



DIRECTORATE GENERAL FOR INTERNAL POLICIES  
POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

# Precarious Employment in Europe: Patterns, Trends and Policy Strategies

## STUDY

### Abstract

This Policy Department A study prepared at request of the Employment and Social Affairs Committee examines precarious employment, its patterns, trends and policy strategies in Europe. It explores the risk of precariousness of different types of contract, using information from EU data analysis and literature review, as well as case studies

It finds that there are a range and degrees of risks of precariousness associated with all types of contract, based on key indicators of precariousness.

A second note presents country case studies of eight EU Member States.

This document was requested by the European Parliament's Committee on Employment and Social Affairs.

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## EXECUTIVE SUMMARY

This study describes and analyses the development of precarious work in Europe, focusing on its underlying causes and assessment of policy answers at European and national level. It is based on existing available data, studies and analysis from various sources, complemented by our independent data and expertise and documents from national and international institutions. It provides specific discussions of the issues associated with the risk of precariousness and is based on concrete quantitative and qualitative evidence.

The study works with the two analytical axes of employment relations and individual risk of precariousness with a conceptual link to quality of work. The types of employment relationships examined are 'standard' open-ended, full-time contracts, part-time work, self-employment, temporary work (including fixed-term contracts, temporary agency work, seasonal and casual work, posted work and outsourced or subcontracted work), zero hours contracts, internships, and informal or undeclared work. The most relevant indicator for individual risk of precariousness is in-work poverty and low pay, though interpretation needs to be cautious, as in-work poverty is the result of multiple factors in addition to low earnings, such as levels of working hours, the labour supply, jobless households, household size, means-tested social benefits, and poverty thresholds. Other indicators are social security, labour rights, stress and health, career development and training, and low levels of collective rights.

The financial crisis and its aftermath has been one driver affecting risk of precariousness in Europe. As employers and employees find themselves operating in a more competitive and uncertain context post-crisis, new hirings have increasingly taken place on the basis of temporary and marginal part-time contracts. Jobseekers have accepted these contracts, as the alternative would be continued unemployment. This rise in atypical contracting has meant that job insecurity has increased significantly in some countries, such as Portugal, Spain, Ireland, Latvia and Greece, involuntary temporary work has increased significantly in Ireland, but also in Latvia and involuntary part-time working has increased significantly in Italy, Lithuania, Spain, Ireland, Latvia and Greece. Eurofound (2013b) also finds that the financial crisis has had a significant negative effect on working conditions in Europe. Further, lower levels of funds have been available for enforcement services in Member States, with the result that abuses of employment relations, such as non-compliance with labour legislation or collective agreements, may be going undetected.

Other drivers of precariousness include the institutