Here we find that age has little or no bearing on tenure when one is a temporary worker, underlining the insecure status of temporary contract workers.

Table 3.3: Median Job Tenure by Contract Type, Working-time, Country and Age Pooled Descriptives using waves 1-6 of the ECHP, for paid employees between the ages of 18 years and 64 years.

	DENMARK		FRANCE		UNITED-KINGDOM	
Age	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
<25yrs	1.08	0.42	1.58	0.50	1.25	0.42
25-29yrs	2.00	0.58	3.50	1.00	2.00	0.58
30-39yrs	4.33	1.00	8.50	1.17	2.92	0.92
40-54yrs	11.25	1.25	16.42	1.17	4.83	1.08
55+yrs	16.00	9.50	16.42	1.46	8.42	1.67
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
<25yrs	1.00	0.42	1.08	0.75	1.17	0.75
25-29yrs	1.83	0.83	3.42	2.17	2.08	1.50
30-39yrs	4.00	3.83	8.50	5.21	3.33	2.25
40-54yrs	10.58	9.08	15.50	9.42	5.25	4.42
55+yrs	15.00	13.50	15.50	15.50	8.50	7.42

Satisfaction with Job Security

The second analysis in this section presents workers subjective assessment of their job security. The variable measures respondents' subjective satisfaction ratings of their current job on a range of criterion including job security⁵⁰, with satisfaction measured

⁵⁰ The exact wording of the question is: How satisfied are you with your present job or business in terms of earnings, hours of work, working conditions etc? Using the scale 1 to 6 please indicate your degree of

on a six-point scale. Table 3.4 presents mean job security satisfaction scores, with higher scores representing greater satisfaction levels. We find that temporary contract workers are considerably less satisfied with their job security than permanent contract workers and find this to be true for each country analysed. We find, however, that the differential is the greatest in France supporting our hypothesis of French temporary worker peripheralisation. The high levels of satisfaction among both standard contract workers and atypical workers in Denmark, is particularly interesting given that EPL in Denmark is the most liberal of the three countries, this suggests that security in employment reflects more than the relative ease with which an employer is able to fire a worker⁵¹.

Table 3.4: Mean Job Security Satisfaction Scores, by Contract and Working-time on waves 1-6 of the ECHP, paid employees only, aged between 18-64 years.

		Mean	Std. Dev	<i>Difference</i>	Sig of T-test
DENMARK	Permanent	5.01	1.16	<i>1.51</i>	***
	Temporary	3.51	1.82		
FRANCE	Permanent	4.42	1.23	<i>1.58</i>	***
	Temporary	2.83	1.51		
UNITED KINGDOM	Permanent	4.37	1.40	<i>1.15</i>	***
	Temporary	3.22	1.70		
DENMARK	Full-time	4.80	1.40	<i>0.15</i>	***
	Part-time	4.65	1.55		
FRANCE	Full-time	4.25	1.35	<i>0.16</i>	***
	Part-time	4.09	1.57		
UNITED KINGDOM	Full-time	4.20	1.49	<i>-0.17</i>	***
	Part-time	4.36	1.49		

Key: ***p<=0.001

In our analysis of job security amongst part-time workers we find that part-timers in both Denmark and France exhibit significantly lower satisfaction levels with their job security, relative to full-time workers. However, we also find that UK part-timers have

satisfaction in each case. Position ‘1’ means that you are not satisfied at all, and ‘6’ that you are fully satisfied.

higher satisfaction scores than full-time workers. That UK part-timers have higher satisfaction in their job security despite their reduced tenure is counter-intuitive, though it may reflect their reduced exposure to unemployment⁵². It should also be noted, nonetheless, that the life satisfaction levels of part-timers relative to full-timers are substantively quite similar even if the difference is statistically significant.

This section presented statistics on the incidence of atypical employment, and established no increase in employers' use of temporary employment in Denmark or the UK, though did establish an increased incidence in France. We also found an increased use of part-time employment in France and the UK, though in Denmark the part-time labour market has decreased dramatically. A series of indicators to reveal the numerical flexibility of atypical workers revealed that temporary and part-time workers had lower tenure and were less satisfied with their job security than SC workers, with the sole exception of UK part-timers. We concluded that temporary and part-time workers are numerically flexibilised workers and that atypical workers are insecure in their jobs.

3: National Variations in the Character of Atypical Employment

The principal aim of the third and final section of this chapter is to reveal national variations in the demographic and labour market profile of atypical workers. We are interested in establishing the age, educational level and gender of the average atypical worker and are also interested in establishing whether these variables are distributed evenly across contract type. We expect a relationship between the demographic profile of workers and contract type for the following reasons: First of all, we anticipate supply for standard contract (SC) positions to be higher than demand, with workers competing for SC positions. We therefore expect atypical workers to have lower

⁵¹ The multidimensionality of meaning attached to respondents insecurity in employment is discussed at length by Green and Felstead (2000) and Burchell et al (2002).

⁵² An alternative explanation of UK part-timers higher satisfaction with their job security is found in the traditional gender ideology in the UK (Gallie and Alm, 2000) and their comparatively short working hours. It is suggested that women part-timers, particularly those with decreased probabilities of obtaining or engaging in full-time employment, are less likely to regard unemployment risk as problematic as they are expected to have reduced normative attachment to their jobs, and are also, given their very short working hours, likely to obtain self-actualisation in other activities than paid employment.

human capital relative to workers who have been successful in their search for SC employment. We also expect a queuing mechanism to be in operation for temporary and, to a lesser extent, part-time workers, with atypical workers needing to 'do time' as atypical workers before they gain entry to SC positions. While previous research supports our assertion that temporary workers prefer permanent contract employment, (Cancé⁵³, 2002), part-time workers preferences for full-time employment has been poorly researched, with most research failing to distinguish between preferences which are aspiring in character, which should reflect individuals' ideals, and preferences which are practical in character, which reflect positive attitudes to current conditions. The ECHP contains information on part-timers 'reasons' rather than preferences for part-time work and whilst we can assume that some peoples' reasons for working part-time may reflect their preferences concerning part-time employment, recent research suggest otherwise. Galtier (1999), using the French variant of the ECHP, has established that part-timers have a tendency to accommodate their reasons for working part-time to their working conditions overtime and finds that workers with decreased probabilities of moving out of part-time employment are most likely to change the reasons they offer for working part-time over time. Tellingly, part-timers who *initially* defined themselves as underemployed, that is those who were unable to find/obtain a full-time job at time period 1, were quite likely to claim that they chose to work part-time at time period 2.

While in general we expect atypical workers to be labour market outsiders or the 'unsuccessful' competitors for standard contract positions, we also anticipate atypical worker heterogeneity. We expect some temporary workers to be skilled workers on probation, while some part-timers are likely to be retention part-time workers who are skilled workers who have negotiated reduced hour employment. We expect the relative balance between probationary contract workers and short-term contract workers within the temporary worker market to vary by country, with employers in liberal market economies more dependent on probation than employers in co-ordinated market economies. Similarly, we expect the relative balance between under-employed part-time workers and retention part-time workers to vary by country, with employers in

⁵³ Cancé found that while half of temporary contract workers were positive about their employment experience the majority viewed permanent contracts as the ideal contract type (2002, p.43).

internal markets, be they as a result of industrial sector or rigid employment protection legislation, more likely to use retention part-time employment than in other sectors.

We also expect variation by nation state. We anticipate the flexibly integrative Danish market to be the most successful at redistributing the risk of temporary and part-time employment by demographic group. We expect the rigidity of the French regime to expose labour market outsiders: young people and women, to atypical employment, though expect some evidence of part-time retention with part-time workers working in the protected core likely to benefit from the rigidities of employment law. Finally, we anticipate the UK's flexibly non-integrative regime to be disadvantageous for part-time workers, though less so for temporary contract workers whose skill profile is likely to be improved given the greater necessity of probation in liberal market economies.

Variables used in the analysis

The variables used in the analysis are the following: gender was included in the analysis to reveal whether women, typically defined as labour market outsiders particularly in countries with conservative gender ideologies - such as the UK, were more at risk of atypical employment than men. Age was also presented in an effort to determine whether younger workers were more exposed to atypical employment than older workers with the expectation that younger workers are likely to enter a series of atypical contracts before they 'settle down' in a career or occupation which suits them. Age in this instance was measured as a categorical variable.

Education level was also included as a categorical variable, with third level education excluded as the reference category. These categories correspond to the International Standard Classification of Education (ISCED) codes: 5-7 (third level education) 3-4 (upper secondary education) 0-2 (lower secondary education), with third level education corresponding to university education or its equivalent . A second human capital variable was included in the model measuring whether the respondent had any formal skills training⁵⁴. An assessment of variables measuring human capital should

⁵⁴ The precise question asked was: Have you had formal training or education that has contributed to your present work? Y/N/NA

allow us to establish whether less educated workers are more likely to be atypical workers.

Occupational status is presented to test whether atypical employment contracts are more common amongst less skilled workers. The occupational classification used is based on the International Standard Classification of Occupations (ISCO). Industrial sector is also presented, with employment in the manufacturing sector excluded as the reference category. The industrial classification corresponds to the Statistical Classification of Economic Activities, or *Nomenclature Générale des Activités Économiques dans les Communautés Européennes* (NACE), and is a two digit classification scheme. The coding of the industrial sectors in this instance is the following: Agriculture and Mining (A-C), Manufacturing and Construction (DA-DN, +F), Market Services (G-K) and Public Services (L-Q), with Manufacturing and Construction excluded as the reference category. In a further attempt to examine labour market segmentation a dichotomous variable relating to public versus private sector was also introduced to the model.

As discussed in detail in chapter two a proportion of atypical workers are likely to be participants on active labour market programmes, be they on training schemes or in some form of subsidised employment. While the ECHP does not collect information on active labour market programmes, this information is approximated by identifying the main source of the worker's income. If the main source of the worker's income is not from wages but is rather from unemployment or other social benefits, the worker is classified as being on an active labour market programme (ALMP). This classification is not ideal however as many ALMP participants receive wages directly from their employers whilst the state subsidises the contract through the employer rather than through the employee. In France work experience programmes are primarily funded through the exoneration of employers' social security payments (Gash 2003) whilst in the UK subsidies for work experience and job related training are also frequently made to the employer rather than the employee (DWP, 2000⁵⁵).

⁵⁵ Department of work and Pensions web site <http://www.newdeal.gov.uk/default.asp>

Firm size was included to test whether smaller firms were more likely to use atypical work, with smaller firms less able to absorb shocks in product demand, and hence more dependent on the additional buffer of flexibilised employment. Firm size is also likely to be a predictor of labour market disadvantage with enforcement of EPL particularly difficult in small firms. Firm size is presented in the tables in an altered form as it was not asked of public sector employees in the first wave of the ECHP and was not subsequently asked of any public sector employees who did not start a new job in later waves. Missing information on this variable, which for the sample generated is in the order of 23 percent, was coded as a separate category on the variable in an effort to retain cases in the analysis which would otherwise have been dropped. An additional problem with this variable is that it is not directly comparable across all three countries. In the British sub-sample of the ECHP the size of the organisation, rather than the size of the local unit, is given⁵⁶.

Finally, employer provided benefits were analysed in an effort to identify atypical worker heterogeneity. We hypothesise probationary contract workers and retention part-time workers to be internal market recruits, where, according to internal labour market and hard and soft HRM theories (Legge 1989; Storey 1989; Geary 1992), workers tend to be in receipt of employer provided benefits. The variable measuring employer provided benefits measures whether the worker was in receipt of at least one of any of the following benefits: childcare/crèche facilities, health care or medical insurance, education or training, sports or leisure facilities, housing. The variable was introduced as a dichotomous variable rather than a continuous variable as the type of benefits asked of respondents varied between countries⁵⁷.

This section presents predicted probabilities of the risk of atypical employment revealing the extent to which nation states distribute the risk of atypical employment equally by demographic group. This is followed by a review of the demographic and labour market characteristics of temporary contract workers and part-time workers.

⁵⁶ The precise wording of the question asked was: How many regular paid employees are there in the business or organisation you work in? Please give an estimate. 0-500+, categorically coded on the questionnaire.

⁵⁷ For instance in France there was no question relating to the receipt of employer provided training from the second wave of the panel onwards. This variable is not available for the UK as questions relating to employer provided benefits were not asked in the British sub-sample of the ECHP.

Predicted Probabilities of the Risk of Atypical Employment

The predicted probabilities of atypical employment reveal which demographic groups are disproportionately exposed to atypical work and which countries have the highest risk of atypical employment. This allows us to determine whether education mediates the risk of atypical employment by testing whether the probabilities of being a temporary worker are equal for a 25 year old with above average and below average levels of education. We also try to establish whether the risk of experiencing temporary employment decreases with age, and if so, at which stage of one's life course it decreases. Similar questions are tested of part-time employment. We seek to establish whether the risk of part-time employment is equal at different stages of a worker's life, whether educational level increases or decreases this risk significantly and most importantly, whether this risk varies by country as we might expect of countries which differ in their provision of policies of worker (re)integration.

The predicted probabilities were calculated using Clarify software (King, Tomz, and Wittenberg 2000). The first step of the analysis involved an estimation of the probability of being an atypical worker using gender, age (as a continuous variable), educational level and country as predictors. Once the parameters were simulated set values for the estimators were specified, these set values are identified in the tables and vary for the temporary worker analysis and the part-time worker analysis.

Table 3.5: Predicted Probability of Being a Temporary Contract Worker, at Age 25, 35 and 50, by Educational Level and Country, waves 2-6 of the ECHP.

	AGE 25		AGE 35		AGE 50	
		Std. Err.		Std. Err.		Std. Err.
DENMARK						
Less than secondary Education	0.203	0.005	0.127	0.003	0.059	0.002
Third Level Education	0.156	0.004	0.096	0.002	0.044	0.001
FRANCE						
Less than secondary Education	0.198	0.005	0.123	0.003	0.057	0.002
Third Level Education	0.152	0.004	0.093	0.002	0.042	0.001
UNITED-KINGDOM						
Less than secondary Education	0.142	0.004	0.086	0.002	0.039	0.002
Third Level Education	0.107	0.003	0.064	0.002	0.029	0.001

Table 3.6: Predicted Probability of Being a Part-time Worker, by Gender, Educational Level and Country, waves 1-6 of the ECHP.

	MEN		WOMEN	
		Std. Err.		Std. Err.
DENMARK				
Less than secondary Education	0.044	0.001	0.275	0.004
Third Level Education	0.024	0.001	0.172	0.003
FRANCE				
Less than secondary Education	0.046	0.001	0.285	0.004
Third Level Education	0.025	0.001	0.178	0.003
UNITED-KINGDOM				
Less than secondary Education	0.081	0.002	0.421	0.004
Third Level Education	0.046	0.001	0.284	0.004

Table 3.5 and 3.6 present the predicted probabilities of the risk of being a temporary worker and a part-time worker. The tables differ as the primary determinants of both forms of atypical employment were found to differ⁵⁸. We established that age is the strongest demographic predictor of temporary employment and while educational level clearly mediates it, age still appears to have the strongest effect with predicted probabilities decreasing the most with age (Table 3.5). For instance, the average risk of experiencing temporary contract employment is 4% for a 50 year old worker with third level education in Denmark, while the risk is only slightly higher for a 50 year old worker with less than secondary level education: 6%. Workers who are 15 years younger have considerably higher risks of temporary contract employment with the average risk for a 35 year old worker with below average levels of education, 13% in Denmark, 12% in France and 9% in the UK. We find that Danish and French workers are the most at risk of temporary employment, relative to UK workers. While the figures for the relative risks by gender are not presented in table 3.5 separate analyses found that women had higher predicted probabilities of temporary employment at each increment of age and education⁵⁹.

⁵⁸ Two tables presenting the same analysis for both forms of employment are presented in the appendixes.

⁵⁹ These statistics are presented in tables A3-1 and A3-2 in the appendix.

Our analysis of the predicted probabilities of being a part-time worker by country reveals that women are considerably more likely to be part-time workers than men, and find considerable variation by country and educational level (Table 3.6). Educational level has a powerful impact on the risk of experiencing part-time employment with women who leave school with less than secondary level qualifications increasing their risk of part-time employment by 10% in Denmark and France and by 14% in the UK. We also establish that the probability of being a part-time worker does not vary by age as much as anticipated with 25 year olds and 50 years olds exhibiting a 4-5% point variation in the risk of part-time employment for women (table 3.6). Moreover, we find that UK women have the highest risk of part-time employment with women with third level qualifications in the UK exhibiting the same risks as Danish and French women with below average educational qualifications. That Danish and French women appear to be marginally less exposed to part-time employment is attributed to the policies towards 'worker-carer' integration in these countries.

Divergent National Profiles of Atypical Employment

This section presents descriptive statistics of the demographic and labour market profile of atypical workers, this should reveal whether a national profile of atypical employment exists, or whether, atypical workers possess the same characteristics cross-nationally. This section also allows us identify heterogeneity within forms of atypical employment. We expect temporary work to be composed of both short-term contract work and probationary employment. Similarly, we anticipate variance within part-time employment, expecting some workers to be under-employed in their part-time jobs and others to be retention part-time workers.

Table 3.7: Descriptive Statistics of the Temporary Worker and Permanent Worker Sample, waves 2-6 of the ECHP

	TEMPORARY WORKERS			PERMANENT WORKERS		
	DENMARK	FRANCE	UK	DENMARK	FRANCE	UK
	%	%	%	%	%	%
WOMEN	47.29	48.81	55.64	47.73	44.91	48.37
mean(age)	35.52	30.85	33.63	40.64	39.8	38
sd(age)	11.93	9.57	12.43	10.38	9.67	11.26
<25yrs	22.63	33.76	32.44	5.73	4.35	12.84
25-29yrs	14.52	22.60	12.65	10.77	14.01	14.13
30-39yrs	28.12	23.36	23.33	30.73	30.26	29.67
40-54yrs	26.29	18.57	24.32	42.4	44.94	34.82
55+yrs	8.44	1.72	7.26	10.36	6.44	8.53
Third level Education	24.58	23.80	45.94	38.16	28.78	45.76
Upper Secondary Education	48.96	34.95	21.19	45.12	37.35	17.42
Lower Secondary Education	26.46	41.25	32.87	16.71	33.87	36.82
Formal Training	49.12	49.02	60.62	72.95	55.5	73.88
higher professional	18.18	10.56	22.05	24.26	15.56	28.37
lower professional	11.71	13.37	10.24	21.97	22.17	12.39
clerical and service	31.05	35.97	42.40	27.48	30.21	33.78
skilled manual	22.18	26.99	12.85	18.49	24.64	19.27
manual	16.87	13.11	12.46	7.8	7.41	6.2
ALMP	20.47	21.29	15.26	3.61	2.62	3.18
Agriculture	5.50	2.26	2.31	2.39	2.18	1.53
Manufacturing	27.95	22.05	16.49	21.92	24.12	23.57
Market Services	19.43	26.98	42.65	29.95	35.8	41.59
Public Services	47.12	48.72	38.55	45.74	37.91	33.31
1-9 pple in Workplace	12.56	8.42	24.77	24.01	10.7	16
10-49 pple in Workplace	41.55	19.65	23.09	21.43	8.7	18.28
50+ pple in Workplace	36.34	23.56	43.75	25.48	11.8	38.5
Workplace missing	9.55	48.38	8.39	29.08	68.8	27.21
Private Sector	58.08	63.92	70.51	58.6	65.91	73.17
Employer Provided Benefits	61.22	37.38	NA	84.32	68.72	NA

Table 3.7 presents our findings for temporary contract workers. While we find a similar distribution of women workers in our temporary worker and our permanent work sample, we also note a slightly higher proportion of women workers amongst temporary workers in France and the UK. We find a very strong tendency for temporary workers to be younger than permanent workers. This tendency is the strongest amongst French and UK temporary workers where about one third of all temporary workers are less than 25 years old. However, it is also important to note the considerable proportions of older workers engaged in temporary contract work, particularly given the tendency to equate temporary employment with the youth labour market (Scherer, 2004).

The findings concerning the distribution of educational attainment by temporary work reveals that UK temporary workers are more likely than Danish or French temporary workers to have third level education, with 46% of UK temps found to have third level education relative to 25% of Danish and 24% of French temporary workers. We also find UK temporary and permanent workers to have similar amounts of third level education, whilst temporary workers in Denmark and France are comparatively less educated relative to permanent contract workers. This finding would appear to confirm our expectation that employers in liberal market economies, such as the UK, will be more likely to use temporary contracts as a form of probation for high skilled workers. In France and Denmark, on the other hand, temporary workers are clustered amongst those with less than secondary educational qualifications. Turning our attention to the receipt of formal training, we find that temporary workers are less likely to be in receipt of formal training than permanent workers, and note considerable variation in this tendency by country.

The distribution of occupational grade by contract type is consistent with expectation. The first point to make is that there is considerable heterogeneity amongst temporary contract workers in each country, with temporary contract workers found in each occupational grade. The second point of note concerns the lower proportions of temporary workers in the professional occupations, and their comparative concentration in manual occupations. The difference in the proportion of workers in

higher and lower professional occupations between the temporary and permanent worker samples is the lowest in the UK.

We find our approximation of active labour market status, with those who claim that their main source of income comes from unemployment and or social benefits categorised as participants on active labour market programmes, to be significantly represented amongst those holding temporary contracts, accounting for 15-20% of temporary contract workers.

The industrial sector within which temporary employment is concentrated varies by country. Danish temporary workers have a particularly high concentration in manufacturing, 28%, while UK temporary workers tend to be employed in market and public services. In France temporary workers are found to cluster in public service employment, representing 49% of temporary contract employment.

Finally, we find temporary contract workers considerably less likely to be in receipt of employer provided benefits, relative to permanent contract workers, a finding which confirms their outsider status. It was unfortunately not possible to test our hypothesis of temporary worker heterogeneity on this indicator for the UK, as the information was not collected for the BHPS component of the ECHP.

Table 3.8: Descriptive Statistics of the Part-time Worker and Full-time Worker Sample, waves 1-6 of the ECHP

	PART-TIME WORKERS			FULL-TIME WORKERS		
	DENMARK	FRANCE	UK	DENMARK	FRANCE	UK
	%	%	%	%	%	%
WOMEN	77.31	78.95	89.06	43.92	40.33	40.76
mean(age)	37.75	38.82	39.13	39.06	38.58	37.23
sd(age)	13.89	10.89	12.26	10.9	10.08	11.35
<25yrs	26.04	11.66	14.73	10.19	8.25	15.05
25-29yrs	9.53	12.61	8.34	12.13	14.98	15.28
30-39yrs	18.33	27.57	29.82	30.18	29.52	28.54
40-54yrs	32.12	39.78	34.43	38.43	41.6	33.31
55+yrs	13.98	8.38	12.68	9.08	5.64	7.82
Third level Education	25.96	30.60	28.56	36.39	27.17	44.89
Upper Secondary Education	47.07	31.38	20.63	44.27	40.26	19.94
Lower Secondary Education	26.97	38.02	50.81	19.35	32.57	35.16
Formal Training	55.01	50.80	58.55	70.59	55.37	72.68
higher professional	8.26	19.16	10.47	23.28	14.41	30.64
lower professional	15.78	17.36	8.33	20.35	21.21	12.43
clerical and service	47.35	38.79	61.67	26.63	29.55	29.3
skilled manual	3.76	6.94	3.67	21.44	28.31	21.89
manual	24.84	17.75	15.86	8.3	6.52	5.74
ALMP	20.92	13.34	16.93	6.08	3.71	2.84
Agriculture	1.58	1.09	0.86	2.63	2.08	1.5
Manufacturing	8.26	8.35	7.02	25.12	27.79	27.03
Market Services	29.92	24.39	48.75	29.23	35.85	39.7
Public Services	60.25	66.18	43.37	43.02	34.28	31.77
1-9 pple in Workplace	6.78	9.09	23.65	24.55	13.67	14.35
10-49 pple in Workplace	25.49	12.62	13.36	21.38	11.22	16.58
50+ pple in Workplace	11.74	9.89	21.70	25.95	15.52	41.47
Workplace missing	55.99	68.40	41.29	28.12	59.59	27.6
Private Sector	43.75	51.53	67.57	59.72	68.03	73.24
Employer Provided Benefits	50.50	45.97	NA	80.82	68.57	NA

Table 3.8 provides a series of statistics for our part-time worker sample the findings from which are reviewed here. While we find that part-time employment is disproportionately female in each country, the tendency is the strongest in the UK. We also note that the age profile of part-time employment differs somewhat by country, with Danish part-timers more likely to be aged less than 25 years than is true of either France or the UK.

We find the educational profile of part-time workers to vary considerably by country, with UK part-timers by far the least educated, 51% of UK part-timers have less than second level education while this is only true of 38% of French part-timers and 27% of Danish part-time workers. We also find part-time workers to be less educated relative to full-time workers in each country, with the sole exception of France.

Turning our attention to the distribution of part-timers by occupational group, we again find evidence of worker retention amongst part-time workers in France. We find that 36% of part-time workers are professionals in France, whereas the corresponding figure for Denmark and the UK is 24% and 19% respectively. These figures could also be reflecting recent changes in employment law in the French civil services which allow established civil servants reduced hour contracts on demand (Daune-Richard, 1998).

We also find French part-timers to be less likely to be participants on active labour market programmes (13%) relative to Danish part-timers (21%) and UK part-timers (17%). Finally, part-timers relative location in the public sector and/or in large firms is expected to contribute to improved working conditions for them. We also expect part-timers in smaller firms to be used as a source of numerical flexibility, rather than for reasons of worker retention. We found a greater proportion of the part-time workforce in small firms in the UK, 24%, relative to 7% and 9% in Denmark and France. This leads us to expect improved working conditions for a portion of the part-time labour market in France and Denmark relative to the UK.

4: Conclusion

The primary function of this chapter was to present contextual data concerning the atypical worker labour markets for each country analysed. We started with an analysis of the macro-economic conditions of each country that we expect to account for a portion of the cross-national variation in the quality of atypical employment⁶⁰. We then went on to reveal statistics concerning the incidence of temporary and part-time jobs, as well as the implications of atypical employment for workers' job security and tenure. The final component of this chapter sought to reveal whether divergent national profiles of atypical employment exist and whether our expectation of atypical worker heterogeneity is supported in the evidence available⁶¹.

Section one established that the Danish, French and UK economies share a series of macro-economic conditions which make them suitable for comparison, in that they all experienced a period of economic and employment growth in the time period under consideration. There were, however, important differences that will need to be taken into consideration in the analysis. First of all, there is a lag in the timing of French economic recovery, relative to the Danish and UK markets. So while economic and employment growth in France eventually surpasses that of Denmark and the UK, it achieves this in the latter half of the 1990's whereas the other two economies experience a boom in the mid 1990s. The second and arguably most important macro-economic difference between the three countries under-investigation concerns the comparatively high unemployment rates in France which were found to increase slightly during our observation window, whereas Denmark and the UK experienced a decreased unemployment rate.

⁶⁰ For instance we anticipate atypical workers to be most exposed to unemployment risk when unemployment rates are high. We also expect the macro-economic climate to influence employers' deployment of atypical labour and anticipate employers' to be more likely to use atypical employment during an economic downturn than during an economic boom.

⁶¹ We distinguish two different types of temporary contract. Temporary contract workers are presented as being either probationary contract workers, or short-term contract workers. We also make a distinction between two different types of part-time employment: under-employed part-time workers and retention part-time workers.

Section two presented statistics on the incidence of atypical employment, and established no increase incidence in temporary employment in Denmark or the UK, though it did establish an increased incidence in France. We also found an increased use of part-time employment in France and the UK, though in Denmark the part-time labour market decreased dramatically. The only country where we did find an increased incidence of both temporary and part-time employment was in the French regime. This was attributed to recent changes in French employment law which provide incentives towards the generation of atypical employment. Section two also established that atypical workers had reduced tenure and were insecure in their jobs.

Section three presented a series of demographic and labour market statistics associated with atypical employment. In a simplified analysis of the demographic predictors of atypical employment, we established that age was the strongest predictor of temporary employment and while educational level was found to mediate this risk, age was found to have the strongest effect. Educational level had a stronger impact on the risk of exposure to part-time employment, however, with women who left school with less than secondary level qualifications increasing their risk of part-time employment by 10% in Denmark and France and by 14% in the UK for each increment of age. Moreover, we note that UK women exhibit the highest risk of part-time employment with women with third level qualifications in the UK exhibiting the same risks as Danish and French women with less than average educational qualifications. That Danish and French women were marginally less exposed to part-time employment was attributed to the policies towards worker integration in these countries.

We also established that the age profile of temporary contract and part-time workers differs considerably: temporary contract workers were more likely to be between 18 and 24 years old in each country, while the age profile of part-time employment was quite different by country. Atypical employment was found to be disproportionately female, and while the tendency was considerably stronger for part-time employment, women also had a slightly higher risk of temporary employment.

There were strong differences between countries in the educational profile of atypical workers, with our findings reflecting our hypotheses of national variation. We hypothesised that temporary contract workers were more likely to be probationary

contract workers in the UK given poor skills development in liberal market economies and found this to be the case.

We also found strong evidence of differentiation in the character of part-time work by country. As anticipated the failure to provide policies of integration had a strong negative impact on the UK part-time labour market, where 51% of part-timers had less than second level qualifications. We also found some support for our hypothesis of part-time worker retention in France, with a greater proportion of French part-time workers clustered amongst those with third level qualifications.

This chapter presented a series of statistics on the macro-economic context of each country analysed as well as statistics on the incidence and character of atypical employment. The next chapter analyses the quality of atypical work, through an analysis of the working conditions of atypical workers.

Appendix for Chapter Three:

Table A3-1: Predicted Probability of Being a TEMPORARY Worker, by Age, Gender, Educational Level and Country, waves 2-6 of the ECHP.

MEN	AGE 25		AGE 35		AGE 50	
		Std. Err.		Std. Err.		Std. Err.
DENMARK						
Less than secondary Education	0.202	0.005	0.126	0.003	0.060	0.002
Third Level Education	0.156	0.004	0.095	0.002	0.044	0.001
FRANCE						
Less than secondary Education	0.198	0.004	0.123	0.002	0.057	0.001
Third Level Education	0.180	0.004	0.111	0.002	0.051	0.001
UNITED-KINGDOM						
Less than secondary Education	0.142	0.004	0.086	0.002	0.039	0.001
Third Level Education	0.107	0.003	0.064	0.001	0.028	0.001
WOMEN	AGE 25		AGE 35		AGE 50	
		Std. Err.		Std. Err.		Std. Err.
DENMARK						
Less than secondary Education	0.237	0.005	0.150	0.003	0.060	0.002
Third Level Education	0.184	0.004	0.114	0.002	0.053	0.001
FRANCE						
Less than secondary Education	0.231	0.005	0.146	0.003	0.068	0.002
Third Level Education	0.180	0.004	0.111	0.002	0.051	0.001
UNITED-KINGDOM						
Less than secondary Education	0.167	0.004	0.103	0.002	0.050	0.002
Third Level Education	0.128	0.003	0.077	0.002	0.034	0.001
Observations: 64,691						

Table A3-2: Predicted Probability of Being a Part-time Worker, by Age, Gender, Educational Level and Country, waves 2-6 of the ECHP.

MEN	AGE 25		AGE 35		AGE 50	
		Std. Err.		Std. Err.		Std. Err.
DENMARK						
Less than secondary Education	0.040	0.001	0.042	0.001	0.048	0.001
Third Level Education	0.022	0.000	0.024	0.000	0.027	0.000
FRANCE						
Less than secondary Education	0.040	0.001	0.044	0.001	0.050	0.001
Third Level Education	0.022	0.000	0.025	0.000	0.028	0.000
UNITED-KINGDOM						
Less than secondary Education	0.072	0.001	0.078	0.001	0.088	0.002
Third Level Education	0.041	0.001	0.044	0.001	0.050	0.001
WOMEN	AGE 25		AGE 35		AGE 50	
		Std. Err.		Std. Err.		Std. Err.
DENMARK						
Less than secondary Education	0.252	0.004	0.270	0.004	0.295	0.004
Third Level Education	0.155	0.003	0.170	0.002	0.186	0.003
FRANCE						
Less than secondary Education	0.261	0.004	0.278	0.004	0.305	0.004
Third Level Education	0.162	0.003	0.174	0.002	0.193	0.003
UNITED-KINGDOM						
Less than secondary Education	0.393	0.005	0.413	0.004	0.445	0.005
Third Level Education	0.261	0.004	0.278	0.004	0.304	0.005
Observations: 84,357						

CHAPTER FOUR. Divided Workers: Do atypical workers have inferior working conditions?

1. Introduction

This chapter determines the extent to which the working conditions of atypical workers are inferior to the working conditions of standard contract workers. The theoretical expectation is that temporary workers and part-time workers, by virtue of their ‘atypical worker status’, will experience an inferior working environment. It is suggested that the quality of atypical employment will be a function of both employer use for the atypical position, leading us to expect convergence, and national context, leading us to anticipate divergence between countries.

The extent to which atypical workers are disadvantaged relative to standard contract workers is established according to the following aspects of their working environments. First, we measure atypical workers autonomy/task discretion. Second, the inclusion of atypical workers in direct employee involvement schemes is reviewed as are, third, their relative levels of training by contract type. These three components of workers’ working conditions will reveal whether atypical workers are treated differently within the firm by virtue of their contractual status, allowing us to determine the implications of atypical employment for the employment relationship⁶².

While we anticipate atypical worker disadvantage we also recognise atypical worker heterogeneity. We expect a portion of temporary contract workers to be highly skilled workers on probation prior to entry to a primary labour market segment. We also anticipate the proportion of temporary workers who are on probationary contracts to vary by country with employers in different production regimes possessing different levels of information concerning the skill content of a qualification. Similarly we anticipate some employers to use part-time employment as a form of worker retention with part-time

⁶² The three components analysed were chosen on the basis of data availability and relevance to the current debates on job quality (Smith 1997). Worker autonomy is considered important for job satisfaction (Worall and Cooper 1999). Theories of post-fordism regard employee involvement an important means of increasing worker commitment and job satisfaction (Handel 2005). Finally, receipt of on the job training has long been regarded an indicator of job quality (Kalleberg, Reskin and Hudson 2000).

workers employed as retention workers considerably more likely to have better working-conditions than under-employed part-time workers. We expect employers' use of retention to be concentrated in insider markets. We begin this chapter by presenting our hypothesis of the constraining effects of institutional context on atypical worker outcomes.

Hypothesis of the relative location of temporary workers by country

While Denmark and the UK have similar employment protection legislation concerning fixed-term contracts, their policies of worker integration vary dramatically (chapter 2). We suggested that the combination of market flexibility and policies towards worker (re)integration, such as trade union enforcement of employment rights, will ensure a greater equality in the treatment of temporary workers relative to permanent workers in Denmark.

The French market was presented as *rigidly integrative* on the basis of its rigid employment protection and its policies towards the integration of labour market outsiders. While French EPL aims to protect temporary workers from misuse, for instance employers are unable to employ the same worker on consecutive contracts and are often obliged to provide training for the employee at the end of their contract (DAGEMO-BECI, 1996), there are difficulties concerning enforcement (EIRR 222, July 1992:21-22). We hypothesised the combined effect of poor enforcement of current legislation towards temporary workers coupled with employers' needs to access flexibility in a highly regulated market to result in temporary workers being deployed as secondary sector workers. We also anticipate some temporary worker heterogeneity, however, with some employers likely to hire temps on probationary contracts, though the centrally coordinated system of skills generation in France (Hancké and Soskice 1996) is likely to result in a decreased use of probationary contract workers by French employers.

Finally, the UK is presented as a *flexibly non-integrative market*. The employment protection legislation in the UK ensures that employers have unrestricted access to temporary work with little legislation to protect temporary or agency workers from differential treatment in the workplace either in terms of pay or benefits or indeed in

terms of working conditions⁶³. In addition to this trade union density is quite low in the UK when compared to Denmark, resulting in a situation where temporary workers are unprotected and can be used as a means of accessing low cost labour. While we expect temporary workers to be disadvantaged within the UK market, we also anticipate greater recourse to probationary contracts in the UK given the weak coordination between the state and industry in skill generation.

The manner by which national context constrains employers in their uses of part-time workers is expected to vary. The primary reason for this divergence is the role that household dynamics have on the supply of part-time employment and the implications this has for employers' uses for part-time labour.

Hypothesis of the relative location of part-time workers

We present nation states' provision of publicly funded childcare services as crucial to the supply of female labour, as well as the stratification of female labour by skill level. Lack of publicly provided childcare and maternity and parental leave schemes are hypothesized to reduce female supply, to decrease the bargaining power of workers with childcare responsibilities in the market (relative to workers without childcare responsibilities) and to polarize inequalities between women, with low skilled women in liberal market economies unable to purchase childcare with their lower earnings.

National Variations of Part-time Supply

The provision of publicly funded childcare varies dramatically in our three countries. Denmark offers the most extensive provision with a near guarantee of supply for all children from the ages of 6 months to 6 years, schooling starts at 7 years in Denmark, and while childcare is not free, the fee is indexed according to income so is not prohibitive for low income families (Polakow 1997). Moreover, the right to child-care is citizenship based with childcare provision guaranteed irrespective of labour force status (Siim 1993). The French childcare system is also extensive. Schooling for French children begins at

⁶³ While this claim is true for the time period analysed recent changes in legislation have been brought in to safeguard atypical workers rights. The Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, has been brought in as has the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 1st of July 2000. It remains to be seen, however, whether UK employers feel compelled to act in accordance with the new legislation, or whether they can avoid it, as has been the case in France where trade unionism is also comparatively weak.

the age of three with supply matching demand. While demand for the care of pre-school children in publicly funded crèches regularly outstrips supply, private arrangements are supported with allowances and tax credits (Daune-Richard, 2000). Finally, the UK offers virtually no public childcare, with the sole exception of day care for children considered to be at risk⁶⁴.

We also estimate interactions between institutional support for part-time work, and its cultural legitimacy as determinants of the quality of part-time employment (chapter 2). Denmark has, since the mid 1990's, pursued a strategy of full and full-time market engagement for all. The incidence of part-time employment in Denmark has consequentially changed considerably. We attribute this decrease in part-time employment to normative and cultural changes in female labour market engagement as well as to shifts in labour market policy. The labour market policies/ institutional features which could account for the decrease in part-time employment include changes in unemployment policy which restricted part-time workers' access to unemployment benefit (Lind 1999; Warren 2001), trade union opposition to part-time employment (Lind 1999) and opposition by employer organisations to part-time employment. We anticipate the stark decrease in the quantity of part-time employment to have decreased the overall quality of part-time employment in Denmark, with those who have remained in part-time jobs likely to be disproportionately constrained in this form of market participation.

In France we expect a bifurcation in the French market as a result of recent changes in employment law⁶⁵. So while we expect French employers' to be the most likely to use worker retention strategies (O'Reilly, 1992) as a result of internal markets and rigidities in employment protection, we also expect some part-time workers to be labour market outsiders and thereby disadvantaged. Evidence of French part-time worker disadvantage has been identified (Galtier and L'Horty 2000).

⁶⁴ This is true of the data window under consideration, though the current New Labour government in the UK are in the process of increasing the provision of child-care services.

⁶⁵ The re-regulation of French labour law in accordance with the Loi Quinquennale 1993 has afforded employers greater flexibility over part-time workers working-time and has also encouraged employers to generate part-time employment by providing them with an exemption of social security payments if they generate new part-time jobs (see chapter 2).

In the UK, the absence of publicly funded childcare is hypothesized to decrease the bargaining power of workers with childcare responsibilities and to polarize inequalities between women, with low skilled women in liberal market economies unable to purchase childcare with their lower earnings. We expect the disadvantages of low skilled women in the UK to be compounded by inconsistencies in the system of social security taxation. As suggested in Chapter 2, the lower earnings limit (LEL) provides incentives for employers to generate reduced hour contracts, with further rigidities identified in the national taxation system (Harvey 1995; McGinnity 2001).

In conclusion, we hypothesised that national institutional context will constrain employers in their deployment of temporary contract workers and part-time workers within the firm and that this in turn will affect employees' experience of their work environments. The degree to which atypical workers experience poor working conditions relative to workers on the standard employment contract will be assessed according to the following three criteria of workplace quality: (1) the degree to which employees are autonomous, (2) the degree to which employees participate more or less equally in workplace negotiations, and, finally, (3) the extent to which atypical workers have access to job related training. Any evidence of an unequal distribution between atypical and standard contract workers across the three indicators of workplace quality will be taken to be an indication of relative disadvantage.

The Data

The data used in this chapter, The Eurofound's European Survey on Working Conditions, was obtained from the European Foundation for Living and Working Conditions, Dublin Ireland. The data is cross-sectional, with data collected in 1990, 1995 and 2000, though as a result of the non-comparability of many of the questions of interest in the three datasets only the most recent cross-section is used. The data, collected by each nation state was randomly selected from the target working population. The national sample target size for 2000 was 1500. The data excludes all 'inactive' sections of the labour market covering those unemployed, in education, retired or involved in unpaid labour in the home. Individuals were interviewed in their homes and were approached outside expected working hours, all respondents were between the ages of 16 and 65. The response rate for the three countries of interest are, 42% for Denmark, 74% for France and 56% for the

UK. The Eurofound European Working Conditions Survey forms part of the Eurobarometer series.

2: Worker Autonomy-Employer Control

We start our investigation by examining atypical worker disadvantage through an analysis of the relative balance between employer control and worker autonomy. Not only is it relevant to determine the extent to which atypical workers are more or less autonomous when compared with employees on the standard employment contract, it is also interesting to infer the degree to which employers regard atypical work as in need of supervision. A key hypothesis in the following two sections is that temporary workers in particular and part-time workers to a lesser extent will be treated differently by virtue of their alternative contract status and this will be expressed in reduced worker autonomy.

The amount of autonomy afforded workers by employers tends to be associated with the skill level of the employee as well as their assumed levels of commitment⁶⁶ to employment and/or the firm. Erikson and Goldthorpe (1992) and Goldthorpe and Heath (1992) have outlined two distinct contract types based on employees' occupational group and their forms of supervision. Unskilled manual labour is employed on labour contracts involving the direct exchange of a specified unit of productive output for a wage and is supervised directly to ensure an adequate supply of labour for the wage brokered. The relationship between employers and service class workers is portrayed as more complex, where the employees' labour is purchased in an indirect manner through a combination of salaries, benefits, opportunities for further career advancement and security in employment. Whilst skilled workers are not without supervision their supervision is of a less invasive nature as their commitment to the firm is taken to be greater⁶⁷.

It is suggested here, however, that the unique nature of atypical work will exhibit lower levels of autonomy *irrespective* of the skill levels associated with occupational

⁶⁶ Though there is of course some inter-relationship between an individual's pursuit of skills and his/her commitment to their career.

⁶⁷ A second factor that determines the indirect nature of white-collar supervision, which will not be tested here, are the transaction costs involved in the supervision of skilled labour.

group. This is hypothesised to be the case by virtue of the outsider status of employees on temporary and part-time contracts resulting in less autonomy. Compounding this effect worker commitment should also vary in accordance with the employment contract, with employers who display less commitment to their employees, in the form of a temporary contract, receiving less commitment from their numerically flexibilised employees⁶⁸. The application of these hypotheses, however, needs to allow for atypical worker heterogeneity with some part-time employment retention employment, and some temporary employment probationary contract employment.

Measuring worker autonomy

The variable measuring worker autonomy is an aggregated variable of three variables measuring a latent trait of worker autonomy. The three variables used to create the index measure the following aspects of autonomy: autonomy over the order of their tasks, the speed or rate of their work and their methods of work. The exact wording of the questions is the following: Are you able, or not, to choose or change (1) your order of tasks, (2) your methods of work, (3) your speed or rate of work? The respondents were able to reply positively or negatively or were alternatively coded 'do not know'. Exploratory analyses were conducted for a series of variables that were considered potential components in the creation of a latent variable measuring worker autonomy. The final autonomy index was created from the variables that were the most plausible components of a proxy for worker autonomy. The internal consistency of the three-index category has a Cronbach's alpha of .78, well within the acceptable level required of Cronbach's reliability coefficient (Nunnally 1978). We would therefore expect respondents' differences on our dependent variable to be a function of inequalities in the amount of autonomy afforded them rather than being a function of random variation on the variable of interest. However, in an effort to test for variations in response across the three component variables, all multivariate analyses were also run for each variable separately. Only when variations in tendency or statistical significance between the aggregate variable and the component variables were noted

⁶⁸ Case study analyses have revealed that employers identify decreased commitment as one of the disadvantages associated with atypical workers (Casey, Metcalf and Millward 1997, Kalleberg, Reskin and Hudson 2000).

are these findings reported in the central text. The autonomy index is a four-category scale, ranging from 0, no autonomy on any of the three items referred to, to 1, referring to complete autonomy. The variable does not have a normal distribution with 56% of respondents reporting complete autonomy and only 15% reporting no autonomy⁶⁹.

Table 4.1 presents the proportions of respondents who had no autonomy over their productive task by contract type. We find that temporary workers in both France and the UK are less autonomous. Danish temporary workers, however, were found to have equal rates of autonomy a finding which confirms our hypothesis concerning the Danish industrial relations system and the character of its trade unionism.

Table 4.1: Proportions with No Autonomy over the productive task: Variations by Contract and Country

		No Autonomy (%)	P-value	N
DENMARK	Permanent Worker	8.16	(0.765)	1128
	Temporary Worker	8.73		252
FRANCE	Permanent Worker	19.55	(0.003)	1059
	Temporary Worker	28.38		222
UNITED-KINGDOM	Permanent Worker	19.57	(0.004)	1063
	Temporary Worker	28.50		207

Table 4.2 displays a similar analysis for part-time workers. Here we find that it is the Danish and UK labour markets which offer the least protection to part-time workers. It should be noted nonetheless that the proportion of Danish part-timers with no autonomy is considerably smaller than in the UK. Only 12% of Danish part-timers report no autonomy, whereas this is true of a quarter of UK part-timers. Finally, we note that French part-timers exhibit no inequalities in autonomy. We suggest that this may be attributed to either one of the following two dynamics. One, the comparative equality in the rates of autonomy between part-timers and full-timers could be attributed to worker retention in the French part-time market. Two, the anticipated

⁶⁹ Table A4-1 presents the distribution of relative rates of autonomy by country. We find that Danish workers report comparatively more autonomy than French or UK workers, with 65% of Danish and only 51% and 52% of French and UK workers reporting complete autonomy.

heterogeneity between retention part-time workers and under-employed part-time workers may be cancelling each other's effects out.

Table 4.2: Proportions with No Autonomy over the productive task: Variations by Contract and Country.

		No Autonomy (%)	P-value	N
DENMARK	Full-time Worker	7.63	(0.037)	1324
	Part-time Worker	12.15		181
FRANCE	Full-time Worker	18.75	(0.743)	1259
	Part-time Worker	19.66		234
UNITED KINGDOM	Full-time Worker	17.94	(0.003)	1154
	Part-time Worker	25.21		353

Multinomial logit sequence

The extent to which atypical workers' decreased autonomy is a function of a worker's contract status, rather than a reflection of their job content, and/or demographic characteristics is revealed in this section.

A multinomial logistic regression sequence was carried out to estimate the impact of contract type on autonomy. Usually ordered logistic regressions are fitted in instances where the dependent variable is ordinal, however, for such an analysis to hold the assumption of proportional odds must be satisfied (Long and Freese 2001). The key assumption of proportional odds is that the slope of the coefficients for each interval of the dependent variable must be identical. So each probability curve of the impact of our independent variables on autonomy would have to increase, or decrease, by the same amount for our four autonomy categories: no autonomy, partial and semi-partial autonomy and complete autonomy. The means by which this assumption was tested was through a Wald test reformulated for the ordered logistic regression by Brant (1990). Here the parallel regression assumption, that the slopes of the coefficients increase or decrease in equal units for each category of the dependent variable, is tested for each independent variable. The parallel regression assumption was violated for each individual country analyses, though only marginally for France, and for the pooled country

analysis⁷⁰. Moreover, the variables that contributed to the differential slope increments were central to the analyses and it was therefore not sensible to remove them in an effort to retain the model assumption. Class broke the proportional odds assumption in each model, with temporary work and part-time work also impacting variably across the dependent variable scale.

In an effort to relax the assumption of proportional odds a multinomial regression was conducted. It is argued that the potential loss of efficiency in using a model for nominal outcomes is outweighed by avoidance of potential bias (Long and Freese 2001). Each multinomial regression presents a series of binary logits for each category of the dependent variable against a single reference category, in each equation presented here we use complete autonomy as the reference category. This is done for two reasons, one, by keeping the same comparative group throughout we gain consistency, two, despite our use of a nominal logistic regression our dependent variable is substantively ordinal and we can therefore expect there to be an increment in the differences between our reference category, complete autonomy, and those with decreasing levels of autonomy.

Considerable attention was given to the feasibility of combining categories of the dependent variable in an effort to simplify the analysis. To test for redundant categories on the dependent variable Wald tests were carried out to establish whether the independent variables significantly affected the odds of one outcome variable rather than another. Instances where fitted variables do not differ in their effect on one category over another on the Y variable are described as 'indistinguishable' (Anderson 1984). Wald tests for 'indistinguishable' categories on the Y variable were done, results not shown, for each equation. There were no instances where the categories on the Y variable were similar to the extent that one would collapse them into the one category.

The equations presented in table 4.3 below are specific to each country analysed. Each equation controls for class, industrial sector, age, and gender, though the variables

⁷⁰ The models violated the parallel regression assumption above the .05 level for each country, with the exception of France. In France the model was rejected at the 0.10 level.

relating to industrial sector and age are not presented⁷¹. Occupational group/class is coded as a categorical variable with the first category, service class I and II, excluded as the reference category. The variable measuring class is based on the Revised Goldthorpe Classification Schema⁷² (1992).

⁷¹ The full-equation is presented in the appendix (table A4-4).

⁷² Direct comparisons should not be made due to the following limitations in the data. First of all the dataset does not contain information on whether workers are managers or foremen, an important criteria in the Goldthorpe Classification schema. Second, the ISCO classification provided is only a two digit classification, while the Goldthorpe Classification schema requires a three digit classification.

Table 4.3 Multinomial Logistic Regression of Autonomy by Contract type*

	DENMARK			FRANCE			UNITED KINGDOM		
	Coef.	Std. Err.	P-value	Coef.	Std. Err.	P-value	Coef.	Std. Err.	P-value
<i>Comparison 1: No-Autonomy/Complete Autonomy</i>									
Temporary	0.150	0.265	0.572	0.724	0.213	0.001	0.806	0.203	0.000
Part-time	0.671	0.295	0.023	-0.121	0.214	0.570	0.194	0.194	0.318
Routine non-manual	0.856	0.335	0.011	1.708	0.274	0.000	1.437	0.281	0.000
Personal Service Workers	0.395	0.357	0.269	1.760	0.273	0.000	1.272	0.290	0.000
Skilled and Unskilled Manual	1.308	0.270	0.000	2.001	0.229	0.000	1.933	0.238	0.000
Men	-0.158	0.222	0.476	-0.190	0.172	0.269	-0.137	0.191	0.476
Constant	-2.499	0.420	0.000	-2.460	0.423	0.000	-1.941	0.356	0.000
<i>Comparison 2: Semi-Partial Autonomy/Complete Autonomy</i>									
Temporary	0.489	0.226	0.030	0.420	0.253	0.097	0.637	0.231	0.006
Part-time	-0.045	0.298	0.879	-0.242	0.253	0.339	0.045	0.225	0.842
Routine non-manual	0.490	0.313	0.117	0.929	0.280	0.001	0.501	0.286	0.080
Personal Service Workers	0.634	0.324	0.051	1.069	0.278	0.000	0.555	0.285	0.052
Skilled and Unskilled Manual	0.939	0.241	0.000	1.042	0.223	0.000	1.025	0.220	0.000
Men	-0.516	0.211	0.014	-0.137	0.196	0.483	-0.022	0.211	0.917
Constant	-2.047	0.372	0.000	-1.823	0.416	0.000	-2.000	0.387	0.000
<i>Comparison 3: Partial Autonomy/Complete Autonomy</i>									
Temporary	0.325	0.190	0.087	0.439	0.216	0.042	0.545	0.224	0.015
Part-time	0.220	0.224	0.326	-0.137	0.206	0.504	-0.134	0.210	0.523
Routine non-manual	0.399	0.221	0.070	0.286	0.233	0.219	0.336	0.235	0.153
Personal Service Workers	-0.138	0.274	0.616	0.339	0.237	0.152	0.096	0.270	0.723
Skilled and Unskilled Manual	0.483	0.189	0.011	0.441	0.174	0.011	0.419	0.194	0.030
Men	-0.120	0.159	0.450	-0.229	0.162	0.157	-0.182	0.191	0.340
Constant	-1.727	0.298	0.000	-1.300	0.376	0.001	-1.202	0.335	0.000
Model Summary									
N observations	1498			1487			1502		
Pseudo R ²	.0465			.061			.048		

*Controlling for age, and industrial sector

Note. The Pseudo R² offers a goodness of fit measure akin to the R² in ordinary least squares regression (OLS). R² is interpreted as the proportion of the variation within the dependent variable that is explained by the OLS regression line. Logistic regression and multinomial regression do not allow one to measure goodness of fit in the same manner, however. Pseudo R² measures the proportional decrease in the log-likelihood relative to the saturated model. The models for each country explain a relatively small amount of variance.

The multivariate analysis confirms the findings established in the bivariate analyses just described, though there are some variations of note. First, we find that Danish temps experience reduced autonomy at comparative level 2 of the dependent variable pointing to some temporary worker disadvantage, while the bivariate analysis established none. Second, while Danish part-timers had been found to be disadvantaged in the bivariate analysis, this is not the case in the multi-variate analysis for comparative levels 2 and 3 of the dependent variable. The variables pertaining to occupational group/class are consistent with expectation and impact significantly on the model. Those of lower occupational groups exhibit lower levels of autonomy than those in service classes 1 and 2, the reference category.

For the French equation we find that our earlier conclusions of temporary worker disadvantage and part-time worker parity remain even after we control for a series of covariates which could have accounted for these atypical worker/standard contract worker differences. We find that temporary workers are more likely to have reduced autonomy and this, crucially, remains true for each comparison group⁷³. Meanwhile part-time workers are found to have similar autonomy levels as full-time workers at each level of the dependent variable. The variables measuring occupational group/class are again consistent with expectation and impact significantly on the model. Those of lower occupational groups exhibit lower levels of autonomy than those in service classes 1 and 2.

Temporary contract workers in the UK were found to be less autonomous at each level of the dependent variable, and unlike France the confidence intervals are above the .05 level for each comparative reference. We also find, however, that UK part-time workers are no longer different from full-time workers in the autonomy afforded them on the job. This suggests that part-timers reduced autonomy in table 4.2 is a function of the demographic and labour market profile of part-time workers. The variables measuring occupational group/class impacted significantly on the model. Those of lower occupational groups exhibit lower levels of autonomy than those in service

⁷³ Previous analysis revealed that the ordered structure of the dependent variable was most closely approximated in France. In earlier attempts to run ordinal logistic regressions the French equation violated the parallel regression assumption at the .10 level but not at the .01 level, as was the case for Denmark, suggesting that the ordered structure of the autonomy variable is more plausible in the French context.

classes 1 and 2, with the strength of the association decreasing as we move up the ordered structure of our dependent variable.

A nested likelihood ratio test of the final model relative to a model without the variables measuring working-time and contract type was found to be statistically significant for each equation the results of which are presented in the appendix (table A4-3). Finally, interaction terms of contract type and occupational group, to determine non-linear effects, were also tested but the variables were found to be non-significant.

In conclusion, the propensity for having no autonomy varies by country and contract type with temporary and part-time workers generally exhibiting lower levels of autonomy. In the bivariate analysis there were two exceptions to this tendency. First, Danish temporary workers were found to have similar levels of autonomy to permanent contract workers. Second, French part-timers were found to have similar levels of autonomy to full-time workers. Crucially for this analysis, the effects of contract type remained significant upon the introduction of the other predictive variables in the final model presented in Table 4.3, with the exception of Danish temporary contract workers. The variables measuring occupational group, which are traditionally used as explanatory variables of worker autonomy were highly predictive with the lower occupational groups being much less likely to be autonomous. Age was also introduced, in an effort to cater for possible seniority effects being captured by the temporary variable. However age was not found to affect the models dramatically and was therefore not presented in the final tables. This section analysed the degree to which temporary and part-time workers were less autonomous than standard contract workers. This was analysed for three reasons. First, to determine whether atypical workers are treated differently to standard contract workers. Second, to determine whether employers feel they need to supervise atypical workers' productive output to a greater degree than standard contract workers, with greater worker autonomy implying less employer control. Third, to generalise about the relative value of atypical work, with the possession of autonomy an indicator of worth and/or occupational status. We established that atypical workers have less autonomy relative to standard contract workers and thereby conclude that; atypical workers are treated differently to standard

contract workers, that employers feel a greater need to supervise atypical workers and that, atypical work is of lower occupational status/ worth⁷⁴.

3: Work Organisation and Management Structures, Worker Involvement and Indirect Mechanisms of Control

The second criterion of job quality I investigate is the degree to which atypical workers are included in employee involvement schemes. Involvement schemes are mechanisms of employee consultation within the firm.

A key distinction in the HRM literature, and one which reveals the possible inter-relationship between business strategy and workplace segmentation, is that between 'hard' or 'soft' management strategy (Legge 1989; Storey 1989; Geary 1992). Hard HRM strategies, frequently applied to secondary sector workers, regard employees as a variable production cost with flexibility achieved through the hiring or firing of workers according to fluctuations in demand. Soft versions of HRM, on the other hand, seek to treat employees as a resource whose value may be enhanced through the generation of increased commitment, by means of corporate socialisation, and increased functional flexibility (through the provision of training). Employee involvement schemes are frequently presented as a soft HRM strategy.

While HRM theorists do not prescribe soft strategies of employee management solely to primary grade workers (Legge 1989), case studies of the dual application of these HRM strategies suggest that in practice such a division between the use of these strategies to different grades of worker does exist (Geary 1992). We would expect, therefore, fewer examples of soft HRM strategy for workers who are regarded by employers as variable costs. These we hypothesise to be part-time and temporary workers. Nonetheless we may also find a certain degree of overlap between 'soft' HRM strategies used to harness the commitment of higher grade employees and those applied to workers who are regarded as a variable cost, who we expect to be atypical workers. In instances where atypical

⁷⁴ It should also be acknowledged that employee autonomy is likely to be related to work experience and that length of contract should be introduced to the model to control for this. It was not possible to do such an analysis with the data used here however.

workers are included in employee involvement schemes we suggest that it is done to manufacture consent.

Whilst expecting some distinction between soft management strategy and contract type we also recognise that the extent to which employers behave strategically is contested with several studies pointing to a lack of coherence in employer strategy (Hunter and McInnes 1991; Purcell 1991; O'Reilly 1992; Gallie and White 1994). However, for the purpose of this analysis, we argue that HRM practice is purposive even if not coherently applied and reflects employers' preferences towards different forms of labour contract.

Manufacturing Consent Through Social Reward; Indirect Control and 'Soft' HRM Practice

We suggest that the generation of employer-employee involvement schemes by managers performs some form of function for employers. From the literature reviewed we hypothesise these functions to be either one or a combination of the following:

- (1) Employee involvement as a mechanism of worker inclusion generating increased commitment through a democratisation of the workplace.
- (2) Employee involvement as a mechanism of control maximisation.

The first hypothesis presents employer-employee involvement as a positive means of worker inclusion within the firm. The development of employee involvement from this perspective regards worker inclusion as a progressive development in workplace organisation, one which is a consequence of the post-Fordist evolution of the workplace rather than of attempts to increase indirect mechanisms of control (Katz 1985). A central argument of theorists of post-Fordism was that workplaces were developing alternative means of organisation characterised by increased worker responsibility and increased worker involvement in management decisions in what was called a 'flattening' of workplace hierarchies. It is argued here that workers accumulate specialised knowledge about the productive process that is invaluable to the employer and direct forms of participation are therefore mechanisms of maximising employee output/productivity. In return, the changes made from consultation are presented as being directly beneficial to the workforce in terms of improved working conditions or more efficient modes of

production. Given that employees have been consulted about workplace issues and workplace changes, the outcome is frequently presented as more democratic (Rajan and Wulf 2003).

The second hypothesis presents worker inclusion as an indirect mechanism of employee control, where worker inclusion in the consultation process pacifies the worker into compliance with employers' intended strategy (Edwards 1979). The mechanism by which employee participation is presented as a mechanism of indirect employer control is the following: Working on the assumption that some firms maintain hierarchical inequalities not all employees will have access to employee-employer consultation. The inclusion of some workers will be seen as an indication of their worth and will act as a signalling system of social distinction. Inclusion as social reward operates at two levels: first of all, where barriers to inclusion exist the simple act of inclusion signals positive social distinction. Secondly, the temporary suspension of hierarchical distinction for those who do engage in employee-employer consultation affirms the lower-grade workers' self-worth. It is hypothesised that employees regarded as peripheral to the firm will be less likely to be included in direct negotiation with management. It is also suggested however, that given the tensions that arise within firms who do have a two-track employee system (Geary, 1992) a proportion of peripheral workers will be included in management negotiation platforms as a means of defusing employee dissatisfaction. The key dynamic which differentiates mechanism of control from mechanisms of inclusion is the impact of negotiation on workers' working conditions. Employee involvement schemes that impact positively on working conditions will be regarded as a democratisation of workplace organisation. Ones which do not will be considered to be mechanism of worker control.

Measuring Employee Involvement

Our hypotheses in this section are the following: first, we anticipate consultations with outside experts, rather than employers, to be the most conducive to positive change. We expect the balance of power in a one-to-one employer-employee negotiation to be unequal with the employer in a superior position. We therefore anticipate disagreements between both parties on workplace issues to result in the employer obtaining their preferred outcome. The presence of an outside expert in workplace negotiations is likely to mediate the dynamic of inequality between employer and

employee and thereby increase the likelihood of a positive outcome from the employees' perspective.

Second, we hypothesise atypical workers to be excluded from involvement schemes which have a positive effect on working conditions. We expect employers to regard short-term contract workers and under-employed part-time workers as a variable cost whose reduced and or short-term involvement within the firm makes them unworthy of inclusion in employee involvement schemes. In instances where atypical workers are included on involvement schemes, we expect atypical workers to be included as a means of defusing employee dissatisfaction, rather than as a means of obtaining agreed changes in working-conditions.

To test these hypotheses, the following variable measuring employee involvement was created⁷⁵. First of all workers who claimed to be able to formally discuss both (1) their working conditions in general and/or (2) the organisation of their work when changes take place were classified as being included in employee involvement schemes. The two variables measuring the ability to discuss working conditions and workplace change have an internal reliability of .80 (Cronbach's alpha). The composite variable is dichotomous. A sub-classification was then made on the basis of whom the formal discussions took place with, distinguishing between those with (1) ones' superiors, (2) staff representatives and finally (3) outside experts. The sub-classifications are not mutually exclusive with many respondents able to engage in formal discussions with a combination of all three people. The greatest amount of overlap was between those who discussed workplace issues with outside experts, taken to refer to regional trade union representatives, 72% of whom discussed workplace issues with employers and staff representatives. In an effort to distinguish whether employee participation as a

⁷⁵ The wording of the questions used are the following:

Within your workplace are you able to discuss your working conditions in general? Y/N/DK

Within your workplace are you able to discuss the organisation of your work when changes take place? Y/N/DK

Do these exchanges of views take place with your superiors? Y/N/DK

Do these exchanges of views take place with staff representatives? Y/N/DK

Do these exchanges of views take place with outside experts? Y/N/DK

Do these exchanges of views take place on a formal basis? Y/N/DK

mechanism of worker placation or a mechanism of workplace democratisation, it was necessary to identify the degree to which employee participation was conclusive to positive workplace change. The variable measuring workplace change was created from a series of variables that asked respondents whether discussions lead to improvements in their workplace, their factory or office or their organisation as a whole. Respondents who answered positively to any of the three variables were identified as recipients of positive change, the internal reliability for this variable is .72 (Cronbach’s alpha) and is a dichotomous variable.

Table 4.5: Incidence of Employee Involvement by Country and Platform type

Types of Employee Involvement	All %	DENMARK %	FRANCE %	UK %
Directly with Manager	88.9	91.6	85.5	89.0
Through a Staff Representative	45.5	55.6	42.1	49.3
Outside Expert platform	22.7	28.0	14.2	24.1

There is a clear hierarchy in the discussion platforms available to employees with employee-employer negotiation established as the predominant form, representing 89% of all direct involvement, and an outside expert platform, that is one consisting of employers, staff representatives and outside experts, being the least prevalent, covering 23% of the population (Table 4.5). The variations by regime type are consistent with expectation. Denmark exhibits higher rates of negotiation for each form of platform and also shows the highest proportion of negotiation with outside experts. The French industrial relations system appears to be reflected in the findings, with France exhibiting the lowest proportion of employee negotiation⁷⁶.

Table 4.6 presents the odds ratios from a logistic regression of the incidence of formalised discussions leading to improvements in the respondents’ workplace, the full equation is presented in the appendix (Table A4-6). The independent variable is a categorical variable of forms of employee involvement, with formalised employer-employee discussions the reference category. The first category represents employee

involvement with outside experts, and the second consists of those with staff representatives. The equations below suggest that formal discussions with outside experts are more likely to lead to positive change than discussions solely between employers and employees. The odds are the most dramatic in the UK, with formal discussions with outside experts increasing the odds of a positive outcome by over 200%. It should also be noted that negotiation with staff representatives also increases the probability of a positive outcome in each country, though the effect is not as powerful.

Table 4.6: Which Involvement Schemes Are The Most Conclusive To Improvements?

	DENMARK		FRANCE		UK	
	O/R	sig	O/R	sig	O/R	sig
Involvement Schemes with Outside Experts	2.683	***	2.306	***	3.379	***
Involvement Schemes with Staff Representatives	1.646	**	1.807	***	2.527	***
(Ref-Category) Involvement Schemes with Manager						

(Controlling for Gender, age, class and industrial sector)

Key: ** p<=0.001 ***p<=0.000

The second hypothesis in this section is that atypical workers are less likely to be included in involvement schemes that have a positive effect on outcome. The following table therefore presents the degree to which atypical workers are included in negotiations. Our hypothesis is that employer-employee involvement works as a mechanism of indirect social control through a dual mechanism of exclusion, which is presented as reaffirming the worth of the included worker, and social reward, which affirms the worth of the included worker whose views are regarded worthy of consideration. We hypothesise that workers who are regarded by the employer as variable costs will be excluded from involvement schemes and expect atypical workers to be excluded from each type of involvement scheme identified. However, given that peripheral workers have been identified as having lower workplace commitment as a result of perceived inequalities of treatment (Geary, 1992) and that worker inclusion to negotiation platforms is presented here, and elsewhere (Graham, 1997), as a mechanism of achieving consensus, we suggest that atypical workers will be included in certain types of negotiation platforms as a means of worker placation. Faced with the dual consideration of (a) excluding workers who are considered of little worth to

⁷⁶ The French system of employee involvement is found to be statistically different to the system in the UK and Denmark, though the Danish and UK regimes were not found to be significantly different from

the firm, and (b) of simultaneously requiring mechanisms to ensure excluded workers do not consequentially lower their commitment to the firm, employers are likely to trade-off this dilemma by including secondary workers in platforms of little consequence. We hypothesise, therefore, that there will be fewer atypical workers in involvement schemes with greater propensity for change i.e. involvement schemes with outside experts.

Each cell in table 4.7 represents the odds of involvement in different discussion fora with the dependent variables coded as dichotomous variables. In this instance, given the extent of overlap it was not possible to conduct the analysis with mutually exclusive categories⁷⁷. Table 4.7 represents the results of 18 statistically significant logistic regressions, which control for gender, age, class, industrial sector and atypical worker status. We find that there is no significant difference in the odds of participating in discussion fora for temporary workers in Denmark, with our contention that the difference should remain in France and the United Kingdom supported by the analysis. We find French temporary workers less likely to be included in each different type of involvement scheme though note that they are only marginally less likely to be involved in discussions with outside experts. Finally, we find that temps in the UK are not discriminated against in their access to involvement schemes. However, we also note their exclusion from negotiations with outside experts which was the form of negotiation most likely to lead to positive outcomes.

Turning our attention to the analysis of part-time workers we find Danish and UK part-timers to be considerably more likely to be included in involvement schemes of consequence. This is true of each form of involvement scheme in Denmark, and true of the two most consequential schemes in the UK. French part-timers are again found to have similar working environments as full-time workers.

each other.

⁷⁷ Respondents engaged in formal discussions with outside experts almost always had discussions with employers and staff representatives also. This was true of 72 % of respondents.

Table 4.7: Odds-Ratio of the Probability of participating in an Involvement Schemes by Country and Contract Type

	DENMARK		FRANCE		UK	
	Odds Ratio	Sig.	Odds Ratio	Sig.	Odds Ratio	Sig.
Odds for Temporary Workers						
No Formal Discussions						
Involvement Schemes with Employers	0.911	ns	0.600	**	0.950	ns
Involvement Schemes with Staff Representative	1.069	ns	0.561	**	0.800	ns
Involvement Schemes with Outside Experts	1.200	ns	0.400	~	0.548	*
Odds for Part-time Workers						
No Formal Discussions						
Involvement Schemes with Employers	0.513	**	0.733	ns	0.861	ns
Involvement Schemes with Staff Representative	0.543	**	0.590	ns	0.726	*
Involvement Schemes with Outside Experts	0.422	**	0.617	ns	0.581	*

(Each cell controls for Gender, Age and Class and Industrial Sector)

Key: ~p<=0.1 *p<=0.05, **p<=0.01, ***p<=0.001

The final table in this section presents the relative odds of reporting positive workplace change by contract type⁷⁸ (table 4.8). Temporary workers in each country reported lower probabilities of positive change than their permanent colleagues, even when age, gender and class are accounted for. The lower probabilities of reporting positive change for part-time workers, though, are rendered non-significant upon the inclusion of demographic and occupational variables. All of the significance was accounted for on the introduction of variables measuring age and sex in Denmark and France, though the significance of the difference remained in the equation for the UK until the inclusion of variables measuring class were included.

⁷⁸ A considerable number of missing values were generated in the modelling of equations using the negotiating platforms variable as a result of the significant portion of the sample who did not have formal platforms to discuss working conditions or workplace change. It was not sensible to include both contract type and involvement schemes in the equation measuring positive workplace change due to small cell size.

Table 4.8: Does Direct Employee Involvement Lead to Improvements?

	DENMARK		FRANCE		UK	
	Odds Ratio	sig	Odds Ratio	Sig	Odds Ratio	Sig
Temporary Workers/Permanent Workers	0.684	*	0.720	~	0.62	**
Part-time workers/Full-time Workers*	0.764	ns	0.894	ns	0.98	ns
Controlling for age, sex, class, and industrial sector, ~ p<=0.1, * p<=0.05, **p<=0.001						

In conclusion, this section sought to review the extent to which workers on flexibilised contracts are included in direct employee participation schemes. While the HRM literature suggests that worker inclusion in negotiation platforms tends to be reserved for core employees, it was suggested here that workers regarded as peripheral to the firm are likely to be included in workplace discussions in an effort to defuse workplace tension. Negotiation platforms based upon principles of worker placation were distinguished from those based upon principles of workplace democratisation through an assessment of their relative contribution to positive change. It was found that temporary workers tend to be excluded from negotiation platforms conclusive to workplace change and were also significantly less likely to claim that involvement schemes lead to improvements. We also found Danish and UK part-timers to be less likely to be involved in workplace negotiations though we found no difference between part-time and full-time workers' in the extent to which involvement schemes were thought to lead to improvements.

4: Worker Investment, the prevalence of employer-provided training

The third criterion of employment quality concerns the prevalence of employer-provided training. In this section we regard employers' willingness to invest in employee training to be an indicator of the employees' worth.

Measuring employer-provided training

The variable measuring employer-provided training is directly measured in the questionnaire. Respondents were asked whether they had undergone training paid for by their employer to improve their skills. If they had undergone a period of training they

were also asked its duration in days⁷⁹. All analyses are restricted to those who have been with their employer for one year or less in an attempt to avoid the endogeneity introduced in the wording of the question (see footnote 78). An analysis of employer-provided training is interesting for three reasons: First, employers willingness to invest in their employees through the provision of training has for some time been used as a key classification mechanism of workers into primary or secondary labour market segments (Gordon, Edwards and Reich, 1982) and should prove fruitful to an analysis of the extent to which part-time and temporary workers occupy similar labour market segments. The provision of training by employers is also a key variable in the distinction between fixed and variable cost workers in HRM theory. Second, the provision of training is seen as a central mechanism in the generation of responsive and flexible labour markets, in so far as employees with training are more likely to be able to successfully navigate transitions in the labour market. Third, the information is rarely provided on a comparative basis with the ECHP only providing this information for a sub-set of countries⁸⁰.

Table 4.9 presents the proportion of employees who receive no employer-provided training by contract type. We find that temps are no different than permanent workers in their receipt of employer provided training, in Denmark, the UK and France. Given our hypothesis of the greater use of temporary workers as probationary contract workers in the UK we could in fact expect temporary workers to exhibit higher rates of training. However, we also hypothesised that the lack of employment protection legislation pertinent to the working conditions of temporary contract workers combined with low trade union density would result in temporary workers occupying a position of relative disadvantage. It could be suggested, therefore, that the higher levels of training provided

⁷⁹The questionnaire asks: "Over the past 12 months have you undergone training paid for by your employer, or by yourself if you are self-employed, to improve your skills or not? (if yes) For how many days?"

⁸⁰ A table of national differences in employer provided training by working-time and country is provided in the appendices using the ECHP data available (Table A4-9). An analysis of training and contract type is, however, not possible using the ECHP. This is due to the failure of the panel to collect information on contract type for the only year they collect information on training, 1994. While the pattern established using the ECHP data is similar to that established using the Eurofound data, in that French employers were found to be considerably less likely to provide training, the proportions were found to vary. This variance is attributed to variation in the wording of the questionnaire, as well as the timing of the data collection, the ECHP data used was collected in 1993/4 that is 6/7 years before data collection of the data used in this chapter. The ECHP asks respondents whether their employers 'provide free or

to probationary contract workers and the lower levels of training provided to secondary sector workers are cancelling each other's effects out. Our findings for France are also counter to our hypothesis of lower rates of training for temporary workers, with both temporary and permanent workers exhibiting equally low rates of employer-provided training. So while 23% of the French workforce, who have been with their employer for one year or less, claimed to have been provided with training by their employers, twice the amount of the workforce in both Denmark, 52%, and the UK, 51%, received training (aggregate figures not shown).

Table 4.9: Incidence of Employer Provided Training, variations by contract type, workers who have been in their job for 1 year or less.

		Proportion without Employer-Provided training	Multivariate analysis*		
		%	Chi-sq	Coefficient	Sig.
DENMARK	Permanent	50.38	ns	-0.039	ns
	Temporary	53.76			
FRANCE	Permanent	78.18	ns	-0.078	ns
	Temporary	77.04			
UNITED KINGDOM	Permanent	48.09	ns	-0.350	ns
	Temporary	46.58			

*Controlling for age, sex, class, and industrial sector

The next table provides an analysis of the duration of the training received in an attempt to distinguish between training which is part of a workers' insertion programme, and training which is likely to involve an upgrading of the workers' skills. We expect temporary workers who are on probationary contracts to be in receipt of long-term training (which we expect to contribute to an upgrading of workers' skills), while short-term contract workers are hypothesised to be offered shorter insertion or 'training-in' type programmes. Insertion or training-in programmes are short training programmes which serve to familiarise the worker with his or her new working environment. Table 4.10 provides a breakdown of duration of training by contract type.

subsidised services or benefits to employees in any of the following areas'; with the third 'benefit' 'education and training'.

Table 4.10: Duration of Employer Provided Training, variations by contract type, workers who have been in their job for 1 year or less.

		1-4 days	5-29 days	30+ days	Chi-sq
		%	%	%	
DENMARK	Permanent	34.65	51.18	14.17	*
	Temporary	27.5	40.0	32.5	
FRANCE	Permanent	30.56	55.56	13.9	*
	Temporary	22.58	32.26	45.2	
UNITED KINGDOM	Permanent	44.6	45.4	9.92	~
	Temporary	36.8	39.5	23.7	

Key: ~ $p \leq 0.10$, * $p \leq 0.05$

In all three countries we find temps to be in receipt of longer-term training than permanent contract workers. In France, we find that 32% of temporary workers receive training of up to a month in duration, and 45% receive training that lasts for more than one month. This provides some evidence of probation amongst the French temporary workforce. In the UK, where we would expect there to be a greater tendency to train temporary contract workers as a result of their probationary status we find that only 24% of temps are in receipt of training which lasts one month or longer. UK temps are also found to be most likely to be in receipt of training of short duration relative to temporary workers in either Denmark or France.

Table 4.11 presents the relative incidence of employer-provided training by working-time. The degree to which employers invest disproportionately in their full-time workers was confirmed for Denmark and the UK: 78% of Danish part-time workers and 63% of UK part-time workers received no training from their employers in the last 12 months. When this tendency was assessed in a multivariate analysis controlling for gender, class and age, the significance of the difference remained in both countries though the significance is only at the .10 level for the UK. France, however, had no such tendency for the unequal treatment of part-time workers.

Table 4.11: Incidence of Employer Provided Training, variations by contract type, workers who have been in their job for 1 year or less.

		Proportion without Employer-Provided training	Multivariate analysis*		
		%	Sig.	Coefficient	Sig.
DENMARK	Full-time	45.7			
	Part-time	78.2	***	1.36	***
FRANCE	Full-time	75.8			
	Part-time	80.1	ns	0.478	ns
UNITED KINGDOM	Full-time	44.9			
	Part-time	63.2	**	0.564	~

*Controlling for Gender, Age and Class

Key: ~ p<=0.1, **p<=0.001, ***p<=0.0001

When we extend our analysis to an examination of the duration of employer-provided training for part-time workers, our hypothesis of part-time workers as under-employed secondary sector workers is no longer supported for Denmark and the UK. Of those part-time workers who did receive employer provided training, accounting for 22% of part-timers in Denmark and 37% of part-timers in the UK, the majority, over 50% in both cases, received less than five days training. Training of this duration, it is argued, is more indicative of a ‘training-in’ period rather than an expression of employer investment in the skilling of an employee. French part-time workers are once again found to experience a similar working environment to full-time workers offering support for our hypothesis of French part-time worker retention.

Table 4.12: Duration of Employer Provided Training, variations by contract type, workers who have been in their job for 1 year or less.

		1-4 days	5-29 days	30+ days	Chi-sq
		%	%	%	
DENMARK	Full-time	29.7	50.0	20.2	ns
	Part-time	53.3	40.0	6.67	
FRANCE	Full-time	22.9	45.9	31.1	ns
	Part-time	25.0	56.2	18.7	
UNITED KINGDOM	Full-time	39.8	45.3	14.8	ns
	Part-time	54.7	38.1	7.1	

Key: ns - not significant

In so far as the provision of employer provided training is seen as a means of characterising workers as worthy of employer investment, it would appear reasonable to say that part-time workers are not regarded as a sensible investment by the majority of employers, with the exception of France. The findings in relation to temporary workers suggest greater convergence between countries. We found no significant difference in the provision of training for temporary workers and found that temporary workers tended to have training of longer duration in each country.

5: Conclusion

This chapter sought to establish the extent to which temporary and part-time workers are disadvantaged in their employment experience relative to workers on standard employment contracts. We explored three criteria of workplace quality: (1) the degree to which workers were autonomous, (2) the degree to which workers were included in negotiation platforms conducive to positive workplace change, and (3) employer provided training. This chapter also sought to establish the extent to which the relative disadvantage of temporary and part-time workers could be explained by variations in institutional context.

We hypothesised the flexible integration of the Danish regime to be the most protective of temporary workers' working conditions. In so far as Danish temps were

not found to differ from permanent contract workers in their access to autonomy, their inclusion in involvement schemes and their access to employer provided training. We conclude that the Danish regime is protective of temporary workers' working conditions.

The French system of rigid integration was expected to peripheralise temporary contract workers and to expose temporary workers to poor working-conditions. This is primarily attributed to the rigidity of French employment law constraining employers from obtaining numerical flexibility from their core workforce. While we expect French trade unions to be successful at protecting the rights of workers within internal markets we expect the majority of temps to be labour market outsiders. In so far as temporary workers were found to have reduced autonomy and lower levels of employee participation, our hypothesis of the impact of the French institutional context was confirmed. Nonetheless we also established that French temps were more likely to be in receipt of employer provided training suggesting that a portion of the French temporary labour market is occupied by probationary contract workers.

Finally, the UK market was characterised as flexibly non-integrative and while it was argued that UK employers had fewer incentives to use temporary workers as a 'buffer', until recently, and for the data window used, it was possible to use them as a source of low cost labour. We also anticipated atypical worker heterogeneity with employers in liberal regimes, such as the UK, disproportionately dependent on probation as a means of scanning the skills of new recruits. We found that UK temps were less autonomous, and less likely to be involved in negotiations concerning working conditions. We also found that UK temps received similar amounts of training as permanent contract workers and that their training tended to be of longer duration.

We expected Danish part-time workers' working conditions to be protected as a result of policies and institutions of worker integration, with trade unionism enforcing existent legislation concerning equality of treatment, and provision of child-care services removing the disadvantage associated with constrained part-time work. However, we also noted recent changes in Danish employment law which decreased the incentives to work part-time (Lind, 1999) which were in turn hypothesised to

decrease the quality of part-time employment⁸¹. Our empirical analysis suggests that Danish part-time employment is of poor quality, in so far as part-timers in Denmark were less autonomous, had less access to employer provided training and were less likely to be included in employee involvement schemes.

While the rigidity of the French system is predicted to be particularly disadvantageous for temporary contract workers, it was expected to be advantageous for French part-time workers within primary labour markets. We also expect the rigidity of the French regime to structure employers' uses of part-time employment with French employers more likely to offer retention hours to part-time workers as the bureaucratic impediments to firing workers are much higher than in either of our more flexible regimes. Our findings of relative parity in the working conditions of part-time workers relative to full-time workers would appear to offer support for our hypothesis of French worker retention.

Our hypothesis concerning the impact of institutional structure on the labour market outcomes of part-time workers in the UK were the following: while we anticipate the flexibility of the UK system to decrease differences between different categories of worker more generally, the comparative absence of policies of worker integration is expected to be disadvantageous to part-time workers. We also expected part-time worker disadvantage to be compounded by inconsistencies in the system of social security taxation. In so far as UK part-time workers were found to be disadvantaged across the full series of indicators reviewed, with the one exception of duration of employer provided training, our hypothesis is confirmed.

This chapter provided an analysis of the working-conditions of atypical workers in an effort to determine whether atypical workers experience inferior working-conditions relative to standard contract workers. The next chapter, chapter five, extends our analysis of atypical worker disadvantage presenting a review of the wage penalties and poverty risks of atypical workers.

⁸¹ We suggest that these policy changes have decreased the viability of part-time employment as an attractive long-term career option and have thereby decreased the calibre of this employment category.

Appendix for Chapter Four

Table A4-1: Distribution of rates of Autonomy by Country

Country	DENMARK	FRANCE	UNITED-KINGDOM
	%	%	%
	All	All	All
No Autonomy	8.17	18.84	19.62
Semi-partial Autonomy	9.56	11.78	13.08
Partial Autonomy	17	18.58	15.32
Complete Autonomy	65.27	50.8	51.98
Total	100	100	100
	Temporary Worker	Temporary Worker	Temporary Worker
No Autonomy	8.73	28.4	28.5
Semi-partial Autonomy	14	15	16.43
Partial Autonomy	20	22.5	18.3
Complete Autonomy	58	34.2	36.7
Total	100	100	100
	Part-time Worker	Part-time Worker	Part-time Worker
No Autonomy	12.15	19.6	25.2
Semi-partial Autonomy	10	11.11	13.6
Partial Autonomy	19.3	18.8	14.2
Complete Autonomy	58.5	50.4	47.03
Total	100	100	100

Table A4-4: Diagnostics for Equations presented in table 4.3 and Full Equation

	DENMARK		FRANCE		UK	
	<i>Coefficient</i>	<i>P-value</i>	<i>Coefficient</i>	<i>P-value</i>	<i>Coefficient</i>	<i>P-value</i>
<i>Likelihood Ratio Test of Nested Model (eq3) to (eq1)</i>						
Chi squared(6)	12.270	0.050	22.520	0.000	25.100	0.000
<i>Full-Equation</i>						
<i>Comparison 1: No-Autonomy/Complete Autonomy</i>						
Temporary	0.150	0.572	0.724	0.001	0.806	0.000
Part-time	0.671	0.023	-0.121	0.570	0.194	0.318
Routine Non-manual	0.856	0.011	1.708	0.000	1.437	0.000
Personal Service Workers	0.395	0.269	1.760	0.000	1.272	0.000
Skilled and Unskilled Manual	1.308	0.000	2.001	0.000	1.933	0.000
Men	-0.158	0.476	-0.190	0.269	-0.137	0.476
Retail Services	-0.562	0.045	-0.341	0.075	-0.276	0.182
Financial Services	-1.182	0.011	-0.211	0.485	-0.464	0.104
Public Services (ref Agriculture and manufacturing)	-1.069	0.000	-0.639	0.002	-0.504	0.017
18-24 years	0.747	0.067	1.033	0.014	0.157	0.572
25-39	0.356	0.292	0.251	0.478	-0.241	0.305
40-54 (ref 55yrs+)	0.243	0.481	0.377	0.289	-0.368	0.127
Constant	-2.499	0.000	-2.460	0.000	-1.941	0.000
<i>Comparison 2: Semi-Partial Autonomy/Complete Autonomy</i>						
Temporary	0.489	0.030	0.420	0.097	0.637	0.006
Part-time	-0.045	0.879	-0.242	0.339	0.045	0.842
Routine Non-manual	0.490	0.117	0.929	0.001	0.501	0.080
Personal Service Workers	0.634	0.051	1.069	0.000	0.555	0.052
Skilled and Unskilled Manual	0.939	0.000	1.042	0.000	1.025	0.000
Men	-0.516	0.014	-0.137	0.483	-0.022	0.917
Retail Services	-0.847	0.006	-0.462	0.057	-0.238	0.315
Financial Services	-1.083	0.020	-0.321	0.387	-0.231	0.450
Public Services (ref Agriculture and manufacturing)	-0.289	0.245	0.072	0.746	-0.283	0.230
18-24 years	0.730	0.051	0.861	0.040	0.528	0.114
25-39	0.243	0.409	-0.402	0.248	0.141	0.624
40-54 (ref 55yrs+)	-0.026	0.930	-0.128	0.712	0.006	0.984
Constant	-2.047	0.000	-1.823	0.000	-2.000	0.000
<i>Comparison 3: Partial Autonomy/Complete Autonomy</i>						
Temporary	0.325	0.087	0.439	0.042	0.545	0.015
Part-time	0.220	0.326	-0.137	0.504	-0.134	0.523
Routine Non-manual	0.399	0.070	0.286	0.219	0.336	0.153
Personal Service Workers	-0.138	0.616	0.339	0.152	0.096	0.723
Skilled and Unskilled Manual	0.483	0.011	0.441	0.011	0.419	0.030
Men	-0.120	0.450	-0.229	0.157	-0.182	0.340
Retail Services	-0.428	0.078	-0.244	0.213	-0.241	0.313
Financial Services	0.262	0.282	-0.035	0.898	0.202	0.445
Public Services (ref Agriculture, Mining and manufacturing)	-0.205	0.310	-0.189	0.332	0.027	0.902
18-24 years	0.675	0.035	1.016	0.012	0.132	0.662
25-39	0.358	0.138	0.350	0.289	-0.104	0.675

40-54 (ref 55yrs+)	0.262	0.282	0.062	0.855	-0.449	0.083
Constant	-1.727	0.000	-1.300	0.001	-1.202	0.000
Model Summary						
N observations	1498		1487		1502	
Pseudo R ²	.0465		.061		.048	

Table A4.6. Full Equation for Table 4.6. “Which form of employee participation are the most conclusive to Improvements”, with model summary.

	DENMARK			FRANCE			UK		
	Odds Ratio	Std. Err.	P> z	Odds Ratio	Std. Err.	P> z	Odds Ratio	Std. Err.	P> z
Formal Discussion with Outside Experts	2.683	0.442	0.000	2.306	0.476	0.000	3.379	0.597	0.000
Formal Discussion with staff representatives	1.646	0.254	0.001	1.807	0.269	0.000	2.527	0.403	0.000
Women	0.754	0.105	0.043	0.855	0.131	0.306	0.828	0.129	0.227
18-24 years	1.080	0.326	0.800	0.931	0.396	0.867	1.049	0.300	0.867
25-39	1.353	0.278	0.142	1.305	0.478	0.467	1.139	0.276	0.591
40-54 (ref 55yrs+)	1.076	0.224	0.724	1.267	0.468	0.522	1.086	0.269	0.740
Routine Non-manual Personal Service Workers	1.194	0.234	0.365	0.826	0.173	0.360	1.096	0.223	0.651
Skilled and Unskilled Manual	0.659	0.155	0.076	0.914	0.212	0.698	0.436	0.109	0.001
Manufacturing	0.557	0.099	0.001	0.938	0.160	0.708	0.538	0.094	0.000
Retail Services	0.607	0.504	0.548	0.562	0.284	0.254	0.902	0.574	0.872
Financial Services	1.726	0.331	0.004	1.666	0.337	0.012	2.752	0.656	0.000
Public Services (ref Agriculture and Mining)	1.376	0.315	0.162	1.099	0.260	0.689	1.166	0.273	0.513
Retail Services	1.670	0.380	0.024	1.209	0.236	0.331	1.298	0.252	0.179
	0.925	0.206	0.726	1.080	0.272	0.759	1.731	0.393	0.016
Model Summary									
Log Likelihood Ratio	66.56			44.09			107.45		
DF	13			13			13		
P	0.000			0.000			0.000		
Pseudo R ²	0.044			0.03			0.0793		
Number of Observations	1108			937			987		

Table A4.8, Full Equation for Table 4.8, “Does Direct Employee Participation Lead to Improvements”, with model summary

	DENMARK			FRANCE			UK		
	Odds Ratio	Std. Err.	P> z	Odds Ratio	Std. Err.	P> z	Odds Ratio	Std. Err.	P> z
Temporary	0.684	0.166	0.117	0.721	0.143	0.099	0.619	0.127	0.019
Part-time	0.764	0.155	0.185	0.837	0.151	0.323	0.981	0.168	0.912
Female	0.795	0.107	0.087	0.761	0.107	0.053	0.818	0.126	0.191
18-24 years	0.989	0.283	0.970	1.228	0.466	0.589	1.301	0.336	0.308
25-39	1.324	0.261	0.153	1.658	0.527	0.112	1.219	0.264	0.360
40-54									
(ref 55yrs+)	1.102	0.221	0.627	1.720	0.550	0.090	1.246	0.277	0.323
Routine Non-manual	1.142	0.214	0.480	0.839	0.162	0.364	0.922	0.171	0.663
Personal Service Workers	0.697	0.155	0.105	0.653	0.135	0.040	0.403	0.090	0.000
Skilled and Unskilled Manual	0.507	0.084	0.000	0.794	0.121	0.129	0.448	0.072	0.000
Manufacturing	0.432	0.344	0.292	0.493	0.223	0.118	0.878	0.530	0.829
Retail Services	1.449	0.268	0.045	1.477	0.272	0.034	1.911	0.398	0.002
Financial Services	1.158	0.254	0.505	0.837	0.180	0.407	0.956	0.203	0.832
Public Services (ref Agriculture and Mining)	1.262	0.267	0.272	0.842	0.147	0.324	0.988	0.175	0.946
Retail Services	0.751	0.159	0.177	0.878	0.205	0.577	1.347	0.273	0.142
Model Summary									
Likelihood Ratio	43.40			35.25			64.96		
DF	13			13			13		
P	0.000			0.000			0.000		
Pseudo R2	0.030			0.022			0.041		
N of Observations	1215			1219			1206		

Table A4.9: Proportion of Workers In Receipt of Employer Provided Education or Training, using wave 1 of the ECHP, unweighted data.

		Yes	No
		%	%
DENMARK	Full-time	68.24	31.76
	Part-time	49.54	50.46
	All	66.34	33.66
FRANCE	Full-time	39.12	60.88
	Part-time	28.30	71.70
	All	37.83	62.17
UNITED KINGDOM	Full-time	67.32	32.68
	Part-time	48.87	51.13
	All	64.30	35.70

CHAPTER FIVE: The Wages and Poverty Risks of Atypical Workers in Denmark, France and the United Kingdom.

1: Introduction

This chapter examines two interrelated social phenomena. The first involves an analysis of the atypical worker / standard contract worker wage differential. The wages of atypical workers are investigated to assess whether there is a wage penalty associated with atypical employment once observed and unobserved individual components have been controlled for. Evidence of a wage penalty will provide an additional component to our analysis of atypical worker disadvantage within national labour markets. Given that some consider the low pay of atypical workers unimportant from the premise that atypical workers are rarely breadwinners the second analysis assesses atypical workers wages within the context of total household income. The degree to which the household income of atypical workers, adjusted for equivalence, falls below 50% of national minima will be determined in a further test of atypical worker disadvantage.

While we expect part-time and temporary workers to incur wage penalties as a result of their outsider status we also expect their earnings, and thereby their poverty risk, to be mediated by the national labour markets within which atypical workers find themselves. The structuring impact of national labour markets on worker outcome was tested through a cross-national analysis. Two dimensions of national labour markets were identified as important to atypical workers outcomes. The first was the relative openness or flexibility of markets, while the second was the relative extent to which social and employment policies supported the integration of all citizens to paid employment. The openness of markets was primarily determined through analyses of the employment protection legislation of nation states in terms of the ease with which employers could hire or fire workers, as well as the relative ease with which they can generate employment – this involved an analysis of non-wage labour costs. The integration axis consists of childcare, coordinated trade unionism and the provision of a generous social security system. The countries chosen for the analysis varied in their combination of *flexibility* and in their mechanisms of market *integration*.

1.1 Hypotheses of Temporary Contract Workers' Wages

Two competing explanations of workers wages are presented in this section. The first attributes workers' wages to their individual capabilities while the second seeks to underline the structuring impact of context on labour market outcome. The first perspective, which incorporates theories of rational action and neo-classical economics, presents wages as a function of workers relative acquisition of and investment in human capital and / or their accumulation of work experience. From this perspective any wage penalty associated with temporary contract work is attributed to under investment in job related skills or work experience. We have reason to expect temporary workers to be in entry-level positions, in accordance with probationary contract theory, and could therefore attribute a 'temporary worker penalty' to inexperience in the job market. A temporary worker penalty could also be attributed to reduced work commitment with suggestions that temporary workers are likely to be testing out a series of different jobs before they choose their preferred career (Jourdain 2002). It is assumed that during this 'testing out' period temporary workers will not invest heavily in their new jobs and this reduced commitment to the position will result in lower wages⁸². While worker commitment may indeed be a consideration in an earnings function it is important to stress that the causal direction of reduced commitment is unclear. While it may be true that temporary workers are uncommitted prior to taking their jobs there is also evidence that the type of contract offered to workers will influence their commitment levels on the job, with some UK employers stating that they prefer to hire workers on permanent contracts towards the aim of securing worker commitment (Casey, Metcalf and Millward 1997, p.129).

While the first series of explanations of temporary workers wages seeks to understand wage differentials from the perspective of individual ability the second series of explanations seek to underline the structuring impact of context on individuals' capacities for action. From this perspective, which encapsulates theories of dual and segmented markets, as well as comparative analyses which stress the importance of (national) context on individual outcome, temporary workers wages are considered to

⁸² A similar account of temporary worker's lower wages has been suggested in the literature (Booth, Francesconi, and Frank 2002, 2000) though in this case it was only used as an account of women's lower earnings on the basis that women take longer to find their preferred career. Jourdain's (2002) analysis of both men and women temporary workers found no gender specificity in this tendency however.

be a function of their relative location within labour markets. Two different hypotheses of atypical workers' wages are presented from this perspective. The first argues that wages in the secondary market are likely to remain low as a result of job deskilling and or depreciation of human capital (Edwards 1979; Gordon, Edwards and Reich 1982). For instance temporary workers are disproportionately exposed to skill and human capital depreciation as a result of their increased exposure to unemployment and labour market drop out (chapter 6). The second series of explanations challenge the assumption that wages are competitively allocated on the basis of ability and/or productivity. This perspective seeks to emphasise the existence of 'structural niches' with labour markets characterised by uncompensated wage differentials (England, Farkas et al. 1988; Polavieja 2001). While there is some suggestion that compensating differentials, such as job quality, account for a portion of unexplained wage differences (Filer 1985), we have little reason to expect the quality of atypical jobs to compensate the receipt of low pay (Kalleberg, Reskin and Hudson, 2000).

1.1.1 Hypotheses of National Variation in the Wages of Temporary Contract Workers

Nonetheless we hypothesise variations in any temporary/permanent worker wage difference by country anticipating the relative openness of markets to decrease uncompetitive wage differentials. This leads us to anticipate a higher temporary worker penalty in France, relative to the flexible markets of Denmark and the UK once all observed and unobserved characteristics have been controlled for. We also anticipate integrative social and employment policies to mediate wage inequalities in Denmark and France to a greater extent than in the UK. In Denmark we expect the system of coordinated trade unionism to enforce existent equality of treatment legislation ensuring parity of treatment for temporary workers with Danish policies of decommodification and defamilialisation offering additional support to temporary workers in their pay bargaining. In France we expect atypical workers in protected sectors, such as public sector workers, to suffer few wage inequalities and also expect both childcare provision and unemployment benefits for labour market insiders to increase workers' bargaining power and therefore decrease their risks of low pay.

1.2 Hypotheses about Part-time Workers' Wages

In principle our series of hypotheses for temporary worker wage differences should also hold for our part-time worker sample. We could attribute differentials in part-timers' wages to variation in either their individual capabilities or to structural factors such as the labour market segment or institutional context within which they find themselves. While individual capabilities should account for a portion of the part-time /full-time wage difference it is argued here that the structural location of part-time workers is likely to affect their earnings capacity to a greater extent than is the case for temporary contract workers. This is attributed to the fact that much part-time employment is to a greater degree governed by labour supply mechanisms with many part-time workers accepting reduced hours due to an inability to work full-time hours. Nonetheless, the degree to which part-time workers work reduced hours due to an inability to work full-time is expected to vary by institutional context with countries which provide childcare services removing one of the most important barriers to female full-time market integration. We argue that workers who are unable to engage in full-time employment are likely to be in a less favourable bargaining position relative to other workers and this is likely to be reflected in lower wages. It is important to note that the evidence available does not support the claim that the reduced hours of part-time workers is an indication of their reduced commitment to employment, with many part-timers giving a broad range of reasons as to why they work part-time⁸³. Nonetheless, it is suggested here, that where part-time workers are unable to engage in full-time employment for an extensive period of time they are more likely to suffer a wage penalty, with market segmentation exacerbated by mechanisms of 'reciprocal feedback' (England, Farkas et al. 1988; Peck 1996). Reciprocal feedback describes the interaction between gender-role socialisation in the household, institutional inertia and discrimination which is thought to both produce and reinforce labour market segmentation.

⁸³ The majority of part-time workers in France claim that they accepted their part-time position as a result of having been unable to find a full-time job (42%), while only 15% stated that they did not want a full-time job. In the UK 39% of workers stated that they were working part-time to engage in housework or to look after children or others, while 27% stated that they did not want a full-time job. Finally, it is only in Denmark where the majority of respondents stated that they worked part-time because they chose to (38%) though even here 22% stated that they were working part-time because they were either unable to find a full-time job or were unable to work more hours in their current job. A full table of responses is available in the appendixes (Table A5-1).

1.2.1. Hypotheses of Part-time Workers Wages by Country

We expect the quality of part-time work to vary by country. One important source of this variation is attributed to differences in the manner by which female labour supply is constrained. It is hypothesised that part-time workers who are constrained in their labour supply, as a result of their unpaid work in the home, will experience a wage penalty relative to other workers. This is based on the assumption that workers who are constrained in their labour supply are likely to be unable to meet a portion of employers' demands. One means by which women, or indeed parents with responsibilities for childcare, can be helped to participate in the labour market on an equal footing with workers without such responsibilities is through the provision of *publicly* funded childcare. The emphasis has been placed on the public provision of childcare as it is argued that recourse to private provision is only available to high earners. Women with low skills in economies with no public childcare find themselves unable to obtain childcare on the market resulting in an additional burden placed on them, relative to other workers.

We hypothesise Denmark to be the most successful at decreasing the expected part-time worker wage penalty. We anticipate the part-time worker wage penalty to be composed of two forms of labour market disadvantage. First, we expect part-time workers to have lower bargaining power if they are under-employed worker-carers though expect Danish defamilialisation policies to alleviate this low pay risk. Second we expect part-time workers to be at risk of low pay due to their atypical worker status, though anticipate Danish trade unionism to protect part-time workers from discriminatory pay practices. We expect the French system of labour market integration to operate in a similar manner alleviating the structuring impact of household obligations for worker-carers, resulting in a decreased part-time/full-time wage differential. While we expect French trade unionism to be largely ineffective as an enforcer of worker rights we do expect an 'insider' effect with part-timers in internal markets likely to have protected working conditions. Finally, while we anticipate the flexibility/openness of the UK market to decrease uncompensated wage differences we also anticipate its non-integrative employment policy to result in market

failure for women and therefore expect the majority of UK part-timers to be under-employed worker-carers and expect them to suffer wage penalties thereof.

1.3 Hypotheses of Poverty Risk by Country

The analysis of atypical workers wages is complemented by an analysis of household poverty rates. This is done for two reasons. The first is to respond to suggestions that the low wages of atypical workers are unproblematic given that they are rarely the primary breadwinners in a household. This will be assessed through an analysis of the relative contribution of atypical workers' wages to household income by household type. The second is to qualify the implications of atypical workers wages, with an analysis of relative poverty risk the chosen method. The adoption of a relative poverty threshold aims to determine the extent to which individuals' have access to socio-culturally defined minima, with those who fall below poverty thresholds at risk of social exclusion or marginalisation. We also expect variations in the poverty risk of atypical workers by country with integrative countries more protective of atypical workers than non-integrative countries. Specifically, we anticipate the generosity of social security in Denmark to offer the best protection from poverty risk and expect the UK regime to be the least protective. Finally, the poverty risks of atypical workers are examined given the importance of assessing the implications of labour market insecurity for atypical workers.

2.1 Methodological Approach

This section presents the data and the methodological approach adopted in the analyses. The first research question aims to reveal whether wage differences between atypical workers and those on the standard employment contract persist when a series of individual and labour market covariates are controlled for. The wage equations are run on several waves of the ECHP and combine two different statistical techniques: Pooled Ordinary Least Squares Regression (OLS) and Fixed Effects (FE) Models.

Pooled ordinary least squares both maximises on sample size and increases the sampling pool of workers analysed, with workers with intermittent periods of employment more likely to be captured in the data over time than if one year of the

panel was used. It is thought that this will be particularly beneficial to our analysis of atypical workers, given their increased unemployment and inactivity risk, as established in chapter 6. The second technique, fixed effects, was applied to test for individual unobserved time-constant heterogeneity. One hypothesis for atypical workers' lower wages is that workers in non-standard contracts may actually be less able, and or less committed to work and that this effect may remain even after various human capital and labour market variables have been controlled for. The persistence of wage differences between atypical and standard workers in these instances is attributed to unobserved individual differences. Failure to account for unobserved individual effects may result in parameter bias therefore. To take an example, the residual penalty associated with part-time employment could be attributed to their (unmeasured) lower motivation rather than to discriminatory pay practices. In an effort to control for unobserved heterogeneity a fixed effects model on time-demeaned data⁸⁴ is run. Essentially the fixed effect specification removes the unobserved individual component of the error term prior to estimation. The specification of the fixed effects model with time-demeaning is the following:

$$\text{EQ 1: } y_{it} = \beta_1 X_{it} + \alpha_i + u_{it}, t = 1, 2, 3, 4, 5, 6.$$

Where y_{it} is the logged gross hourly wages for individual i at time t , and β is the coefficient for contract type, or working-time for individual i at time t . Where t corresponds to the 6 years of the ECHP used. α_i and u_{it} , are the time constant and time-variant composite error terms. The fixed effects transformation essentially presents the mean effect of the time variant components in equation 1, whilst subtracting out the time constant effects, this results in the following time-demeaned specification:

$$\text{EQ 2: } \bar{Y}_{it} = \beta_1 \bar{X}_{it} + \bar{u}_{it}, t = 1, 2, 3, 4, 5, 6.$$

⁸⁴ The term "time-demeaned data" is taken from the literature describing fixed effects estimation (Wooldridge 2003, p.462). The term probably has its origins in the fixed effect model being a mean across time, minus a time constant unobservable.

Where $\bar{Y}_{it}$ is the mean value of the logged gross hourly wages for individual i at times t , and β is the coefficient for the mean value of contract type, or working-time for individual i at times t . Note that in equation 1 the α_i for the individual is fixed for each time period. This is a key assumption of this model and allows the unobserved fixed effect to be subtracted out of the model when we transform the time-varying covariates into their time invariant averages, equation 2. The fixed effects estimator allows for arbitrary correlation between itself and the explanatory variables in each time period, because of this correlation any independent variables which are time constant will get subtracted out of the equation. While this would normally be considered a considerable problem in the estimation of most wage equations it is nonetheless possible to introduce time constant variables as interactions with variables which do vary overtime (Wooldridge 2000; Wooldridge 2002).

Rather than assuming that there is an individual fixed component in the error term, random effects models assume that the individual component is not correlated with the variables in each time period (Baltagi 2001). The assumptions of random effects models can yield biased results, however, if the individual component of the error term is in fact correlated with the independent variables. In an effort to reveal whether the fixed effects specification was superior to the random effects specification a Hausman (1978) test was run. Essentially, the Hausman test explores the difference between the coefficients estimated in both the fixed effects and the random effects models; if the time constant component of the error term is indeed uncorrelated with the control variables then we would expect the fixed effects and the random effects coefficients to be similar. If the Hausman test reveals the time constant component of the error term to be correlated with the independent variables then the random effects assumption is proved false and a fixed effects specification is required for correct parameter estimation (Wooldridge, 2000).

The following modelling strategy was adopted in the wage equations. First of all univariate pooled OLS are run regressing logged gross hourly wages on working-time and contract type, the wage equations are run separately for men and women. Then a series of covariates are introduced to the models in an effort to determine whether the wage penalties/or premiums associated with atypical employment are a function of the

individual characteristics or labour market location of atypical workers. The OLS models were run with robust standard errors controlling for clustering within person years. In an effort to retain cases, whilst recognising that unbalanced panels may lead to over-representation of respondents who remained in the panel over-time, the OLS models were run with weights which represent the inverse probability of remaining in the sample for the full 6 years, in the case of the part-time sample, and 5 years for temporary workers⁸⁵. The second test of the relative wage differentials between atypical and standard contract workers compares the estimated coefficients of a pooled ordinary least squares model and a fixed effects model, this allows us to reveal the portion of the coefficient which can be attributed to unobserved fixed effects such as unmeasured educational qualifications, worker ability and/or commitment.

2.2 Reservation Wages and Sample Selection Bias:

As already noted, the use of pooled OLS regression should maximise our chances of observing the wages of those with intermittent spells of employment which should decrease our risk of sample selection bias (Blau 1991; Gorgens 2002). Nonetheless further tests were carried out to ensure that the wage equations for our female workers were not biased upwards as a result of inactive women's reservation wages. Reservation wages are defined as the minimum wage which women would need to earn for them to accept a job. Typically female reservation wages are specified as a function of household income, and the number of children within the household. The selection equations are based on the assumption that women with child-care responsibilities are less likely to accept low waged work if they are members of households with a stable and high alternate source of income. While the analyses in this chapter do not control for sample selection, Heckman selection models were run on the final pooled OLS regressions to test whether the parameter estimation adequately reflect observed wages. The sample selection models are run with robust standard errors and controls for clustering within person years. The model has two stages. In the first stage (the selection equation) a dichotomous variable Z determines whether Y (wages) are observed. The second stage (the outcome equation) estimates

⁸⁵ Working-time was asked of respondents from the first wave of the ECHP, 1994, whilst contract type was only asked from 1995 onwards.

the expected value of Y conditional on its being observed. The likelihood function for the sample selection model shows that if there is no correlation between the error term of the outcome equation and the error term of the selection equation, a model without corrections for selection bias is adequate. The correlation is presented as ρ in the stata models used (Table A5-4).

2.3 Variables used in the Analysis

Table A5-2 in the appendix presents the mean and median values of the variables used in the wage equations by working-time and contract type. Atypical workers were distinguished from those on the standard employment contract by working-time and by contract type. Temporary contract workers are defined as all employees with no missing values on the variable measuring contract status who indicated that they were not permanent contract workers. Contract status was only measured in wave 2 of the ECHP onwards, and we have therefore a smaller sample size for our analyses on temporary contract employment. Part-time workers were defined as those who worked less than 30 hours a week in their main job. In the wage equations a distinction is made between part-time workers whose principle activity is employment, those who work between 15-29 hours a week, and marginal part-timers, those whose main activity may or may not be self-defined as employment, but who are in gainful employment for between 1-14 hours a week. This distinction was considered important as previous analyses have found marginal part-timers to earn a premium per hour, compared to other part-time workers (O'Connell and Gash, 2003). It should be noted that some marginal part-time workers did not self-define as employed when asked what their principle activity was. This failure to self-define as employed was primarily due to a routing error in the first two waves of the ECHP which failed to recode marginal part-time workers as gainfully employed. In an effort to correct for this routing error all respondents with positive working hours were recoded as workers and included in our sample. This was particularly important for our UK analysis where many women fall under the classification of marginal part-time workers. The variables used in the analyses were hypothesised to account for a portion, if not all, of atypical workers' wage penalties/premiums. The proportion of time spent in employment was introduced as a proxy for work experience, with the variable analysed concurrently with its square in an attempt to capture non-linearities. We expect this variable to capture the effect of probationary contract status net of contract type. Age was also introduced to the models with its square and was introduced to the models to capture some of the differential rates of pay by seniority and work experience. The human capital variables measure the highest level of education achieved in the first year of the sample: 1994, and were included as categorical variables, with third level education excluded as the reference category. These categories correspond to ISCED codes: 5-7 (third level

education) 3-4 (upper secondary education) 0-2 (lower secondary education). It was necessary to remove this variable in the analysis that compared the coefficients of the pooled OLS and the fixed effects models, however, as the variable was only updated in the 6th wave of the ECHP and was therefore time invariant for a large portion of our sample. A second human capital variable was introduced to the model testing whether the respondent had any formal skills training⁸⁶. The introduction of variables measuring human capital should allow us to establish whether more educated workers receive wage penalties, and whether atypical workers lower wages are a function of their lower rates of education or not. A variable measuring labour market attachment is introduced allowing us to identify whether discontinuous labour force attachment is penalised. There are eight categories in this variable comprising those who were: continuously employed (12 months in employment), continuously unemployed (12 months in unemployment), continuously in education (12 months in Education), continuously inactive (12 months in housework or other economically inactive category); the next 3 categories consists of those who spent the majority of their time, that is between 11 months and 6 months, in either employment or unemployment and finally there is a residual category of those who were mobile across all these categories and had no majority status. This variable was measured per annum rather than through time, again to ensure the time variance which the fixed effects model requires. The labour market sector of the respondent is also included in the models given expectations that private sector employees are likely to earn a wage premium (Gornick and Jacobs 1996). Firm size is presented in the models in an altered form as it was not asked of public sector employees in the first wave of the ECHP and was not subsequently asked of any public sector employees who did not start a new job in later waves. Missing information on this variable, which for the sample generated is in the order of 23 percent, was coded as a separate category on the variable in an effort to retain cases in the analysis which would otherwise have been dropped. An additional problem with this variable is that it is not directly comparable across all three countries. In the British sub-sample of the ECHP the size of the organisation, rather

⁸⁶ The precise question asked was: Have you had formal training or education that has contributed to your present work? Y/N/NA

than the size of the local unit, is given⁸⁷. It was thought important to include firm size given that wage rates tend to vary by firm size. Finally occupational status is included in the models to control for variations in pay between different grades of worker. The occupational classification used is based on the ISCO occupational categorisation.

2.4 Measuring Poverty Rates

The second section of the analysis seeks to establish whether atypical workers are disproportionately exposed to financial deprivation. This is assessed through an analysis of their risks of living in poor households. Poor households were defined as those whose current monthly household income was less than half that of the median household income in each year of the survey. Current monthly household income is presented net of taxes and/or other deductions in Denmark and the UK though in France only gross household income is available. Current total household income can include household members' wages/salaries, their pensions and social security benefits. Household income was equivalised to account for variations in household composition. A simplifying assumption of equal redistribution of household income within the home is made. The scale of equivalence used is the old OECD scale⁸⁸ where the head of household is weighted by 1, all additional members of 14 years and over are given a weight of 0.7 while children less than 14 years are weighted by 0.5 (Hauser and Nolan 1998).

3.1 Atypical Workers Wages

Tables 5.1a and 5.1b present the mean gross hourly wages of workers by contract type, working time and gender. The wages, which are recorded in the national currency units in the ECHP, have been converted to ECU's⁸⁹ for comparability. Ratios of atypical workers wages relative to standard contract workers are also presented, though it

⁸⁷ The precise wording of the question asked was: How many regular paid employees are there in the business or organisation you work in? Please give an estimate. 0-500+, categorically coded on the questionnaire.

⁸⁸ There is no universally accepted equivalence scale though the one used here is the most common. It should be noted that different types of equivalence scale do not have a strong impact on poverty rates. Hauser and Nolan (2000) found, using the ECHP, that it is rather the choice of cut-off line, that is whether one considers those whose household income falls below 40, 50 or 60 per cent of average income as poor, which is the most important determinant of poverty rates.

⁸⁹ The ECHP documentation provides information concerning purchasing power parities which allow the researcher to calibrate the national currency units for comparability across countries.

should be noted that the ratios are not gender specific and represent all workers. In so far as atypical workers in each country are more likely to be women, the atypical /standard contract worker ratio will also be capturing some of the gendered wage gap in income.

Table 5.1.a Mean Gross Hourly Wages by Contract Type and Gender

		MEN		WOMEN		Perm/Temp Ratio ALL
		Mean	Std.Dev	Mean	Std.Dev	
Denmark	Permanent	15.71	5.59	13.43	3.58	1.23
	Temporary	12.29	5.85	11.39	5.29	
	All	14.25	6.08	12.39	4.21	
France	Permanent	11.10	7.07	9.70	6.76	1.53
	Temporary	7.25	4.94	6.44	3.96	
	All	10.71	7.16	9.32	6.65	
UK	Permanent	11.94	6.92	9.15	5.26	1.31
	Temporary	8.63	6.45	7.65	4.97	
	All	11.34	7.28	8.58	5.46	

Notes:

1. Hourly wages are measured in the national currency but have been converted here to equivalent units in accordance with annual nationally specific Purchasing Power Parities (PPP).
2. Unweighted data. A very small number of outliers, mainly those combining very high earnings with short working time, were excluded from this table and subsequent analyses.

Table 5.1.b Mean Gross Hourly Wages by Working-Time and Gender

		MEN		WOMEN		FT/PT+MPT Ratio
		Mean	Std.Dev	Mean	Std.Dev	
Denmark	Full-time	14.42	5.63	12.47	3.72	1.15
	Part-time	12.26	9.53	12.37	4.28	
	Marginal Part-time	10.40	12.01	10.72	9.78	
	All	14.25	6.08	12.39	4.21	
France	Full-time	10.42	6.40	8.90	5.31	0.62
	Part-time	14.22	11.29	10.35	8.32	
	Marginal Part-time	34.03	25.43	15.82	19.67	
	All	10.71	7.16	9.32	6.65	
UK	Full-time	11.41	6.72	9.23	5.16	1.36
	Part-time	9.04	10.51	7.38	4.39	
	Marginal Part-time	11.60	19.80	7.54	8.28	
	All	11.34	7.28	8.58	5.46	

Notes:

3. Hourly wages are measured in the national currency but have been converted here to equivalent units in accordance with annual nationally specific Purchasing Power Parities (PPP).
4. Unweighted data. A very small number of outliers, mainly those combining very high earnings with short working time, were excluded from this table and subsequent analyses.

We find that temporary contract workers earn lower wages in each country, for both men and women and find that the ratio between permanent and temporary workers in our rigid market, France, is the most extreme. While the temporary/permanent worker ratios are similar between countries, we find that on average, Danish workers earn higher wages than both UK and French workers. Danish male workers earn on average 2.91 ECU's an hour more than UK men and 3.54 more than French men, while Danish women earn, on average, 3-3.80 ECU's more an hour than either French or UK women, respectively. That the Danish regime guarantees such comparatively high wages for its workers is attributed to one of its mechanisms of market integration, centralised and coordinated trade unionism, which protects workers from low pay.

Turning our attention to the mean gross hourly wages of part-time workers we find considerably more variation in the wage differentials between countries than that established for our analysis of the temporary /permanent worker differential. For Danish women we find relative equality between part-time and full-time employees, in France we establish a premium and in the UK we establish a penalty. The pattern for male part-timers is the same, save for Denmark where men receive a wage penalty for part-time work. That marginal part-time workers earn a premium, as is established in France and in the UK for men part-timers, is supported by previous analyses of the marginal part-time labour market (Gornick and Jacobs 1996; Cebrian, Gash et al. 2000; O'Connell and Gash 2003). The wage premium associated with marginal part-time hours is attributed to a negative economy of scale whereby employers who offer reduced hour contracts are likely to be required to pay a wage premium if the final take home pay is particularly low (O'Connell and Gash, 2003). Our finding that French part-timers wages are higher, on average, than full-timers wages is rarely relayed in French research documents which tend to focus their analyses on part-time workers wages in the private sector (Galtier, 1999 ;INSEE, 2002). A table of the mean gross hourly wages of private sector workers is presented in the appendixes; here we find that women part-timers wages are indeed lower, on average, than full-time workers wages⁹⁰.

⁹⁰ While table A5-3 reveals that women part-timers in the private sector have lower hourly earnings, men part-timers are still found to have higher hourly earnings. However we also note that the variance

OLS Wage Equation Sequence: Temporary Workers

Table 5.2 presents the coefficients from the pooled OLS models of temporary workers earnings. The coefficient in equation 1 mirrors the analyses in Table 5.1, with French temporary workers exhibiting a stronger wage penalty than that established for either Denmark or the UK, a finding attributed to the greater flexibility of the latter two markets. This finding holds true for both men and women. The variables introduced as controls were chosen on the basis of our hypotheses: age, education, formal training and work experience were introduced to control for observed differences in individual skills and capabilities, while labour force attachment, occupational level and industrial sector were introduced as controls for labour market location. While the controls are found to decrease the temporary worker wage penalty, a significant penalty remains in each country for both men and women.

for male part-timers wages is twice that of full-timers wages suggesting greater heterogeneity and perhaps an inadequate sample size for male part-time private sector income.

Table 5.2: Pooled OLS Temporary Worker Regression Sequence, Logged Gross Hourly Wages in National Currency Units (Corrected for Outliers), Weighted by the Inverse Probability of being Observed for the full panel sequence, with robust standard errors, and controls for clustering within person years, waves 2-6 of the ECHP, excl. self-employed, workers aged between 18-64 years.

<i>Independent Variables:</i>	EQ1:		EQ2:	
	Temp		Temp (with controls*)	
	Coef.	P> t	Coef.	P> t
WOMEN				
Denmark	-0.184	***	-0.045	**
France	-0.303	***	-0.145	***
United Kingdom	-0.193	***	-0.075	***
MEN				
Denmark	-0.250	***	-0.093	***
France	-0.436	***	-0.142	***
United Kingdom	-0.344	***	-0.090	***
Model Summary				
WOMEN	Adjusted R ²		Adjusted R ²	Observations
Denmark	0.036		0.380	5028
France	0.0524		0.3319	7175
United Kingdom	0.0248		0.3868	11356
MEN				
Denmark	0.0491		0.3934	5355
France	0.0820		0.4086	9011
United Kingdom	0.0348		0.4172	11458

*Controls: age, work experience, work experience squared, educational level, job related training, labour force attachment, occupational level and industrial sector. Key: p<=0.001=*** , p<=0.01=**.

OLS Wage Equation Sequence: Part-time Workers

Table 5.3 presents a similar analysis for part-time workers, though the analysis of part-time work introduces two variables measuring part-time employment. The first is a simple categorical variable which distinguishes between those with reduced hour rather than full-time employment, a distinction is made between those who work 15-29 hours a week, and those who work between 1-14 hours a week – who are termed marginal part-timers. The second variable measures those who have been continuously employed as part-timers for the duration of the panel⁹¹. The distinction between transitory and continuous part-timers was made in an effort to establish whether long-term part-timers were more likely to be constrained in their employment choice and suffer a wage penalty because of this constraint. Both variables were included in the model to test whether they were capturing different effects.

Columns one, three and five present the principle effect of working-time without controls. Columns two, four and six present the effect of working-time with controls. The analysis of workers who were continuously part-time reveals a shared wage penalty between countries for women and French men, though controls are found to account for the penalty associated with continuous part-time employment in Denmark. While we establish a wage penalty for those who have been employed part-time for the duration of the panel there are striking between country differences for those who remain part-time for a shorter period. For women we find that a transitory spell in part-time employment will incur a strong wage penalty in the UK, a premium in France and a pro rata payment in Denmark. Male part-time workers share a similar work environment, incurring a wage premium in France, and a wage penalty in the UK. , though we establish a wage penalty for Danish men. Marginal part-time workers, as

⁹¹ A similar variable was constructed for our temporary worker sample however it was not included in the analysis as few temporary workers were found to be continuously employed as temporary workers. Moreover, the effect of the continuously temporary variable was not found to differ from our findings for short-term temps.

expected, were found to earn a wage premium, though the effect is only found to be significant in France.

Table 5.3: Pooled OLS Part-time Worker Regression Sequence, Logged Gross Hourly Wages in National Currency Units (Corrected for Outliers), Weighted by the Inverse Probability of being Observed for the full panel sequence, with robust standard errors, and controls for clustering within person years, waves 1-6 of the ECHP, excl. self-employed, workers aged between 18-64 years.

<i>Independent Variables:</i>	EQ1:			EQ2:			EQ1:			EQ2:		
	Coef.	P> t	Continuously Part-time (with controls)	Coef.	P> t	Part-time (with controls)	Coef.	P> t	Marginal Part-time	Coef.	P> t	Marginal Part-time (with controls)
WOMEN												
Denmark	-0.057	*	-0.005	-0.066		0.037	0.220			0.208		
France†	-0.131	***	-0.093	0.050	~	0.106	0.499	***		0.528	***	
United Kingdom	-0.139	***	-0.088	-0.134	***	-0.042	-0.184	**		-0.031	**	
MEN												
Denmark	-0.122		0.009	-0.208	*	-0.094	0.016			0.058		
France†	-0.275	***	-0.144	0.100	~	0.150	1.30	***		1.200	***	
United Kingdom	-0.140		0.029	-0.330	***	-0.086	0.765	*		0.601		
Model Summary												
WOMEN			Adjusted R²			Observations						
Denmark	0.065		0.354			6463						
France	0.0128		0.324			8927						
United Kingdom	0.063		0.380			15387						
MEN												
Denmark	0.0321		0.3580			6850						
France	0.0229		0.4336			11317						
United Kingdom	0.0158		0.429			15653						

*Controls: age, work experience, work experience cubed, educational level, job related training, labour force attachment, occupational level and industrial sector.
† It should be noted that the inclusion of an interaction term between part-time and public sector was found to be non-significant, though its inclusion did render the effect of part-time employment non-significant. The premium that marginal part-timers and the penalty that continuous part-timers accrue remained significant however, this was found to be true of both the male and female equations.
Key: p<=0.001=*** , p<=0.01=** , p<=0.05=*, p<=0.1= ~.

4: Controlling for Unobserved Heterogeneity, OLS versus the FE models

The second test of the relative wage differentials between atypical and standard contract workers compares the estimated coefficients of a pooled ordinary least squares model and a fixed effects model, this allows us to reveal the portion of the coefficient which can be attributed to unobserved fixed effects such as unmeasured educational qualifications, worker ability and/or commitment. Tables 5.4a to 5.5b present 2 equations for each country for men and women. The first equation presents a variant of the final OLS model in tables 5.3 and 5.2 with the variable measuring continuously part-time removed. The variable measuring continuous part-time employment was removed for reasons of comparability: it is only possible to introduce a time constant parameter in a fixed effects model as an interaction term. It should also be noted that the number of observations in the OLS in table 5.4 and in table 5.3 are different. This was again for reasons of comparability as the fixed effect model requires a minimum of two years of data for time-demeaning. The second equation is a fixed effects model, with the unobserved fixed effect component of the error term removed through time-demeaning. A comparison of the coefficients between the OLS model and the FE model should uncover, therefore, the extent to which unobserved fixed effects do impact on the parameters. Essentially the FE model provides us with a measure of the penalty/premium of atypical worker status net of unobserved individual heterogeneity. We cannot know, however, what the time constant individual component is measuring be it educational level, ability or commitment to work.

4.1 Temporary Workers

In the female wage equation sequence the wage penalty associated with temporary contract employment remains in the FE models suggesting that individual heterogeneity does not account for the wage penalty associated with temporary contract employment in Denmark, France or the UK (Table 5.4a). This suggests that the temporary worker wage penalties are not a function of their individual characteristics but are rather a function of their atypical worker status. The second, though interrelated, observation of note concerns variations in the impact of unobserved time constant heterogeneity on atypical workers' wage

penalties/premiums. This is measured in the difference between the contract/working-time coefficient in the FE model, where time demeaning has removed unobserved and time invariant individual heterogeneity, and the coefficient in the pooled OLS equation where unobserved individual heterogeneity has not been removed from the model specification. We find the impact of unobserved time constant heterogeneity to be the strongest in France, with unobserved fixed effects accounting for 10% of the logged hourly wage penalty of female temporary workers, while it only accounts for 4% of the female wage penalty in Denmark and the UK⁹².

The male equation sequence reveals that in Denmark, 4% of the wage penalty associated with temporary employment is due to an individual time constant component, while in the UK the individual component has almost no effect on male temporary workers wages (Table 5.4b). Nonetheless in both these countries, the wage penalty associated with temporary employment in the pooled OLS regression remains in the fixed effects specification. The impact of the fixed effects specification on the French equation is much more dramatic however. In the OLS regression we find a significant temporary worker penalty of 8% of logged hourly wages, for French male temps, once we control for individual heterogeneity however, we find that the wage penalty associated with temporary work is no longer significant.

⁹² As noted the impact of time constant heterogeneity on the coefficient measuring contract type, or working-time, is simply the difference of the atypical worker coefficient in the OLS model and the atypical worker coefficient in the FE model. That 10% of French male and female temporary workers' wage penalties are attributed to unobserved fixed effects, is established by subtracting the male OLS coefficient (-0.151) from the male FE coefficient (-0.042) giving us a difference of 10% of logged gross hourly wages.

Table 5.4a: Comparison of Pooled OLS and Fixed Effects Model on Logged Gross Hourly Wages (Corrected for Outliers), Women Temporary Contract Workers, Waves 2-6 of the ECHP. Pooled OLS are weighted by the Inverse Probability of being Observed for the full panel sequence, with robust standard errors, and controls for clustering within person years. The FE models are not weighted. Waves 2-6 of the ECHP. excl. self-employed, workers aged between 18-64 years.

WOMEN	DK			FR			UK		
	OLS-w	FE	P> t	OLS-w	FE	P> t	OLS-w	FE	P> t
Constant	3.532	5.874	0.000	2.841	0.000	0.000	0.011	0.939	3.297
Temporary Contract	-0.051	-0.028	0.002	-0.151	0.000	0.048	-0.066	0.001	-0.042
age	0.034	-0.015	0.000	0.027	0.000	0.000	0.043	0.000	-0.007
age2	0.000	0.000	0.000	0.000	0.024	0.003	0.000	0.000	0.000
work experience	1.427	-2.004	0.000	2.191	0.000	0.983	2.638	0.000	-3.976
work experience 2	-1.032	-0.215	0.000	-1.448	0.000	0.981	-1.737	0.000	1.076
Formal Training	0.110	0.025	0.010	0.080	0.000	0.853	0.112	0.000	0.012
Stayer Unemp	-0.061	0.007	0.792	-0.184	0.015	0.034	-0.463	0.000	-0.291
Stayer Ed	0.001	-0.003	0.917	-0.332	0.085	0.069	-0.100	0.002	-0.181
Stayer Inact	-0.161	-0.081	0.042	-0.187	0.034	0.005	-0.229	0.000	-0.082
Mover emp	-0.002	0.001	0.918	-0.158	0.000	0.000	-0.094	0.000	-0.049
Mover Unemp	-0.060	-0.040	0.001	-0.226	0.000	0.005	-0.186	0.000	-0.060
Mover Other	-0.095	-0.058	0.000	-0.132	0.000	0.116	-0.091	0.000	-0.058
lower prof	-0.136	-0.039	0.040	-0.244	0.000	0.005	-0.120	0.000	-0.020
clerical	-0.242	-0.107	0.000	-0.520	0.000	0.224	-0.366	0.000	-0.049
skilled manual	-0.314	-0.093	0.006	-0.507	0.000	0.199	-0.476	0.000	0.023
manual	-0.345	-0.134	0.000	-0.604	0.000	0.302	-0.507	0.000	-0.004
Public Sector	-0.056	-0.049	0.000	0.151	0.000	0.000	0.098	0.000	0.004
Firm Size : 1-4	0.102	0.008	0.699	0.017	0.604	0.692	0.052	0.002	0.023
frmz	0.153	0.009	0.000	0.121	0.000	0.537	0.199	0.000	0.049
frmz (missing)	0.088	0.027	0.246	0.057	0.070	0.476	0.142	0.000	0.087
Model Summary									
R ²	0.4128	0.2971		0.3411		0.1542	0.4644		0.1919
N of Obs	4882	4882		6894		6894	11018		11018

Table 5.4b: Comparison of Pooled OLS and Fixed Effects Model on Logged Gross Hourly Wages (Corrected for Outliers), Men Temporary Contract Workers, Waves 2-6 of the ECHP, excl. self-employed, workers aged between 18-64 years. Pooled OLS are weighted by the Inverse Probability of being Observed for the full panel sequence, with robust standard errors, and controls for clustering within person years. The FE models are not weighted.

MEN	DK			FR			UK		
	OLS-w	FE		OLS-w	FE		OLS-w	FE	
Inhw	Coef.	P> t		Coef.	P> t		Coef.	P> t	
Constant	3.623	0.000		2.851	0.017		2.039	0.000	
Temporary Contract	-0.079	0.000		-0.038	0.000		-0.083	0.003	
age	0.030	0.000		0.061	0.012		0.044	0.000	
age2	0.000	0.000		0.000	0.120		0.000	0.001	
work experience	1.831	0.000		0.873	0.556		3.123	0.000	
work experience 2	-1.380	0.000		-1.330	0.058		-2.047	0.000	
Formal Training	0.068	0.000		0.004	0.680		0.075	0.000	
Stayer Unemp	-0.117	0.024		-0.042	0.282		-0.187	0.003	
Stayer Ed	-0.100	0.058		-0.058	0.098		0.085	0.343	
Stayer Inact	-1.236	0.000		-0.209	0.042		-0.446	0.016	
Mover emp	-0.044	0.012		-0.020	0.094		-0.141	0.000	
Mover Unemp	-0.075	0.003		-0.027	0.124		-0.221	0.000	
Mover Other	-0.058	0.088		-0.059	0.004		-0.061	0.023	
lower prof	-0.119	0.000		-0.044	0.017		-0.298	0.000	
clerical	-0.270	0.000		-0.099	0.000		-0.500	0.000	
skilled manual	-0.296	0.000		-0.003	0.897		-0.463	0.000	
manual	-0.298	0.000		-0.018	0.475		-0.578	0.000	
Public Sector	-0.094	0.000		-0.003	0.861		0.080	0.000	
Firm Size : 1-4	0.103	0.001		0.071	0.000		0.101	0.009	
frmz	0.181	0.000		0.101	0.000		0.219	0.000	
frmz (missing)	0.118	0.002		0.062	0.021		0.219	0.000	
Model Summary									
R ²	0.323			0.14			0.43		
N of Obs	5197			5197			8845		

Table 5.5a: Comparison of Pooled OLS and Fixed Effects Model on Logged Gross Hourly Wages (Corrected for Outliers), Women Part-time Workers, Waves 1-6 of the ECHP, excl. self-employed, workers aged between 18-64 years.. Pooled OLS are weighted by the Inverse Probability of being Observed for the full panel sequence, with robust standard errors, and controls for clustering within person years. The FE models are not weighted.

WOMEN	DK			FR			UK		
	OLS-w	FE	P> t	OLS-w	FE	P> t	OLS-w	FE	P> t
	Coef.	Coef.		Coef.	Coef.		Coef.	Coef.	
Constant	1.195	-1.803	0.000	0.897	-0.442	0.000	0.082	0.587	-1.267
PT 15-29 hours	0.031	0.063	0.034	0.053	0.297	0.002	-0.071	0.000	0.077
MPT <15 hrs	0.524	0.512	0.000	0.488	1.055	0.000	0.018	0.675	0.233
age	0.034	0.094	0.000	0.023	0.068	0.000	0.047	0.000	0.103
age2	0.000	0.000	0.000	0.000	0.000	0.085	0.000	0.000	0.000
work experience	1.596	3.629	0.000	2.276	0.909	0.000	2.814	0.000	-0.294
work experience 2	-1.168	-2.588	0.000	-1.531	-0.511	0.000	-1.772	0.000	-0.371
Formal Training	0.116	0.033	0.000	0.080	-0.012	0.000	0.127	0.000	0.030
Stayer Unemp	-0.061	-0.014	0.048	-0.253	-0.075	0.000	-0.400	0.000	-0.199
Stayer Ed	-0.027	-0.001	0.600	-0.241	-0.066	0.062	-0.092	0.004	-0.172
Stayer Inact	-0.159	-0.120	0.007	-0.230	-0.007	0.001	-0.217	0.000	-0.111
Mover emp	-0.028	0.006	0.079	-0.186	-0.063	0.000	-0.078	0.000	-0.063
Mover Unemp	-0.084	-0.027	0.000	-0.283	-0.106	0.000	-0.198	0.000	-0.075
Mover Other	-0.109	-0.045	0.000	-0.171	-0.050	0.000	-0.073	0.000	-0.062
lower prof	-0.147	-0.023	0.000	-0.234	-0.155	0.000	-0.114	0.000	-0.022
clerical	-0.258	-0.117	0.000	-0.517	-0.148	0.000	-0.339	0.000	-0.069
skilled manual	-0.320	-0.065	0.000	-0.500	-0.027	0.000	-0.457	0.000	0.019
manual	-0.350	-0.141	0.000	-0.624	-0.192	0.000	-0.491	0.000	-0.050
Public Sector	-0.028	-0.046	0.019	0.126	0.072	0.000	0.154	0.000	0.017
Firm Size : 1-4	0.107	0.027	0.001	0.054	0.001	0.046	0.003	0.869	0.015
frmz	0.164	0.038	0.000	0.147	0.008	0.000	0.162	0.000	0.063
frmz (missing)	0.052	0.054	0.125	0.093	0.047	0.000	-0.014	0.448	0.060
Model Summary									
R ²	0.4255	0.4694		0.3574	0.2373		0.382		0.3946
N of Obs	6145	6145		8137	8137		14204		14204

4.2 Part-time workers

In Denmark we find that the removal of unobserved and time constant individual heterogeneity has very little overall impact on the wages of female part-time workers suggesting that the OLS model was not misspecified as a result of unobserved heterogeneity (Table 5.5a). In France, however, the FE model has a more pronounced impact with clear increases in the wage premium associated with a period in part-time employment. This suggests that individual (unobserved) effects, such as motivation, talent or commitment to work, do account for a portion of the wages of part-time workers in France. The fixed effects model for the UK appears to have the most dramatic impact on the impression given by the OLS models. In the OLS models for the UK we find a strong and consistent wage penalty associated with part-time employment, yet the fixed effects model reveals a considerable premium. This suggests that in the UK women with low unobserved human capital/ bargaining power and/or ability are disproportionately likely to be part-time workers and that once these effects are controlled for there is a premium associated with reduced hour employment.

A similar pattern of results is revealed in the comparison between the pooled OLS and the fixed effects part-time model for men (Table 5.5b). We find that the removal of individual unobserved heterogeneity both clarifies and increased the wage premium associated with part-time employment on wages. As for women, the removal of individual (unobserved) fixed effects from the model specification increases the wages of part-timers suggesting that part-timers, relative to full-timers, have unobserved individual characteristics associated with lower wages.

The implication of removing time constant individual heterogeneity for our theoretical account of atypical workers wages requires elaboration. While the removal of unobserved individual heterogeneity (UIH) is good econometrics as, in principle, it allows us to measure the impact of our observed covariates more precisely it is also problematic in so far as we are unable to explain what we are removing from the model.

Hausman Test

A key assumption of a fixed effects model is that the individual and time constant component of the error term is correlated with the independent variables in the equation. As stated earlier alternate specifications of the error term do not make these assumptions. While the fixed effects specification was chosen to test our hypothesis about unobserved individual components that may account for atypical workers lower wages a Hausman (1978) test was run to double check whether the specification was statistically robust for the data modelled. The Hausman (ibid) test revealed that the individual component of the error term was indeed correlated with the variables used in the model specification and that an alternate specification of the error term would have lead to specification error (results not shown).

Section Two: Household Income and Atypical Worker Poverty Risk

With the sole exception of French part-time workers, we found atypical workers to earn lower wages in the majority of our statistical analyses. Given these findings this section assesses the implications of atypical workers' lower wages in conjunction with other sources of household income. The primary reason for a combined analysis is the suggested lower significance of atypical workers' wages given their secondary earner status. The research strategy in this section consists of the following: The differential poverty risk of atypical workers relative to those on the standard contract are presented to investigate whether, on average, atypical workers are disproportionately exposed to financial deprivation (Table 5.6). A typology of working households is then presented to reveal the extent to which atypical workers are in dual earner households where it is assumed other household income will provide a buffer to their lower wages (Table 5.7a and 5.7b). The proportional contribution of atypical workers' wages to dual earner, and single earner households are presented as a direct test of their secondary earner status (Table 5.8). Finally, the proportion of households lifted out of poverty by atypical workers wages is presented as the final challenge to the 'pin money' hypothesis (Table 5.9).

Table 5.6: Proportions of Poor Households by Labour Force Status. Poor Households are those whose equivalised income falls below 50% of the National Annual Mean

		Poor Households	Odds Ratio*	P> t
		%	Perm/Temp	
DENMARK	Permanent	1.93	1.76	**
	Temporary	4.87		
	Full-time	2.09	FT/PT	
	Part-time	9.51	3.85	***
	Unemployed	14.53		
	Inactive	14.79		
	Total	4.46		
FRANCE	Permanent	4.8	Perm/Temp	
	Temporary	15.15	3.32	***
	Full-time	5.21		
	Part-time	12.86	FT/PT	
	Unemployed	31.97	3.71	***
	Inactive	23.64		
	Total	13.04		
UNITED KINGDOM	Permanent	5.29	Perm/Temp	
	Temporary	10.34	1.63	***
	Full-time	4.66		
	Part-time	14.17	FT/PT	
	Unemployed	54.85	3.29	***
	Inactive	33.13		
	Total	17.82		

*Controlling for: age, sex, educational level, work experience and occupation.

Key: **p<=.001, *** p<=.0001

Table 5.6 presents the proportions of those in poor households by self-reported labour force status and country. Table 5.6 also presents the odds ratios of being poor by contract type and working-time having controlled for age, sex, educational level, work experience and occupation. Statistics of the poverty risk of the unemployed and those who are in labour market inactivity, defined as those in housework or other economic activity, are also presented for comparative reference. We find that the poverty risk of atypical workers is

higher for both temporary and part-time workers in each country. We also note strong differences by country with Danish temps the least exposed to poverty, 5%, and French temps the most, 15%. We also find strong differences between countries in the relative poverty risks for part-time workers. We find that part-time workers in the UK are the most exposed to poverty, at 14%, with France following closely behind at 13%. The odds ratios of relative poverty risks are also presented, the full model (which is not shown) introduced a series of variables that aimed to control for possible between group differences that could explain the differential poverty risk. We find that the poverty risk of atypical workers relative to standard contract workers is maintained even with these controls. Finally, we also note that while atypical workers are disproportionately exposed to poverty risk in each country, non-workers in each country are the most at risk. The Danish regime offers the best protection to its non-workers, while the UK regime offers the worst, 14-15% of the unemployed and the non-employed are in poverty in Denmark, compared to 55% and 33% in the UK⁹³.

⁹³ The poverty rates presented here are broadly consistent with previous analyses. The total poverty rates for each country replicate those of Nolan and Hauser (2000), and the poverty risk of the unemployed replicates the findings of Gallie, Jacobs and Paugam (2000).

Table 5.7a: Distribution of Working Households by Contract type and Country

		DENMARK	FRANCE	UK
		%	%	%
Dual Earner Couples	Permanent-Permanent	51.25	45.27	51.17
	Permanent - Temporary	14.27	8.38	13.49
	Temporary - Temporary	0.95	0.65	0.39
Single Earner Couples	Permanent - Non-employed	14.88	31.56	22.19
	Temporary - Non-employed	2.39	3.03	1.74
Single Household	Permanent	13.86	9.91	10.13
	Temporary	2.39	1.2	0.88
Dual Earner Couples	Full-time - Full-time	52.1	39.95	36.39
	Full-time - Part-time	11.74	12.15	24.92
	Part-time - Part-time	0.48	0.94	0.94
Single Earner Couples	Full-time - Non-employed	16.49	32.83	22.71
	Part-time - Non-employed	1.9	3.12	3.81
Single Household	Full-time	15.01	9.83	10.09
	Part-time	2.28	1.18	1.14

A typology of working households is presented in Table 5.7a. The typology distinguishes workers according to their household contexts which may form more or less of a buffer to their poverty risk. Households were distinguished according to the following criterion: First of all households with two adults, where we can assume some combined strategy of income generation and redistribution, are distinguished from single adult households. Dual earner couples were distinguished by contract type, in our first typology, and working-time in our second. Single earner couples were similarly distinguished, with those who are categorised as non-employed self-defined as: unemployed, housewives, retired and other economic inactivity. It should be noted that not all retired-worker households are included here as all respondents over 64 years of age are excluded, as with previous analyses. Distinctions were also made between single worker households by contract type and

working-time⁹⁴. The majority of working households are found to consist of dual earner households in each country. Denmark has the highest proportion of dual-earner standard contract households relative to other countries with the typology based on working-time the most remarkable. Here we find the FT-FT dual earner households the most common form of household formation in Denmark, accounting for 52% of working households. When we compare the Danish proportion to that in the UK and France we note a very different tendency in household formation, with 36% and 40% respectively in FT-FT dual earner households. The proportion of households with typical-atypical worker status again varies with 25% of UK households adopting a FT-PT earner strategy relative to 12% in Denmark and France.

Table 5.7b: Distribution of Atypical Worker Status by Working Households and Country

		DENMARK	FRANCE	UK
		%	%	%
Dual Earner Couples	Permanent - Temporary	51.1	49.2	60.4
	Temporary - Temporary	10.0	9.7	7.3
Single Earner Couples	Temporary - Non-employed	12.6	22.7	16.2
Single Household	Temporary	25.2	18.4	16
Dual Earner Couples	Full-time - Part-time	60.6	61.6	73.6
	Part-time - Part-time	5.0	9.5	5.5
Single Earner Couples	Part-time - Non-employed	10.3	16.0	14.1
Single Household	Part-time	24.0	13.0	6.2

⁹⁴ A small number of households were excluded from the analyses, less than 8%, within which there were more than two earners. Single parent households were also excluded from the single earner category.

Table 5.7b presents the distribution of atypical workers by our working household typologies. We find that the vast majority of atypical workers are indeed in dual earner couples with their partners' standard contract workers. This is true of 51% of temporary contract workers in Denmark, 49% of temporary contract workers in France and 60% of temps in the UK. A similar, though more acute, tendency is established in relation to part-time workers in dual earner households with 60% of Danish, 61% of French and 74% of UK part-timers in households with a standard contract worker. That atypical workers appear to need the security of a standard contract earner within the home to supply their labour appears clear, what is less so is the actual breakdown of relative household contributions by contract type.

Table 5.8 Atypical Workers Mean Proportional Contribution to Household Income, by Household Type				
	Dual Earner Households: Permanent/Temporary		Single Earner Household: Temporary Earner	
	MEN	WOMEN	MEN	WOMEN
<i>Temporary Workers' Mean Household contribution</i>				
DENMARK	0.52	0.40	0.58	0.51
FRANCE	0.50	0.35	0.70	0.53
UNITED-KINGDOM	0.50	0.32	0.75	0.50
	Dual Earner Household: Full-time/Part-time		Single Earner Household: Part-time Earner	
	MEN	WOMEN	MEN	WOMEN
<i>Part-time Workers' Mean Household contribution</i>				
DENMARK	0.32	0.33	0.29	0.40
FRANCE	0.44	0.31	0.61	0.43
UNITED-KINGDOM	0.26	0.22	0.45	0.28

Table 5.8 presents the mean contribution of atypical workers wages to household income, though only does so for a subset of the household types presented in table 5.7. The households investigated are the dual earner households, where one earner is an atypical worker, and the single earner couples, where the single earner is an atypical worker. These two households have been chosen to test whether the relative contributions of atypical workers are minimal or not, given other sources of household income, we assume, as is in

indeed the case, that atypical workers wages in single worker households account for the majority of household income. Starting with the mean proportional contribution of male temporary contract workers, we find a consistent and shared average between countries with men temporary workers wages accounting for 52-50% of household income in dual earner households, women temps fare less well accounting for between 40%, in Denmark and 32% of household income in the UK. Both of these contributions are considerable nonetheless and do not fit into the picture of atypical workers earnings as 'pin money'. Turning our attention to households where atypical workers are the sole earners, with their partners in non-employment be it unemployment, retirement or other labour market inactivity, we find an increase in the proportional contribution of temporary workers generally, though find that the proportion of household income accounted for by temporary workers wages lower than expected for a single earner household.

While part-time workers' wages account for a lower proportion of household income their wages, nonetheless, amount to between one-third and one-quarter of total household income challenging the pin money thesis. It is only in the UK where part-time workers' wages approximate marginal income status, with women part-timers wages representing 22% of total household income. Part-timers' contributions in single earner couple household are also found to account for relatively large proportions of total household income.

The preceding table allowed us uncover the relative contributions of atypical workers' wages to household income, what it did not reveal was the relative importance of temporary and part-time workers' wages to a household's financial security. The extent to which atypical workers' income prevents households from slipping below the poverty threshold is assessed in table 5.9. Three sets of statistics are presented. The first presents the proportion of atypical worker households which are poor by household type, with the two households investigated in table 5.8 presented again in table 5.9. The second statistic shows the percentage of households whose household income would fall below the poverty threshold without atypical workers wages. The final and third statistic presents the percentage of households lifted out of financial poverty as a result of atypical workers'

earnings. Table 5.9 also presents the number of observations in the analysis given the small cell sizes involved.

Table 5.9: Poverty Rates of Atypical Worker Households, Gross and Net of Atypical Worker Income

Perm-Temp Households			Temp-Non-employed Households	
	Sample N	%	Sample N	%
<i>Percent in Poor Households</i>				
DENMARK	27	1.92	28	12.12
FRANCE	35	2.00	225	35.71
UK	136	6.54	66	25.19
<i>Percent in Poor Households Net Temporary Workers' Wages</i>				
DENMARK	199	14.16	91	39.39
FRANCE	250	14.29	354	56.19
UK	225	10.82	113	43.13
<i>Percent Lifted Out of Poverty by Atypical Workers' Wages</i> <i>(Percent in Poor Households Net Temporary Workers' Wages - Percent in Poor Households)</i>				
DENMARK	172	12.24	63	27.27
FRANCE	215	12.29	129	20.48
UK	89	4.28	47	17.94
Ft-Pt Households			PT-Non-employed Households	
	Sample N	%	Sample N	%
<i>Percent in Poor Households</i>				
DENMARK	40	2.67	33	13.69
FRANCE	71	2.16	227	27.72
UK	214	3.95	283	33.45
<i>Percent in Poor Households Net Part-timers' Wages</i>				
DENMARK	176	11.76	70	29.05
FRANCE	352	10.7	334	40.78
UK	497	9.17	386	45.63
<i>Percent Lifted Out of Poverty by Part-timers' Wages</i> <i>(Percent in Poor Households Net Part-timers' Wages - Percent in Poor Households)</i>				
DENMARK	136	9.09	37	15.36
FR	281	8.54	107	13.06
UK	283	5.22	103	12.18

We find that permanent – temporary dual earner households are protected from poverty exposure, with very small percentages exposed to income deprivation. On the other hand we find that temporary non-employed worker households are disproportionately exposed to income poverty with French temporary-non employed households the most at risk. The real impact of atypical workers' wages on household income is presented in the next row of statistics, here we establish that 12% of atypical worker households are lifted out of poverty as a result of temporary workers' wages in both Denmark and France, though the relative contribution of UK's temps is considerably lower at 4%. This finding suggests that atypical workers incomes are central to the financial security of households rather than peripheral to them as has been suggested elsewhere.

We also find that full-time part-time dual earner households are protected from poverty exposure with between 2-4% of these households exposed to financial poverty. Again, we find that part-time workers' wages play an important role in the financial security of households, with 9% of households in France and Denmark lived above the poverty threshold as a result of part-time workers' wages. It is only in the UK that part-timers contributions are rather small, though by no means insignificant, lifting 5% of FT-PT households above the poverty threshold.

5: Conclusion

This chapter sought to examine whether an atypical worker/standard contract worker wage differential exists, and if so, whether this differential remained once observed and unobserved differences between atypical workers were controlled for. This chapter also investigated the relative poverty risks of atypical workers in an effort to qualify the implications of atypical workers wages. A relative poverty threshold was adopted with the understanding that households that fall below socio-culturally defined minima are at risk of social exclusion or marginalisation (CPA, 2003).

While workers' wages were considered to reflect both their relative abilities and or their relative location within primary or secondary labour markets, the national context within which they found themselves was also considered to be a vital component in the rate and the adequacy of the wages they received. The national contexts analysed differed along two axes which are considered vital to labour market dynamics. These two axes are the relative openness or flexibility of markets as well as their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand side (flexibility axis) and supply side (inclusion/integration) dynamics. The vital break with traditional economic portrayals of market dynamics is in the conceptualisation of policies of inclusion, which in this case are those which alleviate the structural constraints placed on workers which can impede supply.

We found that temporary contract workers suffered a wage penalty in each country even after observed heterogeneity was controlled for. Once we controlled for unobserved heterogeneity, however, French male temporary workers were no longer found to suffer a wage penalty. There was considerable variation found in relation to part-timers wages however, with UK part-timers suffering a wage penalty, French part-timers earning a premium and Danish part-timers earning similar wages *per hour* to full-time workers. That UK part-timers suffer a wage penalty is attributed to the low levels of labour market integration in the UK which result in a decrease in the bargaining ability of labour market outsiders. Labour market outsiders include: women (or men) with child or elder care responsibilities, the low skilled and those who have suffered skills depreciation as a result of labour market inactivity or unemployment.

The household context of atypical workers' earnings was also assessed. Here we found that the poverty risks of atypical workers are considerably higher than those of standard contract workers even in the context of an assessment of other household income. We established that the UK had the highest poverty rates overall, with part-time UK workers exhibiting the highest poverty risk of all atypical workers. A typology of working households was also presented, to test both the distribution of atypical employment by household type and the differential impact of atypical workers wages to household income

by household type. We found that atypical workers were disproportionately located in households with another standard contract earner, and established that atypical workers tend to be secondary earners. That atypical workers tend to cluster in households with a primary standard contract earner underlines the peripheral status of atypical employment, and suggests that workers are only willing to enter into precarious forms of contract if they have alternate sources of income at their disposal. Nonetheless, while atypical workers were found to be, predominantly, secondary earners their wages were found to contribute significantly to households' financial security.

Appendix for Chapter 5 :

Table A5-1: Reason for Working Part-time by Country

		In		Personal	Do not want to work	
	Under-Employed	Education	Housework	Illness	More Hours	Other
<i>Country</i>	%	%	%	%	%	%
FRANCE	41.83	5.75	24.60	7.90	14.72	5.21
DENMARK	22.50	9.00	17.25	5.25	38.00	8.00
UNITED						
KINGDOM	12.99	5.30	38.98	1.98	26.92	13.83

Weighted by the Base Weight, ECHP Wave 1, 1994.

Table A5-2: Control Variables: Mean and Median Values of the Variables used in the Analyses by Country and Gender, Waves 1-6 of the ECHP, excl. self-employed, workers aged between 18-64 years, unweighted.

	MEN				WOMEN			
	DENMARK	FRANCE	UK	ALL	DENMARK	FRANCE	UK	ALL
Gross Hourly Wages	14.48	10.92	12.45	12.75	12.57	9.40	9.34	9.39
Work Experience	2.39	2.30	2.37	2.32	2.34	2.16	2.41	2.28
Age	40.78	40.31	40.08	40.21	41.03	40.76	40.64	40.70
Full-time	95.56	95.18	95.97	95.58	80.81	77.34	62.43	71.05
Part-time	2.51	4.30	2.86	3.35	16.53	20.78	27.11	22.92
Marginal Part-time	1.93	0.53	1.18	1.07	2.66	1.88	10.46	6.03
Continuously part-time	2.16	1.86	1.96	1.95	7.29	8.46	21.60	13.92
Temporary	11.12	9.14	5.91	8.25	10.58	10.67	8.05	9.56
Third level Education	31.60	21.85	38.74	30.63	32.72	23.03	29.58	27.54
Upper Secondary Education	46.35	39.77	22.13	33.58	41.47	32.70	21.72	29.25
Lower Secondary Education	22.06	38.39	39.13	35.79	25.81	44.27	48.70	43.21
Formal Training	67.98	55.36	74.05	65.17	72.25	53.35	71.80	64.78
Continuously Employed	72.80	64.83	70.05	68.28	60.44	48.43	54.94	53.13
Cont. Unemployed	2.99	3.16	4.65	3.73	5.50	3.95	1.00	2.92
Cont. in Education	3.77	5.78	3.17	4.39	5.30	6.04	2.84	4.55
Cont. Inactive	6.47	10.30	9.31	9.25	11.68	25.07	27.04	23.80
Mover through employment	6.08	5.83	5.22	5.63	5.70	5.92	5.71	5.80
Mover through unemployment	4.04	3.84	4.10	3.98	4.95	3.96	1.74	3.16
Mover through Ed.	3.85	6.26	3.50	4.74	6.43	6.62	6.74	6.64
Higher Prof	26.82	18.84	32.76	26.18	17.55	12.33	23.28	18.38
Lower Prof	16.44	19.07	10.81	15.08	24.58	22.41	12.46	18.11
Clerical	14.31	16.16	18.86	16.99	42.71	47.89	49.63	47.81
Skilled Manual	32.38	40.08	30.86	34.80	5.08	6.91	5.70	6.03
Unskilled Manual	10.06	5.84	6.71	6.95	10.09	10.46	8.94	9.68
Public sector	28.44	28.68	21.73	25.76	57.22	41.38	35.85	42.02

Table A5-3 Mean Gross Hourly Wages by Working-Time and Gender - Private sector only.

Table A5-3 Mean Gross Hourly Wages by Working-Time and Gender - Private sector only.						
		MEN		WOMEN		FT/PT+MPT Ratio All
		Mean	Std.Dev	Mean	Std.Dev	
DENMARK	Full-time	14.49	6.08	12.45	3.96	1.21
	Part-time	12.42	7.44	12.65	4.80	
	Marginal Part-time	11.24	2.85	9.32	3.38	
FRANCE	Full-time	9.90	6.34	8.05	4.95	0.62
	Part-time	11.25	10.32	7.62	4.23	
	Marginal Part-time	42.78	29.50	13.92	10.12	
UK	Full-time	11.15	6.89	8.44	5.27	1.32
	Part-time	8.77	11.23	6.67	3.94	
	Marginal Part-time	21.81	38.54	7.08	5.42	

Notes:

- Hourly wages are measured in the national currency but have been converted here to equivalent units in accordance with annual nationally specific Purchasing Power Parities (PPP).
- Unweighted data. A very small number of outliers, mainly those combining very high earnings with short working time, were excluded from this table and subsequent analyses.

Table A5-4. Pooled Heckman Selection Model to test for possible section bias in the estimation of the female regressions, with robust standard errors, and controls for clustering within person years, waves 2-6 of the ECHP.

	DENMARK		FRANCE		UNITED KINGDOM	
lnhw	Coef.	P> z	Coef.	P> z	Coef.	P> z
Temporary Contract	-0.047	0.012	-0.157	0.000	-0.122	0.000
25-29yrs	0.094	0.011	0.050	0.082	0.149	0.000
30-39yrs	0.169	0.000	0.137	0.000	0.270	0.000
40-54yrs	0.248	0.000	0.226	0.000	0.329	0.000
55yrs+	0.260	0.000	0.172	0.002	0.307	0.000
work experience	1.016	0.002	0.672	0.034	1.749	0.000
work experience 2	-0.883	0.005	-0.515	0.021	-1.241	0.000
second level ed	-0.033	0.005	-0.161	0.000	-0.097	0.000
less than second level ed	-0.118	0.000	-0.184	0.000	-0.175	0.000
Formal Training	0.092	0.000	0.071	0.000	0.092	0.000
Stayer Unemp	-0.048	0.161	-0.184	0.004	-0.324	0.014
Stayer Ed	-0.003	0.931	0.089	0.602	-0.150	0.001
Stayer Inact	-0.201	0.175	-0.167	0.016	-0.250	0.000
Mover emp	-0.029	0.066	-0.160	0.000	-0.097	0.000
Mover Unemp	-0.079	0.000	-0.206	0.000	-0.238	0.000
Mover Other	-0.101	0.000	-0.138	0.000	-0.121	0.000
lower prof	-0.135	0.000	-0.226	0.000	-0.101	0.000
clerical	-0.238	0.000	-0.450	0.000	-0.358	0.000
skilled manual	-0.223	0.000	-0.439	0.000	-0.404	0.000
manual	-0.287	0.000	-0.552	0.000	-0.475	0.000
Public Sector	-0.073	0.000	0.140	0.000	0.099	0.000
constant	4.521	0.000	4.098	0.000	1.310	0.000
Selecting on						
ln(current monthly household income)	-0.610	0.001	-0.115	0.164	-0.428	0.024
number of children < 3 years old in the HHld	-0.137	0.413	-0.082	0.316	-0.007	0.982
Temporary Contract	-0.284	0.112	-0.244	0.004	-0.652	0.020
25-29yrs	0.717	0.010	-0.122	0.347	2.206	0.494
30-39yrs	1.268	0.000	-0.402	0.002	-3.819	0.229
40-54yrs	1.523	0.007	-0.531	0.000	-4.078	0.152
55yrs+	1.606	0.018	-0.448	0.022	2.457	0.375
work experience	2.817	0.476	-0.058	0.957	-4.825	0.613
work experience 2	-1.326	0.634	-0.669	0.391	4.433	0.566
second level ed	0.052	0.797	-0.014	0.852	6.076	0.000
less than second level ed	-0.115	0.643	-0.255	0.003	6.657	0.000
Formal Training	0.321	0.065	0.070	0.237	-4.736	0.219
Stayer Unemp	-0.134	0.754	0.063	0.755	5.015	0.000
Stayer Ed	0.319	0.434	-0.820	0.002	5.314	0.000
Stayer Inact	3.980	0.000	-0.106	0.605	6.197	0.000
Mover emp	0.298	0.433	-0.102	0.270	-0.959	0.001
Mover Unemp	0.223	0.533	0.082	0.521	6.015	0.000
Mover Other	4.624	0.000	-0.037	0.716	-0.952	0.006
lower prof	-0.081	0.688	-0.083	0.449	-0.564	0.114
clerical	0.320	0.194	0.021	0.855	-0.611	0.029
skilled manual	-0.006	0.987	0.186	0.234	6.230	0.000
manual	0.080	0.794	-0.036	0.804	5.004	0.000
Public Sector	-0.473	0.005	0.145	0.017	0.010	0.965
constant	6.322	0.004	3.297	0.000	9.641	0.007
Chi²	7.80		5.61		6.03	
Wald test of the Independence of Equations (rho=0)	0.005		0.017		0.003	

CHAPTER 6. Precarious Employment? The Non-Integrative Transitions of Temporary work and Part-time Work in Denmark, France and the UK.

1: Introduction

This chapter seeks to determine the extent to which atypical workers are disproportionately exposed to (1) unemployment and (2) labour market drop-out with the combined analysis necessary for a thorough investigation of the non-integrative transitions of atypical workers. Workers' exposure to unemployment risk is often presented as a function of workers' human capital characteristics and/or their relative location in the labour market, be it in a protected 'core' or in a marginalised 'periphery' (Haltiwanger and Plant 1987; De Vreyer, Layte et al. 2000). Workers' exposure to labour market inactivity, however, tends to be attributed to workers' preferences (Oppenheimer 1982, 1997) rather than the risks associated with employment in certain industrial sectors or occupational groups. This chapter, however, aims to reveal the extent to which labour market drop-out can be seen as a form of labour market disadvantage.

Combined analyses of unemployment and labour market drop-out are comparatively rare. This is due to the assumption that (1) transitions to labour market inactivity are chosen and therefore unproblematic (Hakim 2000) as well as (2) the reduced tendency to associate labour market inactivity with labour market disadvantage (Stibbard 1999). This chapter, nonetheless, seeks to test the veracity of these assumptions through empirical examination of the factors which predict these different forms of transition. If we find that the covariates which predict unemployment are the same as those which predict inactivity we will have reason to identify transitions to labour market inactivity as disadvantageous. Moreover, we argue that a combined analysis of workers' non-integrative transitions is important for the following reasons: First it is argued that a thorough analysis of employment insecurity demands an investigation of all forms of non-integrative transition. This is particularly important in an analysis of atypical workers transitions given current policy debate concerning their 'bridging function'⁹⁵. Second, there is evidence that workers who have spent periods in non-employment will experience difficulties in their future labour market engagement. This is likely to

be expressed in lower than average wages (O'Connell and Gash 2003) and in employers' preferences to hire workers with continuous rather than partial labour force attachment. Third, it is argued that any form of non-employment, be it 'chosen', in the case of labour market inactivity, or not, in the case of unemployment, is potentially problematic in societies where individual financial autonomy is obtained through market engagement. Finally it is important to provide an analysis of workers transitions to inactivity as many part-time workers in the UK do not qualify for unemployment benefit (Marullo 1995) increasing the probability that they might self-define as economically inactive at the end of their contracts⁹⁶.

1.1.1 Hypotheses of National Variation in the Transitions of Temporary Contract Workers

We anticipate all temporary contract workers to be more exposed to unemployment than permanent workers, irrespective of national systems of worker integration or protection. We anticipate this to be the case as employers' decision to define a position as temporary is likely to reflect the position's peripheral worth. We, nonetheless, expect national differences in temporary workers' unemployment risk by country. Our expectations concerning temporary workers' transitions to labour market exit⁹⁷, are the following: (1) We anticipate an 'atypical worker effect' with temps, by virtue of their outsider status in employment, more likely to drop-out of the labour market altogether; (2) We anticipate female temps to be disproportionately exposed to labour market exit; (3) We also anticipate national differences in the tendency for drop-out with our

⁹⁵ The bridging function of atypical employment assumes that these jobs provide an entry point for labour market outsiders into the standard employment contract.

⁹⁶ In April 1993 almost half of British part-time workers were earning less than the National Insurance lower earnings limit and were therefore not entitled to unemployment benefit at the end of their contracts (Marullo, 1995).

⁹⁷ Note our definition of labour market exit/inactivity in this analysis is those whose principle self-defined status is child-care or other labour market inactivity. The precise wording of the question, as well as the routing of the questionnaire, is the following. Once the respondent is identified as a non-worker, i.e. they have answered negatively to the following question: "Even if you are not working at present, do you have a job or business normally involving at least 15 hours of work a week, but from which you are temporarily absent for some reason?". They are then asked what their main activity status is, with those who claimed to be 'doing housework, looking after children or other persons' as well as those who identified themselves as engaging in 'other specified' forms of inactivity, classified as inactive.

integrative labour markets the most successful as protecting workers from labour market drop-out.

In Denmark we expect a reduced tendency for temporary workers to be disproportionately exposed to unemployment risk. We attribute this to the flexibility of Danish employment law which provides few incentives to employers to use temporary contract workers as their sole source of numerical flexibility. In France, however, the rigidity of the EPL is expected to focus employers' numerical flexibilisation strategies in their temporary workforce leading us to expect French temporary workers to have the highest unemployment risk. Finally, we expect the flexibility of the UK market to expose all workers to labour market transitions and thereby expect a reduced difference between permanent and temporary workers in their unemployment risk. We also expect employers in liberal markets, such as the UK, to be dependent on probation as a means of scanning the skills of new recruits and expect probationary contract workers to make fewer transitions to unemployment. We therefore expect UK temps to be the least likely to make transitions to unemployment.

We expect the Danish regime to have the lowest rates of labour market drop-out as a result of its defamilialization policies. We anticipate defamilialization to allow women to engage in paid work without their family care duties imposing restrictions on their forms of market engagement. Similarly, we expect the integrative component of French employment and social policy to remove a portion of the risk of labour market drop-out as a result of French public childcare provision. Finally, we hypothesise the non-integrative nature of the UK regime to lead to market failure for specific sub-groups namely women and lower-skilled workers, and anticipate the UK labour market to be characterised by high levels of labour market drop out. We anticipate the UK to display the highest rates of transition to inactivity.

1.1.2 Hypotheses of National Variation in the Transitions of Part-time Workers

Given that the majority of part-time workers are women juggling the 'double shift' of paid and unpaid work, variations in policy provision that alleviate this double shift should impact on both the quality of part-time employment and the transitions of part-

time workers⁹⁸. Nonetheless even in our integrative markets, Denmark and France, countries where the policy infrastructure that facilitates female supply is in place, we still anticipate part-time workers to be in a precarious labour market position in a manner that full-time workers, temporary or permanent, will not. We expect part-time workers to be disadvantaged irrespective of the degree of market integration due to their disproportionate investment in unpaid labour, work that essentially has no market value. What is being argued is not that women who aim to balance family care responsibilities and paid employment do not care about the world of work, but that both the choice and constraint of balancing family responsibilities with paid employment remains unsupported in the majority of part-time jobs available. We expect highly skilled women, or men, who negotiate reduced hours for a short-term period in their lives to be the only exception to this tendency⁹⁹. This leads us to expect all part-time workers to be more exposed to non-integrative transitions (transitions to unemployment and labour market inactivity) though we do expect attributes of each national labour market to mediate the extent of the part-time /full-time worker difference. We expect labour market drop-out to be a function of workers labour market attachment with strong attachment, particularly for women, supported in integrative markets. We expect labour market drop out to be disproportionately associated with part-time employment, compared to temporary employment, because part-timers tend to be women.

In Denmark we expect all workers to be more exposed to labour market transitions as a result of its labour market flexibility leading us to anticipate a smaller part-time/full-time unemployment difference than in France, our country with a rigid/closed labour market. In France, we expect the rigid system of employment protection and generation to disproportionately expose labour market outsiders to unemployment and thereby expect French part-time workers to be more exposed to unemployment risk than part-time workers in the flexible economies of Denmark and the UK. Nonetheless

⁹⁸ As is discussed in greater detail in Chapter 1 and Chapter 2, the key aspect of national institutional systems that we expect will influence women's transitions is publicly funded child-care.

⁹⁹ This transition has already been identified as a mechanism that contributes to the segmentation of the British female labour market, with highly skilled women being much more likely to make transitions back into full-time paid employment without losing their previous occupational foothold (Dex, 1996). More recent research (Bothfeld and O'Reilly, 2000) has also found that prior history of full-time employment increased the probability of making a transition from part-time employment into full-time employment, suggesting a similar dynamic.

we also expect a portion of French part-timers to be retention part-timers who we expect to benefit from rigidities in EPL. In the UK we expect the flexible system of employment protection and generation to decrease the part-time/full-time distinction in unemployment risk.

As well as public childcare provision we regard aggregate rates of female labour market participation to reflect female labour market integration with countries with high rates of female integration, in terms of participation rates, less likely to expose workers to labour market drop-out. We expect integrative policy in Denmark to be the most successful at supporting continuous market engagement for women¹⁰⁰ and therefore the least likely to expose its workers to labour market drop-out. The Danish female participation rate in 1999, was 76%, which, compared to the EU average of 59.5% is quite high (OECD 2000). We expect integrative policies in France to support womens' continuous labour force attachment¹⁰¹, decreasing their, and part-time workers', risk of labour market exit. We do, however, note a slightly lower female participation rate in France relative to Denmark and the UK, leading us to anticipate some labour market drop-out for women workers. Finally, we expect the UK market, with its low investment in integration policies, to have extensive risks of labour market exit for women workers in general and part-time workers in particular. One component of the UK's weak market integration concerns the inconsistencies in its national insurance contributions which are not required of a portion of part-timers. This means that many UK part-timers are ineligible for unemployment benefit at the end of their contracts increasing the probability of labour market exit.

¹⁰⁰ In the Danish regime women are encouraged to participate in the labour market on a full-time continuous basis, a notable shift from its strategy in the 1970-80s. The Danish regime has seen a dramatic decrease in its part-time labour market, from 44.7% of female employment in 1983 to 22.7% in 1999 (OECD, Employment Outlook various years).

¹⁰¹ In the French regime women have also been involved in paid employment on a full-time continuous basis, however, the proportion of women who are labour market participants is considerably lower than in Denmark, 50% compared to 61% in 1970 with a maintenance of Danish women's superior labour force participation through time, the 1999 figures show 61% of French women engaged in the labour force compared to 76% for Danish women.

2: *Data and Methodology*

This part of the analysis is based on the first six waves of the European Community Household Panel Survey (ECHIP). The dataset created to measure the unemployment and inactivity risk of temporary and part-time workers has the following peculiarities.

The first peculiarity of this dataset is the manner in which labour market transitions have been measured. Labour market transitions are, commonly, measured with data that is retrospective in nature. For example, where the individual is asked about their job histories all in one go at one point in time, or they are asked about their labour market status for each month of the preceding calendar year, frequently termed calendar data, at several points in time. While calendar data is collected for all countries in the ECHIP the information collected does not distinguish between different types of employment, so that we could not establish whether a transition from employment to unemployment, for instance, was a transition from a temporary or a part-time job. Because contract type and working-time are not measured retrospectively using the calendar file in the UDB¹⁰² version of the ECHIP it was necessary to determine transitions from atypical employment using information collected at each year of the survey. The unit of measurement is continuous nonetheless as job start and end dates were directly asked of respondents rather than being approximated as being equal to the panel year in which a change in status was measured.

More specifically the dependent variable, that is the duration of the individual in a temporary or part-time contract, was constructed in the following manner. The *first recorded job start date* was set as the starting point of the dependent variable. In practice this means that respondents have different job start dates, with a range of 20 years - the earliest recorded job start date being in 1979 and the latest in 1999. The assessment of the date at which a job started (the job start date) was straightforward in comparison to the establishment of the date at which the first job ended. The

¹⁰² There are two versions of the ECHIP. The first, the User Database (UDB) version has been anonymised for distribution to the public by Eurostat, the statistical office of the European Communities. The second, the production database (PDB) version contains information considered confidential, and is also considered too complex for comparative analyses.

difficulties arose as it was not possible to ask respondents when their current job started and ended at one point in time as the latter had yet to occur. Job end date was established ex-post. The first means to identify job end date was straightforward and involved the collection of job end date in later waves of the panel, i.e., after the job had ended. However, complications arose in instances of variable non-response to job end date. In such instances job end date was approximated in the following manner. The first means of approximation looked at the existence of a second job start date, if the respondent had a second job start date we could assume that the first job had ended on or prior to the beginning of the second job. It was possible to refine the approximated job end date with recourse to information on the existence of (a) a period of unemployment prior the second job start date and (b) how long that period of unemployment was. One could then deduce that the job stop date of the first job was equal to the second job start date minus the number of months they had spent in unemployment. If they had no recorded instances of unemployment prior to their second job start, their first job end was coded as equal to their second job start date.

The second means of approximating job end dates involved an assessment of variations in labour force status over-time, if we knew that the individual was in employment at time x, through their job start date, we would denote job end date as the interview date of the panel when their labour force status changed. The final and third means of establishing job stop date sought to measure within job variations in working-time and contract type. If an employee gave their job start date in year 1+ X as being equal to their job start date in year 1 yet gave two different contract types, the year of the contract change was coded as the job stop date. For instance, if in year 1 a worker self-defined as a temporary contract worker and in year 2 self-defined as a permanent contract worker, the interview date of year 2 was defined as the year their temporary job ended. A similar programme was written to measure shifts in working-time though only those employees that reported shifts in working-time that altered by a minimum of ten hours per week were coded as having made a shift of working-time¹⁰³. This was necessary primarily for practical reasons as many people gave different working-hours at each panel year. Only those workers who exhibited fluctuations greater than 10 hours a week were coded as have made a change of working-time

¹⁰³ Only a small number of cases were recoded as a job stop in these instances.

status. If this change in working-hours also resulted in them being classified a full-time worker, for instance in year $t+1$, having been a part-time workers previously, we measured job end as the interview date in which the change in working hours was reported. The remaining cases, without job stop dates, consisted of individuals who either dropped out of the sample and those who remained in employment throughout the panel. Each of these two cases were coded as censored, though a distinction was made between those censored as a result of attrition, and those whose durations were right censored¹⁰⁴.

It should also be noted that for those whose jobs commenced on or before 1980, the job start date was bottom coded, meaning that the actual job start date is unknown. Given the problems associated with left-hand censoring in event history analysis such cases have been excluded.

The second feature of the dataset is that it was created in such a way as to maximise the number of observations, this was vital given that the sub-population we are interested in is quite small. We increased out atypical worker observations by allowing respondents' job start dates to vary beyond the first wave of the panel. This allowed us to maximise cases by (1) using panel inflow and (2) using labour market information on respondents who in the first wave of the panel were not in employment, and had no information on their current job start date in year 1 therefore. It should be noted that the statistical software applied, STATA, allows one to specify when each respondent becomes at risk of making a transition. Essentially this means that an individual who is in a part-time job in year 1 and remains in that job for 12 months will be measured according to the same 'clock' as someone who is not at risk of making a transition until year 2, as a result of their status as panel inflow, for instance¹⁰⁵. The impact of using panel inflow can be seen in the different sample sizes: If we only use information from respondents in the 1st wave of the panel, our sample for temporary workers is 1286 while the number of part-time workers is 2052. When we maximised our sample our sample of 1286 temporary workers increases to 2797 while our part-

¹⁰⁴ A couple of practical examples of the manner in which the code catered for the reporting of labour force transitions are presented in the appendixes, if the reader requires further clarification.

¹⁰⁵ For those familiar with the terminology this can also be described as process time being different to calendar time.

time sample increases from 2052 to 3199. In other words 1286 temporary workers gave job start dates in the first year of the survey, for those respondents who were either not yet part of the sample in that year, or were unemployed in that year, etc, job start dates were collated in subsequent years maximising our sample to 2797 episodes of temporary contract worker. Moreover, allowing job start dates to be collected from different years of the panel is thought to be of particular importance for our sample of temporary workers for the following reason. The variable measuring contract type, whether someone was employed on a permanent or temporary contract, was not asked until the second wave of the ECHP, 1995, and we have good reasons to expect, given the short-term nature of the contract, that workers who were on temporary contracts in 1994 may have already left them by 1995. Those that remained in temporary contracts up until 1995 are likely therefore to have disproportionately long durations in temporary jobs biasing our sample. The second problem associated with our temporary worker sample is one of attrition. By 1995, the structure of the sample of the ECHP already changed in so far as some people who answered questionnaires in 1994 may have refused to remain sample members in 1995¹⁰⁶. Assumptions are frequently made as to the distributions of non-response, with most researchers assuming that non-response is randomly distributed. It is nonetheless probable that the type of person who drops out of the sample is not the same type of person who obliges and remains and that the statistical character of the sample in the second wave is biased according to certain unknown covariates. It is probable therefore that the temporary workers who remained in the sample at time $t+1$ are a particular type of contract worker rather than an average contract worker. For this reason it is argued that panel inflow should be used as a potential source of information for our dataset.

Descriptives of the Data

Prior to the transformation of the data to episodes, where an individual case is increased by a multiplier of their duration in the event under consideration, the data have the following specifications (Table 6.A). For the first transition we are interested

¹⁰⁶ The attrition for the ECHP sample after the first wave was 10% for France, 23% for the UK and 11.5% for Denmark (Gallie and Jacobs, 2000). The attrition rate for the UK is more difficult to interpret however, as the ECHP sample contains a sub-sample of the British Household Panel survey which was already in its 5th year before it was added to the ECHP sample.

in observing: the transition to unemployment, we have 641 observations for the temporary worker sample, and 911 for the part-time sample. For the second transition, transitions to labour market inactivity we have 830 transitions for the temporary worker sample and 976 transitions for the part-time sample.

TABLE 6.A: DATA PARAMETERS

	Data for Permanent vs Temporary worker Comparison	Data for Part-time vs Full-time Worker Comparison
ECHP Panel years	Waves 2-6	Waves 1-6
Number of Subjects	16080	18564
Failures in single failure-per-subject data <i>Transition to Unemployment</i>	641	911
Failures in single failure-per-subject data <i>Transition to Standard Employment Contract</i>	1375	2023
Failures in single failure-per-subject data <i>Transition to Inactivity</i>	830	976
Total analysis time at risk, at risk from t=0	351193	459129
earliest observed entry t	0	0
last observed exit t	223	223
Time measured as a continuous variable		

In chapter 7, which uses the same two datasets, the transitions of atypical workers to the standard employment contract are investigated. For our analysis of temporary workers' transitions to permanent contract employment we have 1375 transitions, while our analysis of part-timers' transitions to full-time employment has 2023 observed transitions. The differences in the number of transitions recorded are attributed to the different sample sizes of the datasets used. Our temporary worker dataset uses waves 2-6 of the ECHP as contract type was only collected from respondents from wave 2 onwards. This decreases our observation window, as well as our potential sample size with wave 2 of the ECHP experiencing attrition of between 10-23% for the countries used in this analysis (Gallie and Jacobs 2000). Rather than place similar data restrictions on our part-time sample we generate a separate dataset for our analysis of part-time workers transitions which uses the full six waves of the ECHP. Were we to use waves 2-6 only, our part-time worker observations would decrease from 3199 to 2662 cases.

The Statistical Technique applied

I argue that the research question at issue, essentially whether part-time and temporary jobs provide a point of entry into stable employment or not, can only be answered by an analysis that measures the transitions of temporary and part-time workers through time. While much previous research has sought to investigate the dynamic using cross-sectional data, (Muffels, 2002; OECD, 2002; Bloch, 1998), the actual durations of workers in their jobs and the final destinations of these workers can only be established by an analysis that follows workers from one status to the next. Much cross-sectional research (OECD, 2002) present transition matrixes, that is an analysis of an individual's status at time t and then again at time $t+1$, but these do not account for transitions before or after the snap-shot time frame of a cross-sectional dataset. Event history analyses (Allison 1984; Blossfeld and Rohwer 1995), otherwise known as survival analyses (Jenkins 2002), consist of statistical techniques that allow the researcher to model the rate of transition from one status to the next conditioning on a set of covariates. A key feature of this statistical technique is its capacity to include time-varying variables that is variables that change between our start and end date. For example, an individual may obtain an educational qualification after the start of their job and this, we predict, may have a strong impact on reducing their risk of entering unemployment. It is suggested by some that time-varying covariates allow us to infer causal mechanisms behind both the timing and the occurrence of transitions (Blossfeld and Rohwer 1995).

The key statistical concept behind event history analysis is that of the hazard/transition rate, which is the conditional “probability” that an event takes place at time interval $t - > t+1$, conditional on it not having occurred before time t . While it is heuristically useful to conceive the hazard rate as the “probability” of a transition occurring, it is not a *statistical probability* in that the transition rate may be higher than 1, though it cannot be lower than 0.

Once the analysis shifts from descriptive analyses to multivariate analyses one needs to choose an appropriate transition model. The difficulty lies in identifying which type of model best fits the data. The majority of transition models impose a functional form on the hazard rate though there are notable exceptions, such as the Cox proportional hazards model (1972), which do not. Given that different models may influence the

interpretations we can make from our results, care and consideration is required when selecting the appropriate transition model.

Model choice should be informed by a combination of factors including (a) the theoretical assumptions one makes concerning the distribution of the hazard rate and (b) an empirical investigation of the fit of one functional form over another on the data being estimated.

We may assume, for example, that the hazard rate is constant over time, in which case an exponential model might best fit our data. Alternatively, we may expect the hazard rate to be either monotonically increasing or decreasing, in which case a Weibull or Gompertz model may be the most suitable choice. For the purpose of this chapter, and the next, an intermediary model, the piecewise constant exponential model, was chosen. The piecewise constant exponential model was chosen as it relaxes the assumptions concerning the distribution of the hazard function by allowing the hazard to vary between specified segments of the time axis.

The model choice was also tested through an empirical examination of the model fit on the data. This involved the estimation of pseudoresiduals¹⁰⁷ which were generated from different types of hazard model. Pseudoresiduals are similar to ordinary residuals, residuals being deviations of the observed values of a dependent variable from the values estimated according to a particular model. Cox and Snell (1968) developed the means by which residuals could be estimated from event history data and their algorithm is used in the Stata software applied. For this analysis, three different models were tested: the exponential, the Weibull and the piecewise constant model. For each estimation Cox and Snell pseudoresiduals, also termed generalised residuals, were calculated and then plotted against a straight line with a slope of 1. As pseudoresiduals are expected to follow a standard exponential distribution, considerable deviations from the straight line, against which the pseudoresiduals were plotted, suggest poor fit. These analyses appeared to suggest that the piecewise constant exponential model best fit the data. It should nonetheless be noted that plots of pseudoresiduals should not be considered goodness of fit tests, but rather as 'hints'

as to the appropriate model for the data being analysed (Blossfeld and Rohwer 1995 p.210). The models were run with robust standard errors¹⁰⁸ in an attempt to control for clustering on id. All analyses shown exclude cases where the respondent was either less than 18 years of age or greater than 64 years of age at their job start date. The majority of the data management was conducted in SPSS, with the analyses run in STATA Special Edition 7. Time is analysed as a continuous variable.

¹⁰⁷ While residuals from a standard OLS model are directly observable, the transition rate and its residuals are not. Therefore the term used to describe residuals in transition models is pseudoresidual.

¹⁰⁸ The analysis for each form of transition were also run without robust standard errors though the findings without controls for clustering on person id were consistent with those presented with robust standard errors.

Comparative Analysis of Unemployment Risk and Labour Market Exit, Non-Parametric Estimations

3.1 Unemployment Risk

What follows is a presentation, in both graphical and tabular form, of the survival functions and the empirical hazards of unemployment risk and labour market exit for temporary contract workers and part-time workers, in Denmark, France and the UK. The first transition we present is an analysis of unemployment risk by contract type (Figure 6.1). Essentially the figure presents the proportion of workers who remain in employment, rather than make a transition to unemployment, with a breakdown by contract type and country. We find that temporary workers in general are much more likely to make a transition to unemployment; but note variations by country with French workers, both permanent and temporary, more likely to enter unemployment. After a 60 month period 23% of UK temps, 28% of Danish temps and 40% of French temps have made a transition to unemployment.

In Figure 6.2 we find the anticipated part-time /full-time difference in unemployment risk in France, one which is also in evidence between temporary and permanent workers in Figure 6.1, confirming our hypothesis of the increased unemployment risk faced by labour market outsiders in rigid markets. Figure 6.2 also reveals a surprising dynamic, whilst our hypothesis of the increased unemployment risk of part-timers is clearly supported in the data for Denmark and France, we find that part-time workers in the UK are actually less likely to enter unemployment than full-time workers. After a period of 5 years 54% of French part-timers and 25% of Danish part-timers have made a transition to unemployment while the same is true of only 13% of UK part-timers. The proportion of UK part-timers who experience a transition to unemployment is actually lower than that for UK full-timers (18%) though the difference is not significant. This finding might lead one to conclude that UK part-timers are much more stable in their jobs. However, a key hypothesis in our analysis of the UK labour market is that UK part-time workers may substitute exits to unemployment at the end of their contracts for exits to inactivity given their poor labour market integration.

3.2 Risk of Labour Market Exit

The risk of exiting the labour market, that is making a transition to inactivity, is presented in figures 6.3 and 6.4. Figure 6.3 presents the survivor function for temporary and permanent contract workers and shows that the *differentiation by contract type* remains within each country though find a more notable *differentiation between countries* with Danish and French workers quite unlikely to make a transition out of the labour market compared to UK workers. After a five-year period only 6% of Danish temps and 9% of French temps make a transition to labour market inactivity, compared with 29% of UK temps.

Turning our attention to figure 6.4, which presents an analysis of labour market exit by working time, we find, as anticipated, that part-timers have a more pronounced tendency to enter labour market inactivity. We have to make an exception for UK full-timers who after a period of two years are actually more likely to enter labour market inactivity than part-timers in Denmark. The second dynamic of note in figure 6.4 is the reversal of the tendency for employment stability amongst part-time workers in the UK established in figure 6.2. In figure 6.4 UK part-timers are the least stable in their jobs. After a five-year period 45% of UK part-timers have entered labour market inactivity compared with 20% of French part-timers and 10% of Danish part-timers. This finding underlines the importance of a combined analysis of unemployment risk and inactivity risk, without which one would have concluded that part-time workers in the UK were the most stable in their jobs. The combined portion of part-time workers' non-integrative transitions reveals that it is in fact Danish part-timers who are the most secure in their jobs, with 35% of them making transitions to either unemployment or inactivity, relative to 58% in the UK and 74% in France, within a 5 year period. The combined proportion of temporary workers who make non-integrative transitions again reveals the superiority of the Danish regime with 34% of Danish temps making non-integrative transitions within our observation window of five years, relative to 49% of French temps and 52% of UK temps.

Table 6.1 presents the tests of significance and the relative hazards for Figures 6.1 to 6.4. We note that the relative hazards of unemployment risk are highest for French temps, and French part-timers and note that the relative hazards for labour market

drop-out are the highest for UK temps and part-timers. The within country differences of atypical workers versus standard contract workers non-integrative transitions are also statistically significant for each form of non-integrative transition. The only exception to atypical workers increased non-integrative transitions being UK part-time workers risk of entering unemployment, which were found to be no different to those of full-time workers.

In conclusion, the non-parametric analysis of the exclusionary transitions of temporary and part-time workers reveals the numerical flexibility associated with these forms of employment. Between country variations appear to confirm our hypotheses of the differential ability of regime types to redistribute the risk of unemployment and the risk of labour market exit across different types of worker. French temps and part-timers are found to be disproportionately exposed to unemployment risk, whilst UK part-timers and temporary workers were found to be the most at risk of making a transition to inactivity. The combined analysis of both forms of non-integrative transitions revealed Denmark to be the most successful at integrating labour market outsiders.

TRANSITIONS TO UNEMPLOYMENT

Figure 6.1:

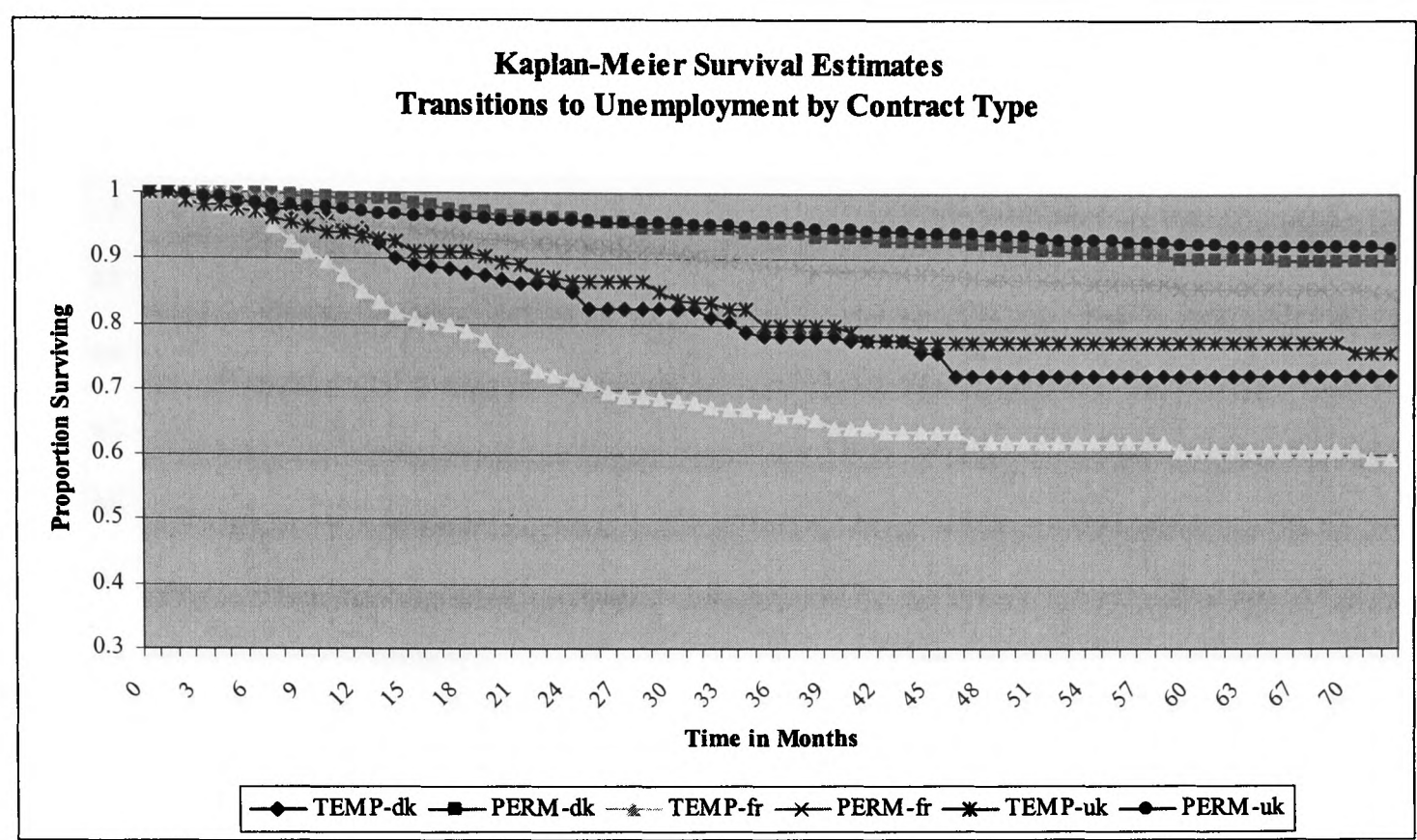
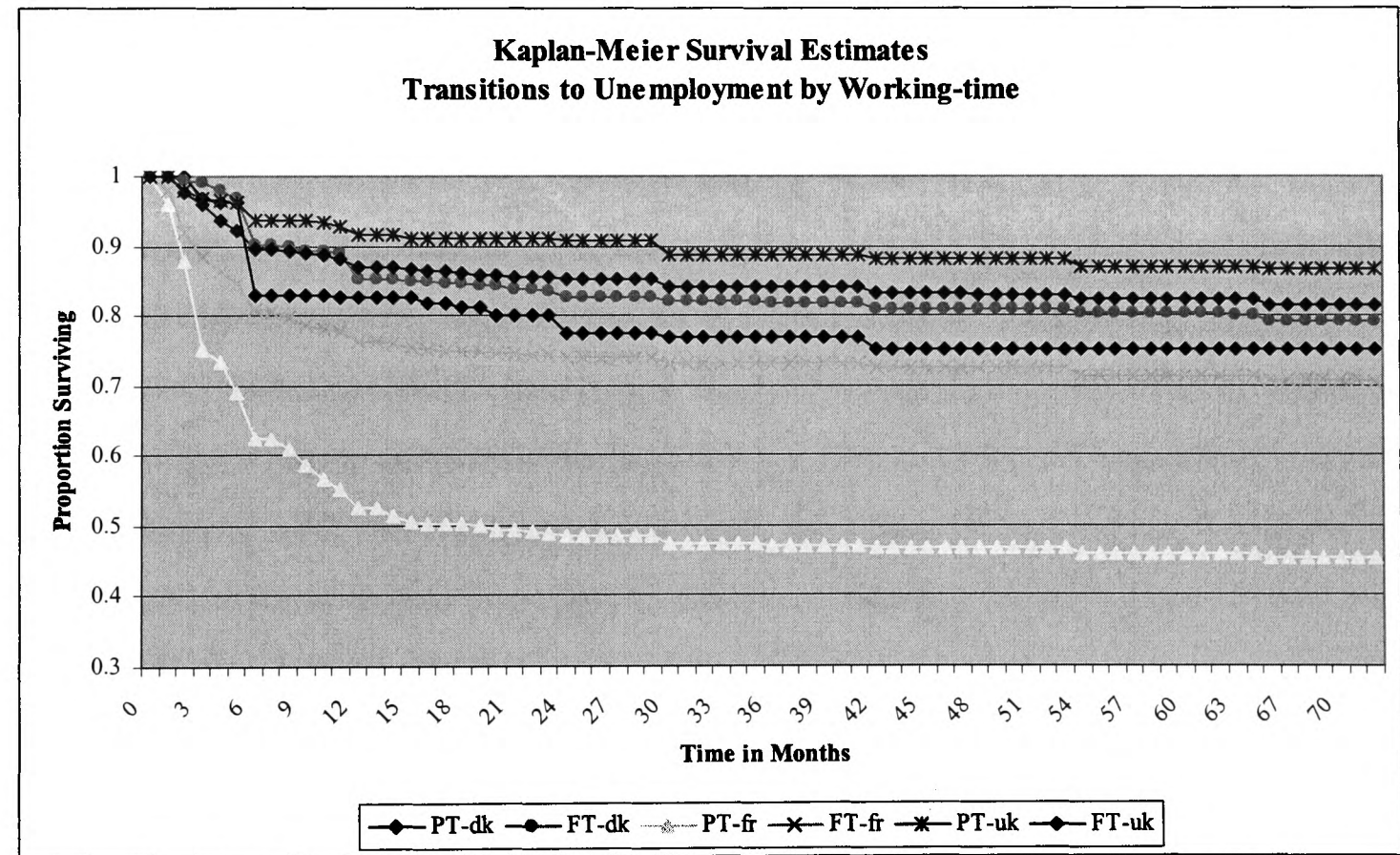


Figure 6.2:



TRANSITIONS TO INACTIVITY

Figure 6.3

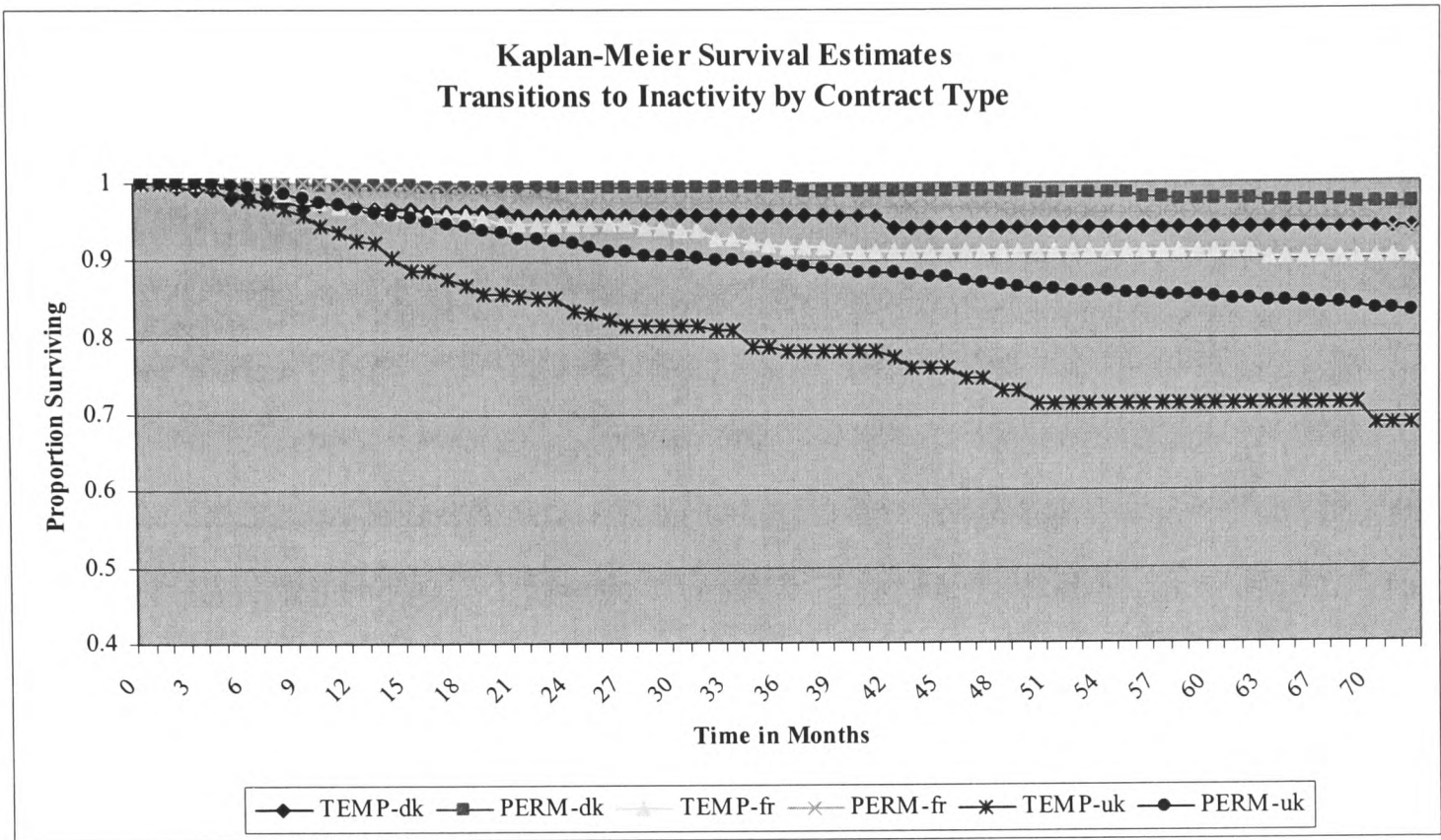


Figure 6.4

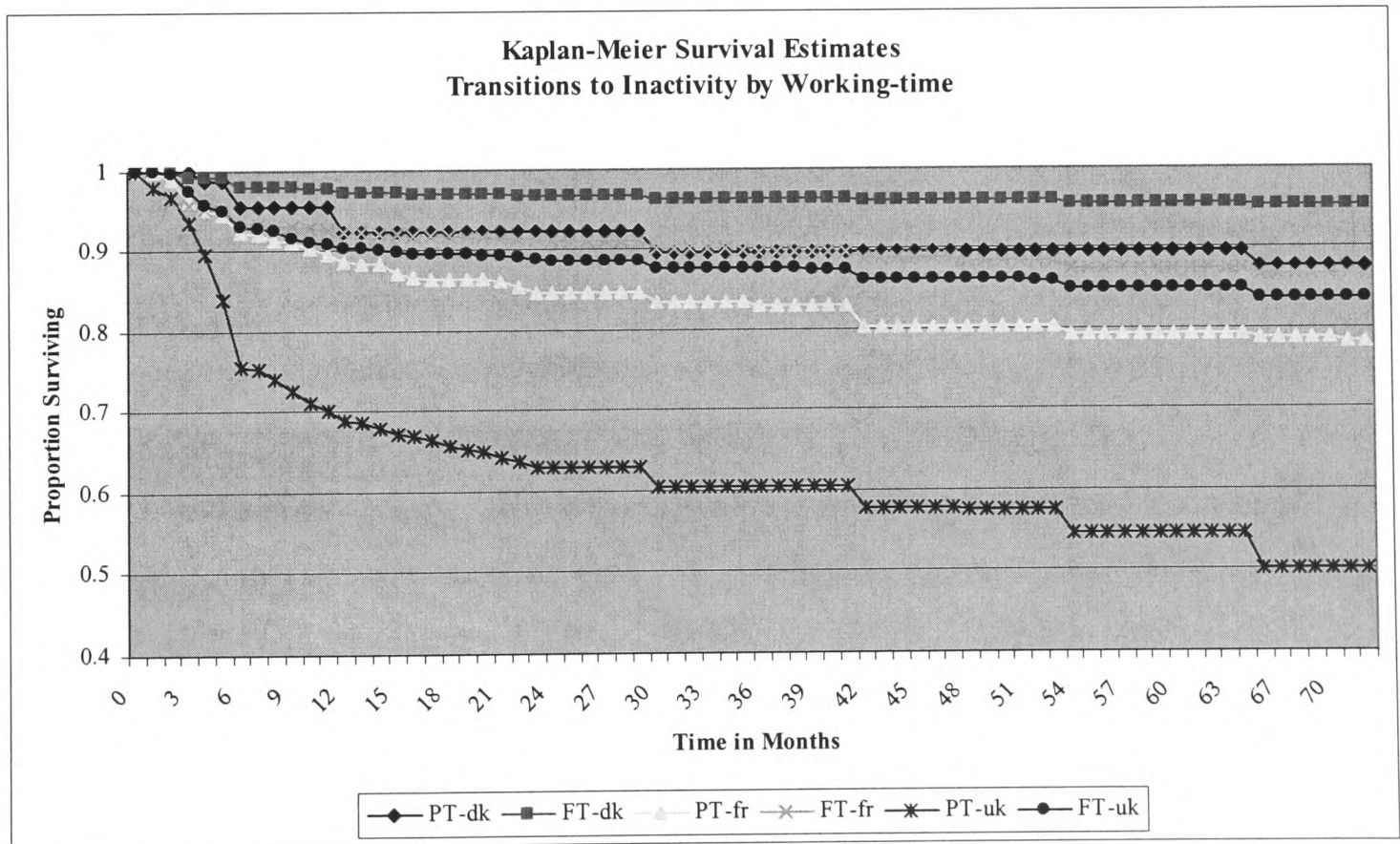


Table 6.1: Significance testing of Figures 6.1 – 6.4

<i>Transitions from Employment by CONTRACT TYPE</i>				
Transition to:	Unemployment		Inactivity	
	Relative Hazard		Relative Hazard	
<i>Denmark</i>				
Temporary Worker	2.378		0.491	
Permanent Worker	0.845		0.221	
<i>France</i>				
Temporary Worker	4.152		2.354	
Permanent Worker	1.062		0.939	
<i>United Kingdom</i>				
Temporary Worker	2.029		3.387	
Permanent Worker	0.600		1.457	
<i>Total</i>	<i>1.000</i>		<i>1.000</i>	
Test of Significance:	Wald	P> z	Wald	P>z
Between Country Wald	288.99	0.000	167.84	0.000
Within Country Wald				
<i>Denmark: Temp v Perm</i>	27.33	0.000	5.76	0.016
<i>France: Temp v Perm</i>	87.02	0.000	46.46	0.000
<i>United Kingdom: Temp v Perm</i>	38.7	0.000	33.36	0.000
<i>Transitions from Employment by WORKING-TIME</i>				
Transition to:	Unemployment		To Inactivity	
	Relative Hazard		Relative Hazard	
<i>Denmark</i>				
Part-time Worker	1.782		1.165	
Full-time Worker	1.045		0.323	
<i>France</i>				
Part-time Worker	2.787		2.226	
Full-time Worker	1.079		0.879	
<i>United Kingdom</i>				
Part-time Worker	0.656		3.461	
Full-time Worker	0.851		1.256	
<i>Total</i>	<i>1.000</i>		<i>1.000</i>	
Test of Significance	Wald	P> z	Wald	P>z
Between Country Wald	155.630	0.000	222.060	0.000
Within Country Wald				
<i>Denmark: PT v FT</i>	6.990	0.008	12.570	0.000
<i>France: PT v FT</i>	72.470	0.000	35.350	0.000
<i>United Kingdom: PT v FT</i>	2.150	0.143	90.880	0.000

4.1: Competing Risk Analysis of the Non-Integrative Exits of Temporary and Part-time Workers

As already stated labour market exit is infrequently considered to be a disadvantageous transition for workers. This assumption is tested through the application of a competing risk model allowing us to determine whether the covariates which contribute to exits to unemployment also contribute to labour market exit. The equations presented are country specific and aim to elicit national variations in the dynamics that govern non-integrative exit. As the models for temporary and part-time workers are estimated with the same explanatory variables, though estimated from different datasets in an effort to maximise the use of information, the full set of explanatory variables are only presented once in Table 6.2. The full series of variables for the temporary worker models have been placed in the appendix (Table A6-1). Between country analyses were also run, though not presented, to test for significant differences between atypical workers according to our hypotheses of national variation.

The model estimation was carried out in two stages. The first presents a simple test of the impact of contract and working-time on exit. The second model introduces a series of demographic and labour market variables in an attempt to test whether the increased unemployment risk and labour market drop out associated with temporary and part-time work could be explained by the demographic, human capital and labour market characteristics of atypical workers. The principle variables included in the models are reviewed below, though all variables are not described to avoid duplication with previous chapters.

Variables used in the Model Estimation

Contract type is a dichotomous variable with temporary work consisting of an aggregate category of fixed term contract workers, casual workers and other temporary workers. The contract status variable is analysed in its aggregate state for reasons of comparability, the contract type variable for the French data only makes a distinction between permanent and temporary contract workers and due to sample size, there are too few cases amongst the different sub-categories of temporary workers for the

multivariate analyses¹⁰⁹. The working-time variable is also a dichotomous variable with part-time measured as those who work less than 30 hours a week in their main job¹¹⁰.

While we expect the rate of transition from atypical employment to vary across time we have no strong assumptions about the form of the transition rate. This is one of the reasons why we model a piecewise constant exponential model, a model which subdivides the time axis into segments allowing the transition rate to vary between segments, but not within segments. The time axis was split into six time periods: less than six months, six to twelve months, twelve to twenty-four months, twenty-four months to thirty-six months, thirty-six months to forty-eight months and forty-eight months and over.

4.2 Within Country Differences, Temporary Workers' Exclusionary Transitions

The first model estimated introduces contract type presenting a simple test of temporary workers unemployment and inactivity risk (Eq 1- Table 6.2). We find that temporary workers are more likely to make transitions to both unemployment and inactivity than workers on a permanent contract in each country analysed. Turning our attention to the multivariate model we establish that even when we control for demographic, human capital and labour market characteristics temporary workers are still more likely than permanent workers to make a transition into unemployment (Eq 2 -Table 6.2- The full series of variables for this equation are presented in the appendix Table A6-1). What we also establish is that the transition to inactivity is no longer a feature of the French temporary labour market, once individual and labour market factors are controlled for, and that the effect for Denmark is only significant as a .10 level. We also note that the size of the coefficients vary by destination, with unemployment a greater risk for temporary workers relative to permanent workers than labour market drop-out. We also find French temporary workers to exhibit the largest temporary/permanent unemployment differential. The rate of exit to unemployment is

¹⁰⁹ Disaggregated analyses of the different types of temporary contract worker revealed a shared unemployment risk in Denmark and the UK.

¹¹⁰ It should also be noted that a combination of a routing error in the ECHP and inconsistencies in the questionnaire overtime meant that many marginal part-time workers, i.e. those working less than 15 hours a week, are misclassified in the labour force status variable. In these cases I enforced part-time

revealed in the baseline hazards of the model, where we find the speed of exit to be the highest between one and six months and six and twelve months. The rate of exit to inactivity is however much smaller.

An analysis of the pooled *between country* differences provides a test of the relative disadvantage of temporary workers from one country compared to temporary workers in another (not shown)¹¹¹. Interaction terms of contract status by country, controlling for the same variables presented in table 6.2, revealed that Danish temps were less likely to enter unemployment than French temps and that UK temps were no more or less likely to enter unemployment relative to French temps. The pooled between country differences of temporary workers transitions to labour market inactivity reveal that Danish and French temps are significantly less likely to make a transition to inactivity relative to UK temps.

status rather than relying on self-reported definitions with workers who gave positive working hours classified as employed.

¹¹¹ These calculations are available from the author on request.

Table 6.2: Piecewise Constant Exponential Model for the Competing Risk of Entry to Unemployment and Inactivity, ECHP weighted Data, with Robust Standard Errors, part-time sample (waves 1-6)¹¹².

	DENMARK				FRANCE				UK			
	UNEMP		INACT		UNEMP		INACT		UNEMP		INACT	
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z
Eq1: Temporary	1.078	***	1.046	**	1.309	***	0.762	**	1.373	***	0.830	***
Eq2: Temporary	1.127	*	0.845	~	2.225	***	0.845		1.333	**	1.061	***
Eq3: Part-time	0.694	**	1.5722	***	0.964	***	1.015	***	-0.224		1.068	***
Eq4: Part-time	0.377		1.133	*	1.836	***	1.107	**	-0.229		0.411	~
<i>Var from part-time model (Eq 4).</i>												
Women	0.282		2.414	***	0.128		1.189	***	-0.214	~	1.225	***
Cohabitating	-0.145		-0.789		-0.021		0.411	*	-0.652	***	0.231	~
kids under 12	-0.286		0.095		0.014		0.192		0.231		0.662	***
secondary ed (ref third level education)	0.103		-1.004	~	0.545	*	0.672	*	0.603	**	0.068	
primary ed	0.589	*	-0.904		0.773	**	0.707	*	0.429	*	-0.129	
Formal Training	-0.273		-1.214	*	-0.201		-0.271		-0.472	**	-0.317	~
18-25yrs	0.341		-0.306		0.076		0.229		-0.040		0.238	
25-29yrs	0.341		-0.851		-0.097		0.380		-0.238		0.284	~
30-39yrs	-0.134		-0.680		-0.266		-0.182		-0.336	~	-0.147	
55yrs+	1.081	***	0.423		0.749	**	0.474		0.009		0.295	
Continuously Unemp (ref Continuously Emp)	1.570	***	1.369		1.744	***	0.361		2.006	***	1.203	**
Continuously in Education	0.508		-0.418		-0.416		0.793		0.755	*	-0.383	
Continuously Inactive	-0.058				0.565	*	0.752	~	0.928	*	1.298	***
Mover thru Employment	1.005	**	1.575	*	0.975	***	0.974	***	1.052	***	0.652	**
Mover thru Unemployment	1.483	***	1.640	*	1.416	***	0.456		1.249	***	0.256	
Mover Other	-0.167		1.888	*	0.846	***	0.805	**	0.868	**	1.030	***

¹¹² The models were run both with and without the ECHP provided longitudinal weight with the substantive findings represented here maintained in the analysis without weights.

Part-time-model	DENMARK				FRANCE				UK			
	UNEMP		INACT		UNEMP		INACT		UNEMP		INACT	
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z
private sector	-0.240		0.103		0.993	**	1.452	***	0.906	*	0.226	
privatesector*part-time contract	-0.145		-0.061		-1.396	***	-0.515		-0.213		-0.352	
Firmsize: 1-19	0.491	~	-0.995	~	0.211		0.222		-0.134		0.506	**
20-99	0.405		-0.161		-0.069		-0.133		0.376	*	0.059	
Firmsz miss	0.172		-0.135		-0.070		0.548	*	0.567		0.024	
lower prof	-0.179		1.750	*	-0.460		-0.357		-0.649	*	-0.365	
clerical	0.056		1.000		-0.191		-0.450		-0.223		-0.073	
skilled manual	0.038		1.478		-0.194		-0.665	~	-0.329		0.049	
manual	0.173		0.582		-0.299		-1.014	*	0.122		0.252	
<i>Baseline Hazard:</i>												
Duration of <6 months	0.985	**	-0.181		1.384	***	0.570	~	0.393		0.142	***
Duration of 6-12 months	1.076	***	-1.993	~	1.054	***	-0.151		0.473	*	-0.803	***
Duration of 12-24 months	0.582	~	-0.091		0.495	*	-0.122		-0.072		-1.057	**
Duration of 24-36 months	0.421		-1.523		0.010		-0.029		0.150		-0.691	***
Duration of 36-48 months	0.617		-0.353		0.076		-0.437		0.226		-0.974	*
Duration of 48+ months	-0.059		-1.000		-0.554		-0.254		-0.116		-0.497	***
Constant	-7.441	***	-8.782	***	-8.215	***	-9.481	***	-7.043	***	-7.340	
<i>Model Summary (eqs3 and 4)</i>												
<i>Equation 3</i>												
Log likelihood (Constant only)	-572.92		-188.47		-1230.66		-806.55		-712.47		-1260.05	
Log likelihood (with x var)	-521.65		-175.84		-1023.43		-774.72		-689.51		-1258.72	
Wald	40.3		26.67		445.71		71.61		91.87		75.07	
Pr of Model	0.000		0.000		0.000		0.000		0.000		0.000	
<i>Equation 4</i>												
Log likelihood (Constant only)	-572.92		-188.47		-1230.66		-806.55		-712.47		-1260.05	
Log likelihood (with x var)	-462.76		-145.34		-925.42		-697.86		-596.64		-1103.51	
Wald	271		184.58		318.38		260.87		283.31		318.29	
Pr of Model	0.000		0.000		0.000		0.000		0.000		0.000	
Observations/Failures	13275/147		13162/33		25112/321		24485/193		25366/158		37109/308	

Key: ***p<=0.000, **p<=0.001, * p<=0.01, ~p<=0.10

4.3 Within Country Differences, Part-time Workers

Model 3 replicates model 1 (applied to the analysis of temporary workers' transitions) offering a simple analysis of the unemployment and inactivity risk of part-time workers relative to full-time workers (Table 6.2). What we find is that part-timers are also more exposed to unemployment and inactivity risk than full-time workers and establish this for each country. The only exception is the UK where we find that part-time workers are no more or less likely to enter unemployment than full-time workers. Our hypothesis of atypical worker peripheralisation within markets is again confirmed with part-timers more likely to make non-integrative exits than standard contract workers, with the exception of UK part-time workers' unemployment risk.

Model 4 replicates model 2, the model tested for temporary workers, adding a series of covariates which may account for part-timers unemployment and inactivity risks. We find that even when we control for a series of demographic and labour market characteristics, part-timers remain more likely to make a transition to inactivity in all three countries (Eq 4 – Table 6.2). The same dynamic does not hold, however, for part-timers unemployment risk, with French part-timers the only ones to remain more exposed to unemployment once demographic and labour market variables were controlled for.

Pooled between country differences were run (not shown) to test whether part-time workers were more likely to make non-integrative transitions in one country rather than another. We established that French and Danish part-timers are significantly more likely to enter unemployment than UK part-timers with this finding true of models which selected on working-time as well as models that introduced interaction terms of working-time and country. We also found that Danish and French part-timers were significantly less likely to enter labour market inactivity relative to UK part-timers.

Demographic and Labour Market Variables

A key distinction in the labour market typologies developed is that between integrative and non-integrative labour market intervention, with the UK labour market characterised as a flexibly non-integrative market. One hypothesised impact of non-integrative markets is that women workers will be disproportionately exposed to market failure as a result of under-developed policies towards their labour market insertion. This led us to hypothesise the existence of gender-segregated exits. We find that the UK exhibits the most gender-segregated exits with women significantly less likely to enter unemployment whilst simultaneously being more likely to enter labour market inactivity. We also find that the Danish and French welfare and labour market institutions appear to have equalised the relative risk of entering unemployment for men and women but that they have yet to equalise the risk of labour market exit.

The relative success of policies of defamilialisation, a key component of our integrative regimes, was tested through the introduction of household variables that were thought to impact on the labour market participation of workers¹¹³. Cohabital status was found to have no impact on the transition to either unemployment or inactivity in Denmark the country where we expected the impact of defamilialisation to be the greatest. In France, we find that cohabital status increases the risk of labour market exit, but not of unemployment risk. In the UK, our non-integrative market, our hypothesis of poor defamilialisation is confirmed with cohabital status impacting on both forms of exclusionary transition: decreasing the hazard of entering unemployment and increasing the hazard of entering labour market inactivity¹¹⁴. The impact of the presence of children under the age of 12 in the household is also consistent with our hypothesis of reduced

¹¹³ Cohabital status was introduced to the model to measure whether the presence of another person within the household influences workers exclusionary transitions. The assumption being: defamilialization policies remove the impact of household type on labour market transitions.

¹¹⁴ While the effect of cohabitation status on labour market exit is only significant at the .10 level in the model presented, the effect is much stronger in the equation modelled on the temporary worker dataset.

defamilialisation in the UK, where this variable increases the hazard of labour market exit¹¹⁵.

Educational level is established as a good predictor of market outcome, with the least educated being the most likely to experience unemployment risk in all three countries, though it is only in France where educational level predicts labour market exit. As an additional measure of human capital we introduced a variable indicating whether the individual has had formal skills training. Again we find that increased job specific human capital generally decreases non-integrative exits, a finding that suggests that transitions to inactivity are made by less skilled workers. Turning our attention briefly to the age cohorts of respondents, age is not time-varying in this model, we find that older workers are more likely to become unemployed in both Denmark and France. That older workers are more exposed to unemployment in France is interesting given our expectation of greater unemployment for younger workers as a result of the expected insider-outsider dynamic in rigid markets.

The next variable offers an important test of the utility of a combined analysis of unemployment and labour market drop-out with respondents' previous labour market attachment used to predict future labour market transitions. This should allow us to discern whether prior exposure of one form of non-employment is predictive of the other, i.e. whether there is a cross-over effect between both types of non-integrative transition. The reference category measures those who have spent 12 months in continuous employment. We find that those who had been unemployed for the 12 months prior to their first interview date were much more likely to re-enter unemployment in each country. The same is true of those who had been movers through unemployment, that being those who were unemployed for between 11 and 6 months. Cross-over effects are found between unemployment and labour market inactivity underlining the importance of an analysis of both forms of non-integrative exit. We find that continuous unemployment in the UK increases the hazard of labour market exit, a finding that suggests, at the very least, that

¹¹⁵ Time-varying household variables were also introduced to the model, though they were found to be no more predictive than the time constant covariates.

labour market exit is a transition taken by workers with a history of labour market disadvantage. It is also important to note that the cross-over between prior unemployment and future inactivity appears to work both ways: those with a history of continuous labour market inactivity have higher risks of future unemployment, a finding that is statistically significant in both France and the UK. The extent to which weak labour market attachment is also a predictor of future labour market exit is confirmed at other levels of the categorical variable. Those who are movers through employment, that is those with between 11 and 6 months of employment, share similar risks of future labour market exit and future unemployment in each country.

We found a positive relationship between private sector employment and unemployment risk in France and the UK, with private sector employees more likely to become unemployed, though found no similar dynamic in Denmark. An interaction term of working-time and sector found that part-time private sector workers in France were less likely to make a transition to unemployment¹¹⁶. This is attributed to activation schemes that provide public sector employment for labour market outsiders on part-time temporary contracts. It is expected that these workers have a higher unemployment risk on the termination of their contract, relative to temporary contract workers in the private sphere who may have a greater possibility of being on a probationary contract. There is also evidence that state subsidised temporary contracts in the private sector have higher training requirements than temporary contract work provided in the public sector, a factor that may also account for the reduced unemployment risk of private sector temps in France¹¹⁷.

The variables measuring the firm size and occupational status of workers were much less predictive in general. There was a marginally significant impact of firm size on unemployment risk and inactivity risk in Denmark, with employment in smaller firms associated with increased risk. In the UK employment in small firms was also associated

¹¹⁶ This is also true of the interaction terms between contract type and sector in the French temporary worker model.

¹¹⁷ It should be noted that the main source of income of the respondent was tested in this model in an effort to provide a further investigation of those temporary workers on subsidised employment. However the variable was not significant as an interaction term in either country.

with an increased risk of future labour market exit. Occupational status was also introduced to the model though its impact was broadly non-significant.

An analysis of the baseline hazards of the models reveals that the risk of labour market exit is highest within a 6 month period of entering employment, and then becomes negative after that period. Unemployment risk, on the other hand, is significantly more likely for a much longer period, 24 months on average. Variables relating to working-time as well as an interaction between working-time and contract were also introduced to the models (not shown) to investigate whether the effect of temporary contract was independent of the effect of working-time. While working-time was found to be significant, the introduction of the variable did not alter the main effect of the variable measuring contract status.

Comparison of predictors in the temporary and part-time models

It should be noted that the part-time and the temporary worker models do not perfectly replicate each other as the datasets do not have the same start dates and have different sample sizes so vary somewhat. For instance the impact of firm size is reduced in the part-time dataset. This is explained by the failure to ask firm size of public sector workers in the first year of the survey, the start date for our part-time dataset. We find educational level to be more predictive in the model for part-time workers than the model for temporary contract workers a finding explained by the failure of the ECHP to ask respondents whether their educational level had changed until 4 years into the survey.

5. Discussion

This chapter sought to investigate the extent to which temporary and part-time workers are more prone to non-integrative exits in the form of unemployment risk and labour market drop-out. The degree to which workers were exposed to unemployment risk was presented as a function of their human capital characteristics as well as their relative location in the labour market. This chapter also sought to investigate whether labour market drop-out could be similarly construed as a damaging transition for workers, rather than being a function of preference (Oppenheimer, 1997). We also sought to present labour market dropout as an institutional feature of markets with weak policy supports towards female integration.

As we expected the institutional configurations of nation states to structure outcome a comparative analysis was conducted with each country state analysed varying according to two axes considered vital to labour market dynamics. The first axis considered the relative openness or flexibility of markets, while the second considered the extent to which social and employment policies were supportive of citizens' integration to paid employment. These combined dimensions lead to the development of the following typology: The Danish labour market is presented as a *flexibly integrative market* on the basis of its flexible/open market and its policy provision toward the (re)integration of all workers to paid employment. The UK labour market is presented as a *flexibly non-integrative market* on the basis of its flexible/open market and its under-developed provision towards the integration of labour market outsiders, namely lower skilled and women workers. The French labour market is presented as a *rigidly integrative market* on the basis of its rigid/closed market, and its coordinated policy provision toward the (re)integration of workers to paid employment.

We found that temporary workers were more exposed to unemployment risk in each country even when we controlled for a series of demographic and labour market characteristics. French temporary workers, however, were found to be the most exposed to unemployment risk, a finding anticipated given the rigidity of the French labour market

resulting in atypical workers being used as a buffer for the protected 'core' employed on the standard employment contract. We also found strong variations in part-time workers' unemployment risk across countries. Again France exhibited the most unemployment risk with French part-timers retaining higher unemployment risk than full-timers even when demographic and labour market characteristics were controlled for, whereas Danish part-timers were no different than full-timers in their unemployment risk in the multivariate analysis. The pooled between country analysis revealed that French part-timers and temporary workers were indeed the most exposed to unemployment relative to these atypical workers in the other two countries.

We expected labour market exit to be tempered by the relative extent to which nation states provided the policy infrastructure towards the integration of all citizens to paid employment and anticipated a decreased risk of labour market exit in our integrative economies: Denmark and France. We found atypical workers in each country to be more exposed to labour market exit, though found part-time workers to be the most at risk of these transitions. Nonetheless, the pooled country differences confirmed our hypotheses concerning integrative economies, with Danish and French temporary workers much less likely to experience labour market drop out relative to UK temps, and Danish and French part-timers much less likely to experience labour market drop-out relative to UK part-timers. The gendered nature of labour market inactivity was confirmed with women more likely to enter labour market inactivity in all three countries. That the family would mediate labour market exit differentially, in accordance with differential investment in labour market integration, was also established in the empirical analysis. UK workers were more likely to make a transition to labour market inactivity if they were cohabiting and if there were children under the age of 12 in the household, whereas the integrating Danish and French markets appears to remove the risk of labour market drop-out for parents of young children.

The variable measuring previous labour market status was found to be a strong predictor of future labour market transitions. Workers who had been either continuously unemployed (12 months in unemployment), or had a majority status in unemployment (11-6 months in

unemployment) were found to be much more likely to re-enter unemployment at a future date. This variable also revealed the importance of a combined analysis of non-integrative transitions as it established a crossover between prior labour market inactivity and future unemployment in both France and the UK. This dynamic appears to work in both directions for the UK suggesting a substitution effect with those with prior unemployment also predicting future inactivity. We argue that this is evidence of the labour market disadvantage associated with labour market drop-out.

In conclusion, this chapter establishes the precarious nature of temporary and part-time contracts relative to their permanent and full-time comparators, with atypical workers more exposed to unemployment risk even when various demographic and labour market characteristics are controlled for. We also reveal the importance of an analysis of all non-integrative exits, especially in markets with poor defamilialisation and weak female integration which exposes many workers to labour market drop-out. While this chapter establishes the greater unemployment and inactivity risk associated with temporary and part-time workers the next chapter investigates the extent to which atypical forms of employment lead to the standard employment contract.

Table A6-1: Piecewise Constant Exponential Model for the Competing Risk of Entry to Unemployment and Inactivity, ECHP weighted Data, with Robust Standard Errors, Temporary Sample (waves 2-6).

	DENMARK				FRANCE				UK			
	UNEMP		INACT		UNEMP		INACT		UNEMP		INACT	
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z
Eq3: Temporary	1.078	***	1.046	**	1.309	***	0.762	**	1.373	***	0.830	***
Eq4: Temporary	1.127	*	0.845	~	2.225	***	0.845		1.333	**	1.061	***
<i>Var from temporary contracts model (Eq4)</i>												
Women	0.061		1.038	~	0.071		1.524	***	-0.665	**	1.185	***
Cohabiting	-0.201		-0.412		0.034		0.887	**	-0.511	*	0.597	***
kids under 12	-0.397		0.760		0.056		0.109		0.271		0.424	**
secondary ed (ref third level education)	-0.206		0.037		0.201		0.632	*	0.244		-0.101	
primary ed	-0.115		0.660		0.361		0.538		0.385		-0.155	
Formal Training	-0.532	*	0.463		-0.262	~	-0.492	*	-0.365	*	-0.319	*
18-25yrs	0.159		-0.355		-0.197		0.562		0.450		0.487	*
25-29yrs	0.032		-0.983		-0.258		1.073	***	0.293		0.195	
30-39yrs	-0.374		-0.682		-0.411	*	0.184		-0.044		0.205	
55yrs+	1.037	**			0.747	*	1.042	*	0.461		0.278	
Continuously Unemp (ref Continuously Emp)	1.983	***	2.533	***	1.407	***	-0.065		1.222	**	0.713	
Continuously in Education	0.921		-0.706		-0.023		1.054		0.067		0.237	
Continuously Inactive	0.235				0.471		0.770		0.338		1.277	***
Mover thru Employment	0.726	~	-0.179		0.564	*	0.829	**	0.740	*	0.859	***
Mover thru Unemployment	1.869	***	1.067		0.924	***	0.229		1.020	**	-0.439	
Mover Other	0.194		1.545	~	0.368		0.162		0.727	*	0.730	***

TABLE A6-1 a (Continued) : COMPEATING RISKS, TEMPORARY WORKERS' EXCLUSIONARY TRANSITIONS

Temp-model (continued)	DENMARK				FRANCE				UK			
	UNEMP		INACT		UNEMP		INACT		UNEMP		INACT	
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z
private sector	0.323		0.140	**	1.110	**	0.545		0.496		0.518	*
privatesector*temporary contract	-0.729		0.324	**	-1.347	**	0.086		-0.254		-0.294	
Firmsize: 1-19	0.725	*	-0.001		0.255		0.434		0.189		0.361	**
20-99	1.059	**	0.161		-0.422	*	-0.056		0.563	*	-0.126	
Firmsz miss	0.162		0.521		-0.175		0.202		0.590		0.130	
lower prof	0.381		1.435		-0.205		0.010		-0.971	*	-0.113	
clerical	0.473		1.339		0.255		-0.356		0.059		-0.039	
skilled manual	0.357		1.100		-0.002		-0.483		0.341		-0.131	
manual	0.114		0.895		-0.019		-0.650		0.416		0.270	
Baseline Hazard:												
Duration of <6 months	1.209	*	0.443	**	1.013	**			-0.046		0.938	**
Duration of 6-12 months	1.567	**	0.123	~	0.606	~	-0.120		-0.316		0.855	**
Duration of 12-24 months	1.715	**			0.245		-0.379		-0.354		0.601	~
Duration of 24-36 months	1.357	*	1.113		0.136		-1.169	*	-0.108		0.732	*
Duration of 36-48 months	1.802	*	1.007		-0.080		-0.338		-0.411		0.404	
Duration of 48+ months	1.198	~	0.542		-0.369		0.040		-0.382		0.708	*
Constant	-8.781	***	-10.803	***	-7.699	***	-9.841	***	-7.196	***	-8.640	***
Model Summary (eqs1 and 2)												
Equation 1												
Log likelihood (Constant only)	-410.95		-152.47		-1047.84		-461.265		-712.47		-1174.67	
Log likelihood (with x var)	-389.526		-149.23		-906.558		-453.76		-689.51		-1183.96	
Wald	40.3		7.33		296.21		15.43		91.87		52.71	
Pr of Model	0.000		0.000		0.000		0.000		0.000		0.000	
Equation 2												
Log likelihood (Constant only)	-410.956		-152.47		-1047.84		-461.265		-712.47		-1174.67	
Log likelihood (with x var)	-324.48		-129.37		-780.41		-385.8		-596.64		-988.17	
Wald	252.01		121.53		612.93		216.63		283.31		407.97	
Pr of Model	0.000		0.000		0.000		0.000		0.000		0.000	
Observations/Failures	11402/105		11402/30		20420/279		20421/117		25366/158		25366/341	

***p<=0.000, **p<=0.001, * p<=0.01, ~p<=0.10

Pseudo-code: Examples of different reporting structures and how they were programmed in the generation of the Event History Analysis Dataset.

EXAMPLE 1: Individual X.

In year 1 individual X is in employment and has indicated her job start date.

In year 2 individual X is no longer in employment, (information collected from the annual self-reported labour force status variable), and self-reports as unemployed. The timing of the end of their job is collected from a variable which asks them when they stopped their previous job.

EXAMPLE 2: Individual W.

In year 1 individual W is in employment and has indicated her job start date.

In year 2 individual W is still in employment. However, individual W has reported two different job start dates in year 1 and year 2. The job start date in year 2 occurs after the interview date of year 1, from this we can safely assume that individual Y has had at least two jobs since we started interviewing them. In year 2 individual W is asked when their previous job stopped (job1). From this information we know the job stop date of the first job recorded in year 1 for individual W.

EXAMPLE 3: Individual Y.

In year 1 individual Y is in employment and has indicated her job start date.

In year 2 individual Y is still in employment. However, individual Y has reported two different job start dates in year 1 and year 2. The job start date in year 2 occurs after the interview date of year 1, from this we can safely assume that individual Y has had at least two jobs since we started interviewing them. In year 2, however, individual Y does not report her job stop date for job 1. Nonetheless in year 2 individual Y does report that she had experienced a spell of unemployment before her current job (job 2) and that the spell had a duration of 3 months. From this information we approximate the job stop date of the first job recorded in year 1 for individual Y as being equal to: (the job start date of job 2 – the duration of her spell of unemployment).

EXAMPLE 4: Individual V.

In year 1 individual V is in employment and has indicated her job start date.

In year 2 individual V self-reports as unemployed. When they are asked for the job stop date of their job in year 2 they do not report it. From this information we approximate the job stop date of the first job recorded in year 1 for individual Y as being equal to: (the interview date in year 2 – 6 months).

CHAPTER SEVEN: Bridge or Trap? The Transitions of Atypical Workers to the Standard Employment Contract in Denmark, France and the United Kingdom

1. Introduction

There are broadly speaking two contradictory hypotheses concerning the potential for atypical workers to move to the standard employment contract. One considers the bridging function of atypical work, suggesting that atypical employment contracts can serve as an entry route to the standard employment contract for labour market outsiders. The second suggests that atypical work leads to the marginalisation of atypical workers, with temporary and part-time workers the unfortunate inhabitants of a segmented and peripheral market. This chapter presents an analysis of the transitions of atypical workers into what is generally understood as a 'standard employment contract' in an effort to test the relative merits of the bridging or marginalisation theses. The definition of the standard employment contract differs for each form of atypical employment analysed. In our analysis of the transitions of temporary workers we look at their transitions to a permanent contract, whilst our analysis of part-time workers looks at their transitions to full-time work. This chapter also adopts a comparative framework with the hypothesis that labour market and welfare institutions will constrain outcome.

1.1 Hypothesis for Temporary Workers

There has been very little work on the relative risks of integrative rather than exclusionary transitions of temporary workers and consequentially the theory concerning this dynamic is under-developed. The primary reason for this is the relative absence of panel data that collects information on contract status in a calendar data format. Even in instances where panel data exist many researchers have chosen to analyse the labour market transitions of temporary workers from a cross-sectional perspective rather than an event history perspective (Henguelle 1994; Bloch 1998; Cellier, Gelot and Ramadraivonona 1998; OECD 2002). There are a few notable exceptions (Booth, Francesconi and Frank 2002) though none, as far as I have been able to ascertain, provide comparative analyses of these transitions.

One view is that temporary workers are probationary contract workers (Booth, Francesconi and Frank 2002; Henguelle, 1994), that is workers who are employed on short-term contracts so that employers can scan their skills and abilities before giving them entry to the standard employment contract. Such a perspective would predict a reasonable flow of workers from temporary contracts to permanent contracts and would, moreover, predict greater recourse to this form of contract in markets where employers' information concerning skills and capabilities is bounded by poor skills development or co-ordination (Soskice 1999; Hall and Soskice 2001) such as the UK. While some researchers regard temporary employment to be a form of probation, few have made references to employers' differential utility of probationary contracts for different types of worker. It is argued here that probationary contracts are more likely to be used for highly skilled workers attempting to gain entry to primary labour market segments, rather than for lower grades of worker where the scanning function associated with probation will be too costly for the position under consideration.

Conversely dual labour market (Doeringer and Piore 1971; Piore and Sabel 1984; Doeringer and Piore 1985) and segmentation (Edwards 1979; Gordon, Edwards and Reich 1982) theories predict little mobility from one labour market segment to another. Dual labour market theories predict stark skills differences between workers in the 'core' and 'peripheral' segments as a result of the different technological requirements of each sector. In the core market, production and employment are stable, though their stability requires both economies of scale and consistency in product demand to offset the costs of technological advancements required in this sector. In the peripheral market, production is based in low skill, low cost labour that is hired and fired in accordance to the considerable fluctuations in product demand. From this perspective the numerical flexibility required of workers in the secondary sector is likely to be obtained through the generation of temporary contract workers, who by definition are hired and fired with greater ease. Probationary contract theory and theories of dual and segmented markets offer us competing hypothesis concerning temporary workers' propensity for upward mobility: from the perspectives of probationary contract theory we would expect temporary workers to be quite likely to make transitions to permanent contract employment (corresponding with the 'bridging thesis'), while dual and segmented labour market theory lead us to expect temporary workers to be

peripheral market occupants with reduced access to permanent contracts (corresponding to the marginalisation thesis).

1.2 Hypothesis for Part-time Workers

The association of part-time work with the secondary labour market has a long standing tradition based in a good deal of empirical analysis on the quality of part-time work (Buchtemann and Quack 1989; Blank 1990; Fagan and Rubery 1996; Gornick and Jacobs 1996; O'Connell and Gash 2003).

While few suggest that part-time work is not frequently of poor quality, some have argued that part-time work is chosen by some workers as a means of achieving work-life balance¹¹⁸ or as a result of their preferences for discontinuous labour market attachment (Hakim 1991; Hakim 2000). The argument that part-time workers choose to work part-time makes the conceptualisation of part-timers transitions more difficult as we cannot assume that all part-timers want a full-time job. There are three issues concerning part-time workers preferences, however, which should be mentioned. The first is that available evidence reveals that part-timers offer a broad range of reasons for their reduced hour employment not all of which are consistent with the suggestion that they prefer part-time jobs¹¹⁹, with a considerable portion of part-time workers indicating that they would prefer full-time employment. The second concerns the assumption that workers are free to choose their preferred working-hours, an assumption challenged by evidence of within job restrictions on the number of hours worked (Rosen 1969; Boheim and Taylor 2001). The third issue concerns the extent to which part-time work should be regarded as an unproblematic means of achieving work-life balance if part-time jobs are of poor quality and difficult to move on from, with research indicating that transitions from part-time to full-time employment are problematic (Dex 1984; Ashenfelter, Layard et al. 1986; Bloch 1999; O'Reilly and Bothfeld 2002). However, not all part-time workers are likely to be

¹¹⁸ Work-life balance, in this chapter, is taken to refer to the capability to engage in both paid employment and unpaid family caring work.

¹¹⁹ In this dataset the majority of French part-time workers claim that they accepted their part-time position as a result of having been unable to find a full-time job (53%), while only 7 percent stated that they did not want a full-time job. In the UK 48 percent of workers stated that they were working part-time to engage in housework or to look after children or others, while 22 percent stated that they did not want a full-time job. Finally, it is only in Denmark where the majority of respondents stated that they worked part-time because they chose to (30%) though even here 21 percent stated that they were working part-time because they were either unable to find a full-time job or were unable to work more hours in their current job. A full table of responses is available in the appendixes.

secondary sector workers, chosen or not, with some in pursuit of work-life balance¹²⁰. It is hypothesised here, however, that it is only higher grades of workers in a position to negotiate within job reductions in their working-hours in an attempt to balance work with responsibilities for care.

The majority of available evidence suggests that part-time work is of poor quality with little opportunity for upward mobility, offering support to the marginalisation thesis. We also expect a muted bridging function, however, with skilled workers in a position to negotiate reduced hours over the short-term returning to their full-time jobs after an agreed period.

1.3 National Context

While atypical workers' propensities for upward transitions are considered to reflect both their relative skill level and/or their relative location within primary or secondary labour markets, the national context within which they find themselves is also considered to be a vital component in the opportunities available to them for upward mobility. The labour markets chosen for the analysis differ along two axes which are considered vital to labour market dynamics. These two axes are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side (inclusion/integration axis) market dynamics. The vital break with traditional economic portrayals of market dynamics is in the conceptualisation of policies of inclusion, which in this case are those alleviating the structural constraints placed on workers that can impede supply.

1.1.2. Hypotheses for Temporary Workers by Country

The Danish labour market is presented as a *flexibly integrative market* on the basis of its flexible/open market and its coordinated policy provision towards the (re)integration of all citizens to paid employment. It is predicted that the flexible co-ordination of the Danish regime will be the most conducive to the integrative

¹²⁰ The UK part-time labour market has seen an increase in its occupational level and skills profile since

transitions of temporary workers to the standard employment contract. This is attributed to the flexibility of the Danish market, facilitating job-to-job transitions, as well as its policies of integration.

The UK labour market is presented as a *flexibly non-integrative market* on the basis of its flexible/open market and its uncoordinated policy provision towards the (re)integration of labour market outsiders. We expect the flexibility of the UK market to facilitate the integrative transitions of temporary workers and also anticipate the UK's laissez faire market management to lead to market failure for the lower skilled, and for women with caring responsibilities. There is an additional feature of the UK labour market which leads us to anticipate UK temporary workers to be skilled workers on probation and thereby disproportionately likely to make integrative transitions. This is, paradoxically, attributed to the poor coordination of the UK labour market which results in UK employers being disproportionately dependent on probationary contracts to scan the skills of new recruits¹²¹.

The French labour market is presented as a *rigidly integrative market* on the basis of its rigid/closed market and its coordinated policy provision towards the reintegration of citizens to paid employment. In France we expect the rigidities of its systems of employment regulation to hinder temporary workers' transitions to permanent contracts, though we do not expect women workers to be penalised in a similar manner as in the UK. Because of its rigidity, it is hypothesised that the French regime will be the least conducive to the integrative transitions of temporary workers.

1.2.1. Hypotheses for Part-time Workers by Country

We also anticipate variation in the integrative transitions of part-time workers with national strategies towards the integration of women into paid employment playing a

the mid 1980's (Gallie, 1998).

¹²¹ This assumption is certainly supported in the descriptive statistics, where we find a higher proportion of highly educated temps in the UK relative to temps in France and Denmark (Table A3 in the appendix).

vital roll in structuring labour market outcome¹²². There are divergent strategies, explicit and implicit, across nation states toward female labour market integration. These vary in the extent to which women are encouraged to engage in the market and if so whether they are encouraged to do so on a full-time or part-time basis. One means by which women, or indeed parents with responsibilities for childcare, can be facilitated to participate in the labour market on an equal footing with workers without such responsibilities is through the provision of *publicly* funded childcare. The emphasis has been placed on the public provision of childcare as it is argued that recourse to private provision is only available to highly remunerated workers. The public provision of childcare in Denmark is considerable; representing an investment of 1.96 percent of its gross domestic product in 1996 and 1.50 percent of GDP in France. On the other hand the UK has a comparatively low investment in public childcare representing 0.31 percent of its GDP¹²³ (Rostgaard and Fridberg 1998). The proportion of children below national school going age in public childcare reflect the differential rates of investment described, with 74 percent of Danish children, 38 percent of French children (though this masks a strong differential by age with 99.2 percent of children between 3-5 yrs in *Maternelle* schools in France) and 6 percent of UK children in publicly funded childcare (Rostgaard and Fridberg, *ibid*).

It is hypothesised that the flexibly integrative regime in Denmark will be the most conducive to female part-time workers' upward transitions. This is attributed to the flexibility/openness of its markets, facilitating transitions from job to job, as well as its coordinated policy provision towards the integration of workers, facilitating women's integration to full-time employment. We expect the rigidity of the French labour market to constrain some part-time workers' upward transitions yet also expect the French system of labour market integration to act as a counter balance to these rigidities facilitating women in their transitions to full-time employment. Finally, while we anticipate the flexibility/openness of the UK market to support the integrative transitions of some part-time workers we also anticipate its non-integrative

¹²² Though we also expect women's pursuit of work-life balance to be a function of the distribution of responsibilities for care within the home, with combined parental responsibility becoming the norm in Denmark (Bonke 1998).

¹²³ The breakdown of expenditure by different types of services provision is provided in the notes to table A2 in the appendix.

employment policy to result in market failure for women and therefore expect the majority of UK part-timers to be constrained in their part-time jobs.

We also expect stark variations in the impact of household variables on part-time workers transitions from part-time work to full-time work by country with the integrative markets of Denmark, and to a lesser extent France, facilitating women's integration to paid employment through the provision of high quality and extensive public childcare. Such provision is not available in the UK where the majority of workers are expected to co-ordinate their childcare privately. We can therefore expect the presence of children of school going age to decrease UK part-timers transitions to full-time employment in a manner that should not be replicated in either Denmark or France.

2: The data

The datasets used to measure the transitions of atypical workers to the standard employment contract uses the same dataset described in chapter 6. What should perhaps be re-stated here nonetheless is how the variable measuring shifts from atypical contracts to the standard contract was constructed.

Upward transitions for temporary workers were measured in two forms. The first measures the timing of a transition to a permanent contract for those temporary workers who had more than one job recorded in the panel. The second type of upward transition records changes in contract type from temporary to permanent within the one job, occurring when individuals gave different contract types over-time within the one job. A similar combined analysis of both within job and between job transitions are analysed for part-time workers' transitions. The analysis of within job transitions from part-time to full-time is rendered more complicated, however, as the proportion of respondents who reported changes in their working hours was so large as to suggest fluctuations in the reporting of working hours rather than actual changes in working hours: 26 percent of the sample reported different working hours within the one job between time X and time X+1 with 50 percent of these reporting fluctuations of less

than 4 hours a week¹²⁴. In an effort to distinguish between actual fluctuations in working hours and fluctuations in reported hours, only those who reported shifts in working-time of plus or minus ten hours per week were coded as having made a shift of working-time¹²⁵. If this shift in actual working-time pushed the worker across the part-time/full-time working threshold of 30 hours per week, the worker was coded as having made a transition from their job¹²⁶. The combined analysis of both within job and between job transitions was conducted to maximise on information.

3. Non-parametric Distributions

Figure 7.1 shows the proportions of temporary workers who do not make a transition to a permanent employment contract by country. The first observation of note is that a majority of temporary workers make integrative transitions to permanent employment within the observation period. Danish and French temporary workers share a similar trajectory in the timing and the occurrence of their integrative transitions whilst UK temps appear to be the outliers with more rapid entry to permanent employment contracts. As Table 7.1.1 indicates, the between country difference in temporary workers survival functions is significant.

¹²⁴ The precise question asked was “How many hours per week do you normally work in your main job or business?”

¹²⁵ A sensitivity analysis suggests that no substantive difference arises when the cut off point for actual versus reported fluctuations were varied from the 10 hours specified.

¹²⁶ The definition of a 30 hour threshold for part-time employment is consistent with similar analyses for Northern and Central European countries (O’Reilly, Cebrian and Lallement 2000).

Figure 7.1

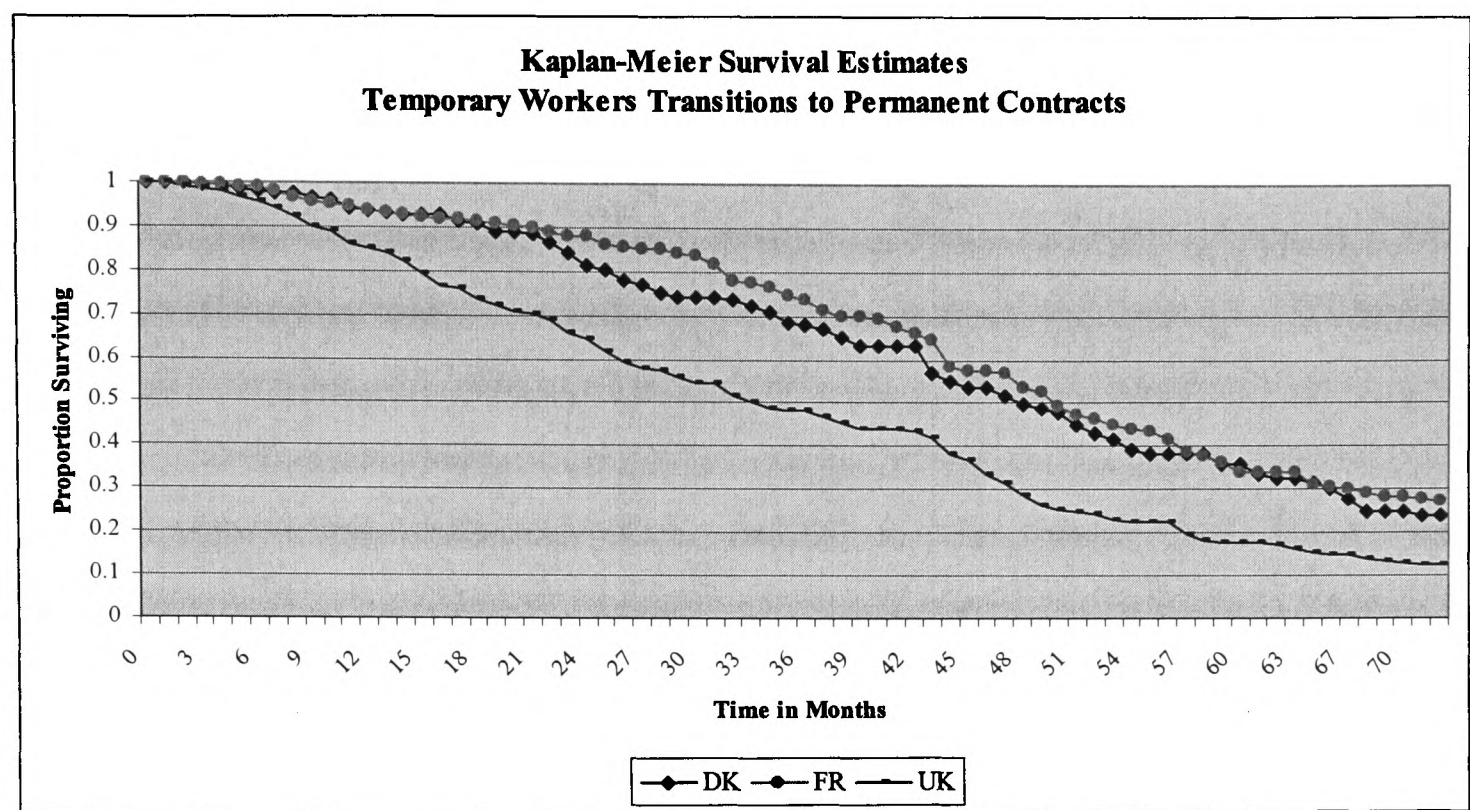


Table 7.1.1: Cox Regression based Test for the Equality of Survival Curves

	Events Observed	Events Expected	Relative Hazard
DANISH Temporary Workers	130.55	140.93	0.9636
FRENCH Temporary Workers	218.74	291.96	0.7847
UK Temporary Workers	233.43	149.83	1.6609
Total	582.72	582.72	1.00
Wald chi2(2)			68.150
Pr>chi2			0.000

Figure 7.2 presents the survival functions of part-time workers' transitions to full-time employment. The first observation of note here is the difference in the proportion of part-time workers who do not make integrative transitions compared to the proportion of temporary workers in the preceding figure, suggesting that part-time work provides a comparatively poor entry point to the standard employment contract. We also find that Danish part-timers appear to have higher transition rates than part-timers in either France or the UK. The test of significance of the between country difference is not significant however. Table 7.2.2 provides a similar analysis in tabular form, but presents the survivor functions at specified cut off points along the time axis. We find that after a three-year period 52 percent of UK temps have made a transition to permanent employment, while this is only true of 32 percent of Danish temps and 26 percent of French temps. After a period of five years the difference between Danish and French temps is minimal though UK temps are still more likely to make a transition to a permanent contract. Turning our attention to part-time workers we can see that they are less likely than temporary workers to make transitions to standard employment: only 25 percent of Danish part-timers, 14 percent of French part-timers and 20 percent of UK part-timers make a transition to full-time work after a three-year period. Looking at the cut-off period of five years we find even starker evidence of the stability of the part-time labour market compared to the temporary market. The difference in the proportion of employees in each respective market at 60 months is 52 percent in the UK, 42 percent in France and 28 percent in Denmark, figures which provide a useful comparative indicator of the extent of the difference between these two forms of employment.

Table 7.2.2 Survivor Functions of the transition to the Standard Employment Contract, by Country

	DENMARK	FRANCE	UNITED-KINGDOM
	Temporary to Permanent		
Time(months)	S(f)	S(f)	S(f)
0	1	1	1
6	0.98	0.991	0.956
12	0.94	0.937	0.851
24	0.812	0.878	0.645
36	0.677	0.736	0.482
48	0.497	0.537	0.286
60	0.357	0.339	0.176
	Part-time to Full-time		
Time(months)	S(f)	S(f)	S(f)
0	1	1	1
6	0.937	0.994	0.973
12	0.864	0.945	0.933
24	0.784	0.904	0.861
36	0.748	0.859	0.804
48	0.645	0.809	0.755
60	0.633	0.762	0.699
(pt S(f) – temp S(f)) at 36 months	0.071	0.123	0.322
(pt S(f) – temp S(f)) at 60 months	0.276	0.423	0.523

4. Multivariate Analysis

The following section presents equations of the integrative transitions of both temporary and part-time workers by country in an effort to identify the variables that explain upward mobility amongst atypical workers. While the majority of the variables have already been reviewed in chapters five and six, a new variable is introduced to our estimations for our pooled analysis of *between* country transitions. In these models macro-economic context was controlled for through the introduction of a variable measuring time-varying unemployment rates. The unemployment rates measure aggregate male/female unemployment rates for each year of the panel and were sourced from OECD data. Tables with the covariate means for our temporary worker and part-time worker samples are presented in the appendixes (Table A7-3-A7-4).

4.1 Temporary Workers Transitions to Permanent Contracts

The model estimation for temporary contract workers follows a two step equation sequence. The first equation is equal across all countries while the second pushes the analysis further to reveal country specific differences between temporary contract workers (Table 7.3). Each model is restricted to an analysis of temporary workers as the dynamics that govern temporary workers transitions to a permanent contract are expected to vary from those that govern the transitions of permanent contract workers to subsequent permanent contracts.

In the second equation heterogeneity amongst temporary contract workers was controlled for through the introduction of three sub-categorisations of temporary worker. The first aims to identify temporary contract workers who are on active labour market programmes, approximated by identifying the main source of the worker's income. If the main source of the worker's income is not from wages but is rather from unemployment or other social benefits, the worker is classified as being on an active labour market programme (ALMP). This classification is not ideal however as many ALMP participants receive wages directly from their employers whilst the state subsidises the contract through the employer rather than through the employee. In France work experience programmes are primarily funded through the exoneration of employers' social security payments (Gash 2003) whilst in the UK subsidies for work experience and job related training are also frequently made to the employer rather than the employee (DWP, 2000¹²⁷). The second sub-category tests the impact of being a part-time temporary contract worker, whilst the third sub-category distinguishes between temporary contract workers who are on fixed-term rather than casual or seasonal contracts. This distinction is only possible for our analysis of Denmark and the UK, however, as no such distinction is provided in the UDB version of the ECHP for France.

¹²⁷ Department of work and Pensions web site <http://www.newdeal.gov.uk/default.asp>

Model Findings:

A key distinction in the labour market typologies developed is that between integrative and non-integrative labour market intervention, with the UK labour market characterised as a flexibly non-integrative market. One hypothesised impact of non-integrative markets is that women workers will be disproportionately exposed to market failure as a result of under-developed policies towards their labour market integration. In our first model we test whether women temporary workers are less likely to make a transition to a permanent contract and find that UK women are significantly less likely to enter permanent contracts though find no similar dynamic in either of our integrative markets. Age has a notable impact, with younger temps in each country more likely to make an integrative transition to a permanent contract than older workers. The variables measuring the human capital characteristics of temporary workers are less significant, with France the only country where there is a positive association between human capital investment, job related skills training in this instance, and upward mobility¹²⁸.

The labour market majority status of workers is also introduced in the models in an effort to determine the impact of previous labour market attachment on future labour market outcome. What we find is that temporary workers with reduced labour market attachment are more likely to make a transition to a permanent job than workers who have been stable in employment. This finding is less counter-intuitive if we accept a bifurcation in the temporary worker market, with skilled temps, whom we hypothesise to be probationary contract workers, highly likely to enter permanent contract employment after a set period of probation, while temps who have a history of

¹²⁸ One of the reasons behind the reduced impact of educational level on labour market transitions in the ECHP is the failure of the UDB version of the dataset to update the information on educational level between the first and the fifth panel of the survey. Given that the observation window for our temporary worker sample begins in the second wave of the ECHP we already expect the educational level variable to be less precise.

continuous employment more likely to be temps in the secondary sector where their temporary contract status is longer-term with less expectation of upward mobility.

TABLE 7.3: Piecewise Constant Exponential Model with Continuous Data: Temporary Contract Workers Transitions to Permanent Contract Employment by Country, weighted data with Robust Standard Errors.

Employment by Country, weighted data with Robust Standard Errors.												
	DENMARK			FRANCE			UNITED-KINGDOM					
	EQ.1		EQ.2		EQ.1		EQ.2		EQ.1		EQ.2	
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z
Women	0.144		0.020		-0.213		-0.160		-0.173	*	-0.101	
ALMP			-0.251				0.082				0.334	*
Women *Part-time (<30 hours a week)			0.305				-0.302				-0.266	*
Fixed-term Contract			0.053								1.129	***
Employer Prov Benefits			0.287				0.393	*				
Formal Training(TV)	0.417		0.385		0.796	**	0.786	**	0.107		0.094	
Secondary ed (ref Third level Education)	-0.053		-0.059		-0.059		-0.083		0.144		0.153	
Primary Ed	0.068		0.058		-0.017		-0.003		-0.035		-0.004	
18-25 yrs (ref 45-54)	0.436		0.386		0.262		0.222		0.502	***	0.472	***
25-29 yrs	0.700	*	0.688	*	0.475	*	0.408	~	0.440	***	0.444	***
30-45 yrs	0.166		0.177		-0.274		-0.265		0.201	*	0.219	*
55+ yrs	0.250		0.319		-0.889		-0.810		-0.122		-0.114	
Continuously Unemp (ref Continuously Emp)	1.061	~	1.234	~	0.371		0.374		0.811	**	0.345	
Continuously in Education	0.552		0.685		0.539		0.602		0.105		-0.173	
Continuously Inactive					1.236	*	1.443	**	0.258		0.076	
Mover thru Employment	0.324		0.305		-0.102		-0.119		0.333	*	0.307	*
Mover thru Unemployment	0.936	**	0.997	**	-0.048		-0.028		0.170		-0.013	
Mover Other	0.610	*	0.727	*	0.149		0.169		-0.015		-0.177	
Private Sector (ref Public sector)	-0.240		-0.250		0.382	~	0.411	~	0.002		0.171	
Lower prof (ref Higher Professional)	0.385		0.315		0.398		0.367		-0.077		-0.049	
Clerical	-0.558	~	-0.564	~	0.479		0.536		0.063		0.137	
Skilled manual	0.275		0.282		0.312		0.361		-0.179		-0.118	~
Manual	-0.464		-0.330		-0.573		-0.433		0.249		0.274	
Firm size 1-19 (ref Firm Size 100+)	-0.343		-0.242		0.189		0.323		-0.204	*	-0.128	

The second model for temporary contract workers distinguishes between different types of temporary contract worker. Temporary workers who were on ALMP were no more or less likely to make integrative transitions in Denmark or France, though were more likely to do so in the UK. We also sought to establish whether temporary contract workers on part-time contracts were less likely to make integrative transitions in the UK. The two-way interaction was insignificant, though a three way interaction term for women part-time temporary workers was predictive in the UK labour market. The lack of significance of the interaction in Denmark and France supports our hypothesis of the specificity of part-time segmentation within the UK labour market. Turning our attention to fixed-term contract workers in Denmark we find no statistically significant difference between the upward transitions of fixed term contract holders and other temporary workers, namely seasonal and casual workers. In the UK on the other hand we find a stark difference with fixed-term contract holders displaying a strong and highly significant tendency for upward mobility.

Following on from our hypothesis concerning employers' utility of probationary contracts for higher grades of worker we tried to distinguish between temporary workers on short term probation, awaiting entry to a primary/internal market, and those who are not by subclassifying temporary workers in receipt of employer-provided benefits. The assumption that receipt of employer provided benefits is an indicator of a worker's location in an internal market is supported in the literature (Doeringer and Piore 1985; Legge 1989; Storey 1989; Geary 1992). This distinction was predictive with French temporary workers in the possession of employer provided benefits significantly more likely to make upward transitions.

A pooled analysis of the relative integrative functions of temporary workers between countries revealed that French temporary workers were the least likely to make integrative transitions relative to either UK or Danish temporary workers (not shown). While we also found that Danish temporary workers were less likely to make integrative transitions relative to UK temps the introduction of a variable measuring time variance in

unemployment rates¹²⁹ removed the significance of the difference. This suggests that, once key covariates are controlled for, the residual difference in the integrative transitions of temporary workers in Denmark and the UK is a function of macro-economic context.

4.2 Part-time Workers' Transitions to Full-time Hours

The model estimation for part-time workers follows a similar two step procedure as that applied to the analysis of temporary workers though the variables applied to our analysis are different in accordance with our varying hypothesis concerning these two distinct forms of atypical employment (Table 7.4). The first series of variables test the structuring impact of the household and demographic characteristics of part-time workers while the second model tests the impact of labour market variables. The two step model was applied to examine whether the theorised impact of household variables remains even after labour market characteristics are introduced to the model. The estimation is restricted to an analysis of women part-timers given the emphasis on household variables which we expect to structure women's transitions more than men's¹³⁰. It should also be noted that part-time

¹²⁹ The variable introduced here sought to control for the different unemployment rates in each country which might impact on workers transition rates. A high unemployment rate might discourage employers from converting a temporary job to a permanent job, or might influence a worker's decision to search for another job that was permanent.

¹³⁰ It should be noted that a combined analysis of male and female part-time workers transitions to full-time employment was also run. We found that in all countries, save for Denmark, women part-timers were less likely than male part-timers to make an upward transition to full-time employment. In the UK the strength of

workers' reasons for working part-time were also tested in the transitions models, but the variable was found to have no or little predictive power over part-time workers' transitions and so was not included in the final model presented here¹³¹.

this tendency was such that even when we controlled for the labour market characteristics of workers women were still less likely to enter full-time work than men part-timers.

¹³¹ Considerable effort was made with this variable given its important role in accounting for part-time worker's choice to work part-time. However the variable was non-significant for each level of the variable and in each country, various different reference groups were explored. The only exception was in Denmark where part-timers who stated that they would prefer to work full-time, were more likely to make a transition to full-time employment.

TABLE 7.4: Piecewise Constant Exponential Model with Continuous Data: Women Part-time Workers Transitions to Full-time Employment, by Country, weighted data with Robust Standard Errors.												
	DENMARK			FRANCE			UNITED-KINGDOM					
	EQ.1	EQ.2		EQ.1	EQ.2		EQ.1	EQ.2				
	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z	Coef.	P> z		
Number of children less than 12 in the Hhld (TV)	-0.375		-0.384		0.007		0.031	**	-0.130	**	*	
Part-time Contribution to Household Income	-0.401		-0.478		0.359		0.262	**	0.397	**	*	
Cohabiting	1.791	*	1.981	~	-0.069		-0.099		0.059		0.028	
Formal Training (TV)	0.736		0.692		2.008	*	2.079	*	3.364	**	**	
Secondary ed (ref Third level Education)	0.116		0.915	*	-0.641	*	-0.456		-0.081		-0.028	
Primary Ed	-0.421		0.551		-0.298		-0.055		-0.222	**	-0.165	
18-25 yrs (ref 45-54)	1.236	~	1.544	~	1.387	**	1.378	**	0.839	***	0.875	
25-29 yrs	1.167	~	0.208		0.928	*	0.934	*	0.603	***	0.612	
30-45 yrs	1.446	*	1.386	*	0.691	~	0.664		0.317	**	0.314	
55+ yrs					0.710		0.623		-0.749	**	-0.747	
Continuously Unemp (ref Continuously Emp)	0.529		0.190		0.503		0.451		0.835	***	0.873	
Continuously in Education/Inactive	2.270	**	2.193	**	-0.248		-0.234		-0.029		-0.052	
Mover thru Employment	1.341		1.682	*	-0.445		-0.536		0.164		0.163	
Mover thru Unemployment	1.602	*	2.018	**	0.451		0.486		0.236		0.258	
Mover Other	1.832	*	2.491	**	0.696	~	0.554		0.125		0.093	
Lower prof (ref Higher Professional)			-0.901	~			-0.515				-0.113	
Clerical worker			-2.120	***			-0.756	~			-0.308	
Skilled manual			-2.525	*			-0.142				-0.271	
Manual							-0.854				0.006	
Firm size 1-19 (ref Firm Size 100+)			-1.900	*		*	-1.130	*			-0.231	
Firm size 20-99			-1.280	*		*	-0.675				-0.073	
Firm size Missing			-1.412	*		*	-0.804	*			-0.214	
Private Sector			-0.334				-0.004				0.028	
Baseline Hazard												
Duration <6 months	0.213		-0.225		0.653		0.655		0.792	***	0.764	
Duration 6-12 months	-0.106		-0.440		-0.279		-0.203		0.631	***	0.606	

Duration 12-24 months	-0.806	-0.845	-0.494	-0.458	0.394	**	0.338	*
Duration 24-36 months	0.769	0.517	-0.691	-0.627	0.111		0.061	
Duration 36-48 months	-0.351	-0.232	-0.127	-0.050	0.375	**	0.361	**
Duration 48+ months		-13.371	-0.426	-0.348	0.029		0.022	
Constant	-8.851	-6.623	-8.106	-6.952	-9.191	***	-8.866	***
<i>Model Summary</i>								
Log likelihood (Constant only)	-86.95	-86.95	-143.98	-143.98	-2167.24		-2167.24	
Log likelihood (with X var)	-66.69	-56.99	-123.2	-119.33	-2030.68		-2030.68	
Wald	75.95	150.72	100.7	150.72	306.34		319.76	
Pr of Model	0.000	0.000	0.000	0.000	0.000		0.000	
Observations/Failures	1524/26	1524/26	4008/50	4008/50	36103/805		36103/805	

Key: ***p<=0.000, **p<=0.001, * p<=0.01, ~p<=0.10

Duration 12-24 months	-0.806	-0.845	-0.494	-0.458	0.394	**	0.338	*
Duration 24-36 months	0.769	0.517	-0.691	-0.627	0.111		0.061	
Duration 36-48 months	-0.351	-0.232	-0.127	-0.050	0.375	**	0.361	**
Duration 48+ months		-13.371	-0.426	-0.348	0.029		0.022	
Constant	-8.851	-6.623	-8.106	-6.952	-9.191	***	-8.866	***
<i>Model Summary</i>								
Log likelihood (Constant only)	-86.95	-86.95	-143.98	-143.98	-2167.24		-2167.24	
Log likelihood (with X var)	-66.69	-56.99	-123.2	-119.33	-2030.68		-2030.68	
Wald	75.95	150.72	100.7	150.72	306.34		319.76	
Pr of Model	0.000	0.000	0.000	0.000	0.000		0.000	
Observations/Failures	1524/26	1524/26	4008/50	4008/50	36103/805		36103/805	

Key: ***p<=0.000, **p<=0.001, * p<=0.01, ~p<=0.10

A time-varying variable measuring the number of children aged less than 12 years in the household was introduced in the model to test whether there were national differences in the constraining effects of children on upward mobility. We find that in Denmark, our country with the most extensive childcare provision, the number of children in the household has no constraining impact on part-time workers' integrative transitions, a finding which is also true of the French model. In the UK, on the other hand, we find that the presence of children of school going age has a strong negative impact on part-time workers' upward transitions¹³². The relative contribution of part-time workers' wages to net household income was introduced to test whether part-time workers with relatively low household contributions were less likely to either seek or obtain full-time employment. We find that part-timers with marginal contributions to household income were the least likely to make upward transitions to full-time employment, though this impact was specific to the UK.

The human capital characteristics of part-time workers were found to affect their transitions. In France and the UK there was a strong and positive impact of receipt of formal training, a time-varying variable in this model, on part-time workers' transitions to full-time employment. Educational level was also found to have an impact with less educated workers less likely to make integrative transitions.

The variable which measures labour market attachment reveals that those who have a prior history of 12 months or more of unemployment appear to be more likely to move upwards to full-time working hours in the UK, whilst decreased labour market attachment in general is predictive of upward transitions in Denmark. This suggests that part-time work is used by some as an entry point to the standard employment contract in these countries. In France, however, there is very limited evidence of a similar dynamic, a finding which underlines the rigidity of the French part-time market.

¹³² A time-varying variable measuring the number of children less than 4 years in the household was also tested and while the effect of this variable was broadly the same, the strength of the coefficient was much lower in the UK model with this variable.

For our analysis of temporary workers two contradictory hypotheses were presented. Probationary contract theory leads us to expect temporary workers to be highly skilled workers on probation prior to their entry to the standard employment contract, whereas dual and segmented labour market theory leads us to expect temporary workers to be secondary labour market occupants with reduced access to permanent contracts. While the theoretical framework for temporary workers is quite straightforward, the analysis for part-time workers is problematised by the argument that part-time workers choose to work part-time, even though part-time work may be of poor quality, because this is a legitimate trade off for the ability to achieve work-life balance. What is argued here, however, is that such an argument must be placed within national employment and social policy contexts which vary in the degree to which workers are forced to make a decision between full-time jobs and no work life balance and part-time jobs and good work-life balance. Notably Denmark, and to a lesser extent France, remove one of the barriers to achieving work-life balance through the provision of high quality and extensive childcare. It was argued that countries which facilitate female labour market integration would be characterised by greater part-time transitions to full-time employment, though in general it was recognised that part-time work was much more likely to be marginalised employment and thereby less likely to be characterised by integrative transitions.

The analyses presented suggest that temporary work can act and does act as a stepping stone to permanent contract employment, though there were notable differences by country with the UK exhibiting the most pronounced exits and France exhibiting the lowest. That the UK exhibits the most pronounced exits was anticipated by our expectation that British employers would be disproportionately likely to use short-term contracts as a form of 'probationary contract'. There was also some evidence of the use of probationary contracts in France with temporary workers in receipt of job related benefits significantly more likely to make integrative transitions than other types of temporary worker.

The multivariate analysis sought to distinguish different forms of temporary work. This was done to cater for the long acknowledged heterogeneity amongst atypical workers (Dex 1984; Gallie and White 1994; Booth, Francesconi et al. 2002; Gash 2003). In our analysis of temporary contract workers distinctions were made between

temporary workers who were on state subsidised employment schemes and those who were on fixed-term rather than casual or seasonal contracts. This disaggregation between different types of temporary worker proved to be highly predictive of these workers' transitions in the UK.

Temporary workers that seem to get 'stuck' in temporary employment tend to be older, tend to work on reduced hour contracts and tend to have had continuous labour market attachment. The counter intuitive finding that temporary workers with increased labour market attachment are less likely to enter a permanent contract position is not too difficult to understand if we accept that there is some temporary labour market segmentation between probationary contract workers employed for much shorter periods and other forms of temporary contract worker. It is probable that a high proportion of short duration contract holders are 'probationary' contract workers.

Our analysis of part-time workers' transitions suggests that part-time work provides a comparatively poor point of entry to the standard employment contract, suggesting that part-time workers are more constrained in their jobs than temporary workers. Danish part-time workers, as hypothesised, were the most likely to make transitions to full-time employment. The multivariate analysis sought to test the impact of both labour market characteristics as well as household characteristics in an effort to engage with the issue of part-time worker constraint.

Occupational level was the most powerful predictor and appeared to be capturing a similar dynamic in all three countries. Here we found that part-time workers in the higher professional occupations were much more likely than lower skilled workers to enter full-time employment. This finding confirms our hypothesis concerning part-time employment being available as a work-life balance strategy for higher grades of worker who are perhaps some of the few in positions to negotiate part-time hour contracts for a reduced period. We also hypothesised that the Danish, and to a lesser extent the French, regime would mediate the constraining effect of young children on part-time workers transitions to full-time employment. This was confirmed in our analysis with British part-time workers with young children in the household less likely to make a transition to full-time employment.

In conclusion this chapter revealed the crucial role played by different institutional contexts on labour market outcome, with both rigid and non-integrative employment policies hindering the transitions of atypical workers.

Appendix: for Chapter 7

Table A7-3: Covariate Means for the Temporary Worker Analysis. Temporary Workers Only

		DENMARK	FRANCE	UNITED-KINGDOM
Age	<25yrs	25.26	41.64	36.88
	25-29yrs	17.07	21.69	12.06
	30-39yrs	27.03	20.31	22.31
	40-54yrs	26.15	15.49	22.63
	55yrs+	4.49	0.88	6.13
Educational Level	Third level Education	26.71	22.91	40.27
	Secondary ed	48.23	41.36	22.75
	Primary Ed	25.06	35.73	36.97
Job related Training		52.29	50.77	57.87
Labour Market Attachment	Continuously Employed	38.12	20.17	38.75
	Continuously Unemployed	5.19	6.9	3.55
	Continuously in Education/Inactive	11.69	13.33	25.5
	Mover thru Employment	16.14	14.49	11.44
	Mover thru Unemployment	13.94	16.15	7.51
	Mover Other	14.92	28.96	13.25
Industrial Sector	Public Sector	47.96	36.1	32.04
Occupation	Higher Professional	19.15	9.05	21.04
	Lower professional	12.04	13.22	10.41
	Clerical and service	34.31	37.52	43.35
	Skilled manual	17.11	27.5	12.09
	Manual	17.4	12.72	13.1
Firm Size	Firm size 1-19	38.26	21.73	31.01
	Firm size 20-99	26.71	17.58	25.89
	Firm size 100+	24.37	18.16	36.62
	Firm size Missing	10.66	42.54	6.48
Women		53.37	48.02	55.16
ALMP		29.05	28.78	21.76
FTC		54.58	100	49.55
Part-time*women		12.21	18.28	22.66
Employer Provided Benefits		64.92	37.69	NA

Table A7-4: Covariate Means for the Part-time Worker Analysis. Part-time Workers Only.

		DENMARK	FRANCE	UNITED KINGDOM
Age	<25yrs	17.23	19.56	12.97
	25-29yrs	8.79	18.55	10.12
	30-39yrs	23.27	31.84	32.20
	40-54yrs	39.84	27.85	36.66
	55yrs+	10.87	2.20	8.04
Educational Level	Third level Education	31.95	28.68	23.04
	Secondary ed	42.30	35.75	21.46
	Primary Ed	25.75	35.57	55.50
Job Related Training	Yes	46.83	47.34	52.00
Labour Market Attachment	Continuously Employed	60.77	48.63	62.25
	Continuously Unemployed	3.76	6.55	1.40
	Continuously in Education/Inactive	9.71	13.41	15.53
	Mover thru Employment	7.06	7.07	7.51
	Mover thru Unemployment	9.65	8.92	2.78
	Mover Other	9.04	15.42	10.53
Occupation	Higher Professional	10.06	15.28	11.11
	Lower professional	16.17	15.17	8.49
	Clerical and service	48.99	42.96	62.18
	Skilled manual	4.51	7.47	4.76
	Manual	20.27	19.12	13.46
Firm size	Firm size 1-19	34.50	31.00	34.17
	Firm size 20-99	13.16	12.94	18.92
	Firm size 100+	11.79	7.68	19.29
	Firm size Missing	40.55	48.38	27.63
Industrial Sector	Public Sector	51.66	44.01	32.71
Number of Children under 12 in the Household	None	68.90	56.80	51.38
	1 Child	13.72	21.95	22.77
	2 Children +	17.38	21.25	25.85
Part-time contribution to Household Income (median)		0.51	0.64	0.49
Cohabiting	Yes	77.64	70.03	78.39

Table A7-5. Part-timers stated reasons for engaging in reduced hour work.

	DENMARK	FRANCE	UK
	%	%	%
In education or Training	12.49	6.04	3.88
Housework/Childcare	26.11	24.21	48.04
Personal Illness	3.77	4.69	2.1
Underemployed	21.01	52.67	13.8
Chose to work Part-time	29.83	7.34	21.73
other	6.78	5.05	10.46
			2812
Sample N	1961	4671	(ECHP sub-sample only)

CHAPTER EIGHT: Marginalisation or Inclusion? A Review of the Principle Findings

1: Introduction

This thesis sought to establish whether support for the generation of temporary and part-time jobs is an effective policy for labour market adaptation or whether it led to labour market segmentation. The extent to which the generation of atypical employment led to market segmentation was determined through an analysis of the *quality* of atypical employment with the following components investigated: working-conditions, wages, poverty risk, exposure to unemployment and/or labour market drop out, as well as the extent to which atypical employment leads to the standard employment contract, termed its 'bridging function'.

Both the quality of atypical employment as well as its bridging function is investigated as a potential trade off exists between poor quality employment and no employment. If atypical employment is of poor quality, but also offers opportunities for standard contract employment the generation of atypical employment may still be regarded as a legitimate means of reintegrating labour market outsiders who may otherwise experience further disadvantage in non-employment. If we establish, however, that atypical employment is of poor quality with a weak bridging function it is argued that atypical employment serves to marginalise.

The degree to which a quality differential between atypical and standard contract employment exists is attributed to employers' utility for atypical employment as well as national context, though this thesis sought to underline the inter-relationship between the two.

The extent to which national context structured atypical worker outcome was tested through comparative analysis of quality differentials between atypical and standard contract employment in Denmark, France and the United Kingdom. The countries analysed were chosen in accordance to their combination of two axes considered vital to labour market structuration. These axes are (1) the relative openness or flexibility of markets as well as (2) their levels of inclusion and/or integration. Broadly these axes reflect policies which support or impede demand-side (flexibility axis) and supply-side

(inclusion/integration axis) market dynamics. The vital break with traditional economic portrayals of market dynamics is in the conceptualisation of policies of inclusion, which in this case are those alleviating the structural constraints placed on workers that can impede supply.

The first axis, measuring demand-side flexibility is gauged through analyses of the employment protection legislation of nation states in terms of the ease with which employers could hire or fire workers, as well as the relative ease with which they can generate employment, in terms of non-wage labour costs. Essentially the flexibility of a country's employment and labour policies should facilitate labour market transitions, decreasing uncompensated differentials between different forms of employment.

The second axis, measuring supply-side flexibility, was determined through analyses of the relative investment of nation-states in social and employment policies that: (a) secure employee rights, (b) alleviate caring responsibilities and (c) decommodify workers through the provision of generous benefits. The provision of policies of (re)-integration are expected to decrease differentials in the quality of employment through the enforcement of existent EPL, by equalising the bargaining power of worker-carers and by safeguarding workers from the market failures associated with unemployment experience.

The countries chosen for the analysis vary in their combination of *flexibility* and in their policies of market *integration*. Denmark was presented as a *flexibly integrative* labour market, the French market was presented as *rigidly integrative* and the United Kingdom was labelled *flexibly non-integrative*.

This thesis also sought to engage with the issue of atypical worker heterogeneity. We distinguished between two different types of temporary contract, with temporary workers presented as being either probationary contract workers, or short-term contract workers. Probationary contract workers were presented as skilled recruits on probation prior to entry to the standard employment contract, while short-term workers were expected to be used by employers for numerical flexibility. We expected probationary contract workers to have similar working conditions to standard contract workers and expected them to be more likely to make transitions to the standard employment contract and less likely to

make transitions to unemployment or labour market inactivity. We anticipate the quality of short-term contract work to be inferior to that of standard contract employment, with short-term contract workers the unsuccessful competitors for standard contract employment, and expect short-term contract workers to make considerable transitions to unemployment and labour market inactivity. We hypothesised the relative balance between probationary contract workers and short-term contract workers within the temporary worker market to vary by country, with employers in different institutional contexts more dependent on one form of temporary contract than others. In particular we expected employers in liberal markets, such as the UK, to be dependent on probation as a means of scanning the skills of new recruits.

We also made a distinction between different types of part-time employment: under-employed part-time workers and retention part-time workers. Under-employed part-time workers have been prevented/ or have been unable to obtain a full-time job. This includes those who actively sought full-time employment but have only been able to obtain a reduced hour post, as well as those who have been prevented from engaging in full-time work due to the absence of defamilialization policies. Both of these forms of under-employed part-time worker are expected to have poor working conditions. Those unable to find full-time employment are the unsuccessful competitors for standard contract positions, and thereby are likely to possess reduced human capital. Those denied access to full-time working hours are disadvantaged by their dual burden of paid employment and unpaid care which is expected to decrease their bargaining ability and hence their employment conditions. The second sub-category consists of retention part-time employment, with employers expected to offer reduced hour contracts to valued workers in certain circumstances. First, we can expect employers who are suffering an economic downturn to attempt to retain valued employees by offered them reduced hour contracts, in the hope of being able to offer them full-time employment in the future¹³³. Second, high skilled employees may be able to negotiate reduced hour employment within their current job description in a part-time compatible working environment. We expected the working conditions of under-employed part-time workers to be inferior to those of standard contract workers, and

¹³³ Previous research suggests that French employers are prone to job retention strategies towards their part-time workforce (O'Reilly, 1992).

expected under-employed part-time workers to be disproportionately exposed to unemployment and labour market drop-out. Nonetheless, we also acknowledged that some part-timers choose to work part-time and expected this to reduce the proportion of part-timers that make transitions to full-time employment. We expected the relative balance between under-employed part-time workers and retention part-time workers to vary by country, with employers in different institutional contexts more likely to use one form of part-time employment over others. In particular we expected employers in internal markets, be they as a result of industrial sector or due to rigid employment protection legislation, to be more likely to use retention part-time employment than employers in other sectors.

2: National Variation in Atypical Worker Labour Markets.

We started our empirical analysis in chapter three by providing figures on the incidence of atypical employment between 1990-2000. We had anticipated both a higher than average and an increasing incidence of atypical employment in France, as a result of employers' pursuit of numerical flexibility within its rigid employment system. We had also anticipated the UK part-time market to be comparatively high as a result of its under investment in policies facilitating worker-carer supply. As expected the French labour market exhibited an increase in temporary employment over the 1990's, whereas the flexible markets of Denmark and the UK did not. We established the French temporary market to be comparatively larger than those of our flexible regimes, accounting for 14% of the French labour force relative to 6% and 9% of the labour force in the UK and Denmark respectively. We also found variations in the size of the part-time labour markets, with the UK part-time market 15% larger than those of Denmark or France, countries which provide integrative supply-side policies. We also established a considerable decrease in the Danish part-time labour market, from a high of 45% of all female employment in 1983 with this figure halved to 22% by 1999. This decrease in the Danish part-time market was attributed to a series of employment and social policies including the following. First, the increased expenditure in childcare (Rostgaard and Fridberg 1998), was hypothesised to have facilitated women's access to full-time employment. Second, restructuring in the public sector has decreased the number of good quality part-time jobs available (Warren, 2001), creating incentives to work full-time.

Tenure and workers' job security were tested to reveal the implications of atypical employment for atypical workers. We found that temporary workers and part-time workers in each country had lower tenure, with Danish part-timers the only exception. Given that mean tenure will inevitably be linked to the average age of the workforce under consideration, the differential tenure of atypical workers relative to standard contract workers by age category was assessed. Here we found that Danish part-timers had lower tenure when compared to full-timers of a similar age range. Broadly we found all atypical workers to have lower rates of tenure than their standard contract worker equivalents.

Atypical workers were also found to be less satisfied with their job security with the sole exception of UK part-time workers who were more satisfied with their job security than full-time workers. We also noted that while atypical workers in Denmark were less satisfied with their job security, Danish workers in general were much more satisfied with their job security than workers in either France or the UK. The high levels of satisfaction among both standard contract and atypical workers in Denmark is particularly interesting given that EPL in Denmark is the most liberal of the three countries. This suggests that security in employment reflects more than the relative ease with which an employer is able to fire a worker. This section concluded that atypical workers had reduced tenure and shared a sense of job insecurity across country.

We noted considerable cross-national variation in the demographic and labour market profile of atypical work. The strongest, and arguably most determinant, variation was established in relation to the educational level of atypical workers. Starting with our temporary worker sample, we hypothesised that temporary contract workers were more likely to be probationary contract workers in the UK given poor skills development in liberal market economies making employers reliant on probation to scan the skills of new recruits. We found that workers with third level qualifications, as well as those with upper secondary level education, were more likely to be temporary workers than those with less than secondary level education in the UK. In France, conversely, workers who left school with less than secondary level educational qualifications were more likely to be temporary contract workers, a finding which

supports our expectation of atypical workers' peripheralised status in the French market. The Danish system, as anticipated, redistributed the risk of temporary contract employment equally by educational level.

We also found strong evidence of differentiation in the character of part-time work by country. As anticipated the failure to provide policies of integration had a strong negative impact on the UK part-time labour market, where 51% of part-timers had less than second level qualifications. We also found some support for our hypothesis of part-time worker retention in France, with a greater proportion of French part-time workers clustered amongst those with third level qualifications.

The occupational distributions of atypical workers were found to reflect the calibre of their qualifications. In the UK, where a high proportion of temporary workers possess third level qualifications, 22% of temps were higher professionals relative to 18% in Denmark and 10% in France, though in all three countries clerical and service occupations was the modal category. Part-timers were also found to share the same modal occupational category as temporary workers: clerical and service occupations, though the tendency to cluster in this area was stronger for part-time workers. Danish part-timers were also found in manual occupations, 25%, while French part-timers were slightly more likely to have a higher occupational profile: 19% of French part-timers were employed in the higher professions relative to 8 and 10 % in Denmark and the UK respectively. Our approximation of active labour market status, with those who claim that their main source of income comes from unemployment and or social benefits categorised as participants on active labour market programmes, was a powerful predictor of atypical worker status relative to standard contract status for each country.

3: Marginalised Employment?

Our research strategy sought to establish whether atypical workers suffered labour market differentiation according to the following four dimensions of the quality of atypical work: (1) the quality of employment experience, (2) the existence of a wage penalty for atypical work, (3) the precariousness of atypical work and finally (4) its bridging function. Together these dimensions should reveal whether atypical

employment contributes to labour market segmentation and thereby contributes to the exclusion of labour market outsiders. Our findings are reviewed again here with a summary of our principle findings presented in tables 8.1 and 8.2.

In chapter 4, we explored three criteria of workplace quality: (1) the degree to which workers were autonomous, (2) the degree to which workers were included in employee involvement schemes conducive to positive workplace change, and (3) employer provided training. While the majority of temporary and part-time workers were found to have unequal access to these three components of workplace quality, there were important differences by country. We found no evidence of workplace segmentation for temporary workers in Denmark. In France and the UK, however, temporary workers were found to have reduced autonomy and lower levels of employee involvement, suggesting a peripheralised status. Nonetheless temporary workers in France and the UK were also more likely to be in receipt of training suggesting that employers use temporary contracts as a means of probation in both these countries, with employers not expected to train workers they intend to fire.

We found considerably more variation between countries in the quality of part-time employment than we found for the temporary labour market. Danish part-timers were found to occupy a disadvantaged market with part-timers: less autonomous, less involved within the firm and less likely to be in receipt of employer provided training than Danish full-time workers. Conversely, we found no evidence of disadvantage amongst French part-time workers, with French part-time workers no more or less likely than full-time workers to be exposed to the indicators reviewed. Finally, UK part-time workers were found to be disadvantaged relative to UK full-time workers on the full series of indicators analysed. That UK part-time workers exhibited the worst working conditions and that French part-time workers appeared to experience the least disadvantage was anticipated. However, the comparative difference between Danish part-time and full-time workers was not anticipated with the Danish regime expected to protect the working conditions of atypical workers through the combined effect of decommodification and defamilialisation.

While differences in the quality of employment experience were reviewed in chapter 4, chapter 5 sought to reveal whether an atypical worker/standard contract worker wage

differential exists, and if so, whether this differential remained once observed and unobserved differences between atypical workers were controlled for. We also investigated the relative poverty risks of atypical workers in an effort to qualify the implications of atypical workers wages. A relative poverty threshold was adopted with the understanding that households that fall below socio-culturally defined minima are at risk of social exclusion or marginalisation (CPA, 2002).

We found that temporary contract workers suffered a wage penalty in each country even after observed and unobserved heterogeneity was controlled for. There was considerable variation found in relation to part-timers wages however, with UK part-timers suffering a wage penalty, French part-timers earning a premium and Danish part-timers earning similar wages *per hour* to full-time workers. The premium associated with French part-time employment was taken to support our hypothesis of French part-time worker retention, with employers in protected internal markets offering reduced hour contracts to valued workers who demanded them. That UK part-timers suffer a wage penalty is attributed to the low levels of labour market integration in the UK which were hypothesised to decrease the bargaining power of labour market outsiders.

The household context of atypical workers earnings was also assessed. Here we found that the poverty risks of atypical workers are considerably higher than those of standard contract workers even in the context of an assessment of other household income. We established that the UK had the highest poverty rates overall, with part-time UK workers exhibiting the highest poverty risk of all atypical workers. A typology of working households was also presented, to test both the distribution of atypical employment by household type and the differential impact of atypical workers wages to household income by household type. We found that atypical workers were disproportionately located in households with another standard contract earner and established that atypical workers tend to be secondary earners. That atypical workers tend to cluster in households with a primary standard contract earner underlines the peripheral status of atypical employment, and suggests that workers are only willing to enter into precarious forms of contract if they have alternate sources of income at their disposal.

The extent to which temporary and part-time workers are more prone to non-integrative exits in the form of unemployment risk and labour market drop-out was assessed in chapter 6. The degree to which workers were exposed to unemployment risk was presented as a function of their human capital characteristics as well as their relative location in the labour market. This chapter also sought to investigate whether labour market drop-out could be similarly construed as a damaging transition for workers, rather than being a function of preference (Oppenheimer, 1997). We found that temporary workers were more exposed to unemployment risk in each country even when we controlled for a series of demographic and labour market characteristics. French temporary workers were found to be the most exposed to unemployment risk, a finding attributed to the rigidity of the French labour market resulting in atypical workers being used as a buffer for the protected 'core' employed on the standard employment contract.

We also found strong variations in part-time workers' unemployment risk across country. Again France exhibited the most unemployment risk with French part-timers retaining higher unemployment risk than full-timers even when demographic and labour market characteristics were controlled for, whereas Danish part-timers were no different than full-timers in their unemployment risk in the multivariate analysis. The pooled between country analysis revealed that French part-timers and temporary workers were indeed the most exposed to unemployment relative to these forms of atypical work in the other two countries. That French atypical workers exhibit such high rates of transition to unemployment, relative to our two more flexible regimes, is also likely to be a function of the high rate of French unemployment.

We expected labour market exit to be tempered by the extent to which nation states provided the policy infrastructure towards the integration of all citizens to paid employment, with anticipation of decreased risk of labour market exit in our integrative economies: Denmark and France. We found atypical workers in each country to be more exposed to labour market exit, though found part-time workers to be the most at risk of these transitions. Nonetheless, the pooled country differences confirmed our hypothesis concerning integrative economies, with Danish and French atypical workers much less likely to experience labour market drop-out relative to UK atypical workers. The gendered nature of labour market inactivity was confirmed with

women more likely to enter labour market inactivity in all three countries. That the family would mediate labour market exit differentially, in accordance with differential investment in labour market integration policies, was also established in the empirical analysis. UK workers were more likely to make a transition to labour market inactivity if they were cohabiting and if there were children under the age of 12 in the household, whereas the integrating Danish and French markets appears to remove the risk of labour market drop-out for parents of young children.

Previous labour market status was found to be a strong predictor of future labour market transitions, with workers who had been unemployed for a period prior their current job-start date much more likely to re-enter unemployment at a future date. We also found prior exposure to labour market inactivity to predict future unemployment in France and the UK. Prior exposure to unemployment also predicted future labour market inactivity in the UK. We argue that this is evidence of the labour market disadvantage associated with labour market drop-out.

The final analysis sought to investigate the extent to which atypical contracts served as a bridge to the standard employment contract. For our analysis of temporary workers two contradictory hypotheses were presented. Probationary contract theory led us to expect temporary workers to be highly skilled workers on probation prior entry to the standard employment contract, whereas dual and segmented labour market theory led us to expect temporary workers to be short-term contract workers with reduced access to permanent contracts. While the theoretical framework for temporary workers was straightforward, the analysis for part-time workers was problematised by the argument that part-time workers choose to work part-time, even though part-time work may be of poor quality, because this is a legitimate trade off for the ability to achieve work-life balance. What was argued here, however, was that such an argument must be placed within national employment and social policy contexts which vary in the degree to which workers are forced to make a decision between full-time jobs and no work life balance and part-time jobs and good work-life balance. Notably Denmark, and to a lesser extent France, remove one of the barriers to achieving work-life balance through the provision of high quality and extensive childcare. It was argued that countries which facilitate female labour market integration would be characterised by greater part-time transitions to full-time employment, though in general it was recognised that

part-time work was less likely to be characterised by integrative transitions as a result of the workers choosing to work part-time, even if effectively under-employed.

The analyses presented suggest that temporary work can act and does act as a stepping stone to permanent contract employment, though there were notable differences by country with the UK exhibiting the most pronounced exits and France exhibiting the lowest. That the UK exhibits the most pronounced exits was anticipated by our expectation that British employers would be disproportionately likely to use short-term contracts as a form of 'probationary contract'. There was also some evidence of the use of probationary contracts in France with temporary workers in receipt of job related benefits significantly more likely to make integrative transitions than other types of temporary worker. However, we also established that some temporary workers get 'stuck' in temporary employment contracts. These workers tend to be older, tend to work on reduced hour contracts and tend to have had continuous labour market attachment. The counter intuitive finding that temporary workers with increased labour market attachment are less likely to enter a permanent contract position is not too difficult to understand if we accept that there is some temporary labour market segmentation between probationary contract workers and what were termed short-term contract workers. It is probable that a high proportion of 'short-term contract' holders are actually remaining in the temporary labour market for longer periods with reduced avenues to the standard employment contract available to them.

Our analysis of part-time workers' transitions suggests that part-time work provides a comparatively poor point of entry to the standard employment contract, suggesting that part-time workers are more constrained in their jobs than temporary workers. Danish part-time workers, as hypothesised, were the most likely to make transitions to full-time employment. The multivariate analysis sought to test the impact of both labour market characteristics as well as household characteristics in an effort to engage with the issue of part-time worker constraint. Occupational level was the most powerful predictor and appeared to be capturing a similar dynamic in all three countries. Here we found that part-time workers in the higher professional occupations were much more likely than lower skilled workers to enter full-time employment. This finding confirms our hypothesis concerning retention part-time employment being available as a work-life balance strategy for higher grades of worker who are perhaps some of the

few in positions to negotiate part-time hour contracts for a reduced period. We also hypothesised that the Danish, and to a lesser extent the French, regime would mediate the constraining effect of young children on part-time workers transitions to full-time employment. This was confirmed in our analysis with British part-time workers with young children in the household less likely to make a transition to full-time employment. In conclusion, this chapter revealed the crucial role played by different institutional contexts on labour market outcome, with both rigid and non-integrative employment policies hindering the transitions of atypical workers.

Synopsis

Tables 8.1 and 8.2 present a synopsis of the principal findings. Table 8.1 presents a summary of the findings for temporary workers, while table 8.2 presents the synopsis for our part-time worker sample. The extent of the difference between the temporary worker and part-time worker labour markets is such that each table will be reviewed separately.

We argued that both the quality of atypical employment as well as its bridging function should be investigated as a potential trade-off exists between poor quality employment and no employment. If atypical employment is of poor quality, but also offers opportunities for standard contract employment, the generation of atypical employment may still be regarded as a legitimate means of reintegrating labour market outsiders who may otherwise experience further disadvantage in non-employment. This section offers conclusions on the degree to which atypical employment within different countries serves to marginalise atypical workers.

Table 8.1: Summary of Principle Findings for the Temporary Worker Labour Market

TEMPORARY CONTRACT WORKERS			
	DENMARK	FRANCE	UNITED-KINGDOM
Quality Of Employment Experience	EQUAL	INFERIOR	INFERIOR
Wages	PENALTY	PENALTY	PENALTY
Labour Market Insecurity			
<i>Unemployment Risk</i>	MORE at RISK	MORE at RISK	MORE at RISK
Proportion who have entered unemployment after 3 years	21%	32%	18%
<i>Risk of Labour Market Drop-out</i>	MORE at RISK	EQUAL	MORE at RISK
Proportion who have entered inactivity after 3 years	1%	9%	20%
Bridge			
Proportion in SCW after 3 years	33%	26%	52%

Danish Temporary Contract Workers

Our findings suggest that policies of flexibility and worker re-integration have protected Danish temporary workers from marginalisation to a greater degree than was true of our rigidly integrative case study: France. Temporary contract workers had similar working conditions to permanent contract workers, and while Danish temps earned a wage penalty the temporary worker/SCW differential was the lowest in Denmark (Table 5.1a). We also found Danish temps to earn a higher rate per hour than permanent contract workers in either France or the UK. This finding underlines the importance of absolute differences and relative differences with Danish temporary workers in a position of advantage relative to permanent workers in the other two countries. Nonetheless, Danish temps were disproportionately exposed to labour market insecurity, relative to Danish standard contract workers, and were found to be

have a higher unemployment risk even when we controlled for a series of demographic and labour market covariates. The proportion of temporary contract workers who entered unemployment after a three-year period was 21% representing a substantial risk (Figure 6.1). While we present atypical workers' disproportionate exposure to labour market insecurity as evidence of their labour market disadvantage it is also important to recognise the differential impact of regime type on workers' experiences of unemployment (Gallie and Paugam, 2000). Unemployed workers in Denmark were found to be the most protected from poverty risk (Table 5.6) and also had the highest levels of life satisfaction relative to unemployed workers in either France or the UK¹³⁴ (Table A2.1). Labour market drop-out did not constitute a significant risk for Danish temporary workers with the Danish policies of labour market (re)integration mediating this risk. Finally, the bridging function of Danish temporary employment was moderate with 1/3rd of Danish temps making a transition to a permanent contract after a three-year period.

Broadly we established that temporary employment is of reasonable quality in Denmark, relative to both Danish standard contract employment and temporary contract employment in our rigidly integrative and flexibly non-integrative markets. We also established that while Danish temporary workers have greater risks of unemployment the implications of that risk are the least problematic in Denmark. We therefore conclude that Danish temporary workers are not marginalised workers.

The French temporary labour market was characterised by considerable disadvantage¹³⁵, a finding attributed to the greater rigidities of the French employment system. French temps had inferior working conditions and had the most extensive wage penalty, in absolute terms they were also found to earn the least per hour relative to temporary contract workers in either Denmark or the UK (Table 5.1a). French temps were disproportionately exposed to labour market insecurity relative to French standard contract workers and to temporary contract workers in Denmark and the UK.

¹³⁴ While the Danish unemployed had higher than average life satisfaction scores they still had a clear preference for employment with a statistically significant decrease in their life satisfaction on entry to unemployment (Table A2.2).

The proportion of temporary contract workers who entered unemployment after a three-year period was 32% representing a substantial risk (Figure 6.1). In addition to this the implications of unemployment in France were found to be more onerous than in Denmark with just under 1/3 of French unemployed workers financially poor (Table 5.6). However, while French temps were considerably more likely to make a transition to unemployment they had comparatively low risks of labour market drop-out with only 9% of the risk set entering labour market inactivity after a three-year period (Figure 6.2). Finally, the bridging function of French temporary employment was comparatively weak: after a three year period we found that just over ¼ of temporary workers had made a transition to permanent contract employment. We conclude that French temporary employment serves to marginalise, with temporary employment found to be of poor quality, to be associated with a high unemployment risk and to offer a weak bridging function.

Our findings concerning the quality of temporary employment in the UK revealed that the combination of flexible and non-integrative policies was not overly problematic for the majority of temporary workers, though they were troublesome for subsections of the UK temporary labour market, namely: women and lower skilled workers. First of all UK temps were found to have inferior working-conditions and were found to earn a wage penalty. UK temporary workers were more exposed to both unemployment and labour market drop-out with the risk of labour market drop-out the highest for UK temps. While the proportions of temporary workers who enter unemployment after a fixed period of three years is slightly lower in the UK than in Denmark, we argue that the implications of such a transition are much more problematic in the UK. We found that 55% of the unemployed workers in our UK sample were in households classified as poor, that is households whose equivalised income fell below 50% of the National Annual Mean (Table 5.6). Finally, we established that over ½ of all UK temps made a transition to a permanent contract in a period of three years, with the UK temporary labour market exhibiting the strongest bridging function. Broadly, while we established the quality of UK temporary work to be of inferior quality than that of permanent contract work its strong bridging function could be regarded as compensatory.

¹³⁵ This finding echoes previous analyses of temporary worker disadvantage in the French labour market

Part-time Workers

The institutional contexts of Denmark, France and the UK, were found to have the following impact on the quality of part-time employment:

Table 8.2: Summary of Principle Findings for the Part-time Worker Labour Market

PART-TIME WORKERS			
	DENMARK	FRANCE	UNITED-KINGDOM
Quality Of Employment Experience	INFERIOR	EQUAL	INFERIOR
Wages	PREMIUM	PREMIUM	PENALTY
Labour Market Insecurity			
Unemployment Risk	EQUAL	MORE at RISK	EQUAL
Proportion who have entered unemployment after 3 years	22%	52%	11%
Risk of Labour Market Drop-out	MORE at RISK	MORE at RISK	MORE at RISK
Proportion who have entered inactivity after 3 years	10%	18%	40%
Bridge			
Proportion in SCW after 3 years	26%	14%	20%

Danish Part-time Workers

The flexible integration of the Danish labour market failed to protect the quality of part-time employment with part-timers less autonomous, less involved within the firm and less likely to be in receipt of employer provided training. However, Danish part-timers were found to earn a slight premium per hour once observed and unobserved heterogeneity were controlled for (Table 5.5b) and even when analysed at a simple

(Paugam, 2000).

bivariate level women part-timers' wages were almost identical to those of full-timers': 12.47 versus 12.37 ECU's an hour (Table 5.1b). The Danish system of flexible integration equalised the unemployment risk of part-time workers in the multivariate analysis, though part-timers remained disproportionately exposed to labour market drop-out. The implications of unemployment experience in Denmark are similar to those outlined above, with the Danish regime offering the best protection from financial deprivation. The assessment of part-time employment's bridging function was done for women workers only. This was done to test our hypothesis concerning the impact of policies of worker-carer integration on women part-time workers' transitions with household variables more likely to structure women's transitions than men's. We found that women with young children within the home were not constrained from making transitions to full-time employment in Denmark; this was not true of the UK however, where women with young children were less likely to make transitions to full-time employment. We also tried to test whether atypical workers' choice to work part-time would be predictive of part-time workers transitions, and found that Danish part-time workers who wanted but had been unable to find a full-time job more likely than other part-time workers to make a transition to full-time employment. However, part-time workers' reasons for working part-time were only predictive in the Danish models (chapter 6).

We conclude that while the working conditions of Danish part-time workers are of inferior quality, this is compensated for by the following: first, parity and in some instances a premium in wages. Second, the absence of an atypical/standard contract worker difference in unemployment risk. Third, a strong bridging function with Danish part-timers the most likely, relative to French and UK part-timers, to enter standard contract employment.

French rigidly integrative markets provided part-timers with parity in their employment conditions, with part-timers displaying similar rates of autonomy, of employee participation and of employer provided training as full-time workers. We also established a part-time worker premium for both men and women, with this premium a feature of public sector employment, where even at a bivariate level part-time workers in the public sector were found to earn more per hour than full-time workers. While we established that the job quality of part-time employment was

comparatively good, French part-timers were still disproportionately exposed to both unemployment and labour market drop-out even when a series of controls were added to the model. In fact part-timers' unemployment risk was found to be the largest of all forms of atypical employment, with 52% of part-time workers making a transition to unemployment within a period of 3 years. Part-timers were also unlikely to make transitions to full-time employment, with 14% of part-timers making a transition to full-time employment after a three-year period. That French part-timers experience both similar and/or superior working conditions, whilst also having a very high risk of unemployment, points to a bifurcation in the French labour market, between those who's working conditions are protected by the rigidities of French employment law and those who are not. We conclude that under-employed French part-time workers are considerably disadvantaged in the French labour market but that protected retention part-time workers benefit from their insider status.

Finally, the flexibly non-integrative market in the UK was found to be particularly detrimental to the employment characteristics of the part-time workforce. UK part-timers were found to occupy a disadvantaged labour market segment exhibiting reduced autonomy, less employee involvement and receiving less employer provided training. They were found to earn a wage penalty, with the UK part-time market the only market to retain a penalty once observed heterogeneity was controlled for (Table 5.5a). The unemployment risk of part-timers was equal to that of full-timers, though this was attributed to their reduced entitlement to unemployment benefit and/or assistance. UK part-timers were also found to be disproportionately exposed to labour market drop-out, both compared to UK full-timers and compared to part-timers in either Denmark or France. The implications of both unemployment and labour market drop-out for UK workers was found to be particularly problematic with unemployment experience typified by a high poverty risk, and labour market drop-out predicting future unemployment risk. Moreover, while French part-timers exhibited the highest unemployment risk, UK part-timers exhibited the highest risk of labour market inactivity, with 40% of part-timers entering labour market inactivity after a period of 3 years. Given that labour market inactivity has a high poverty risk in the UK, 1/3 of inactive workers in the UK market were members of poor households (Table 5.6) labour market drop-out is taken to reflect labour market disadvantage. Part-time employment did, however, act as a bridge for a minority of workers with 1 in 5 part-

timers making a transition to a full-time job within a period of three years. Nonetheless, we conclude that UK part-time employment is marginalised employment.

This thesis sought to establish which countries were the most successful at providing equality of working conditions and equalities of labour market outcomes for atypical workers. Temporary workers and part-time workers were found to experience institutional context quite differently within the one market. This was most notable in France and the UK. In France temporary workers exhibited considerable disadvantage and while a large portion of the French part-time market was exposed to labour market insecurity their working-conditions and wages were not. In the UK temporary workers had inferior working conditions though its bridging function ensured that a considerable portion of temporary workers were integrated to standard contract employment. The same was not found to be true of UK part-time workers who experienced very poor working-conditions, considerable labour market insecurity and a weak bridging function. It was only in Denmark where we found both forms of atypical employment to be protected to a similar degree and where both forms of atypical employment were not found to be marginalised. We therefore conclude that the Danish combination of flexible integration offers the best institutional context for atypical worker job quality and labour market outcomes.

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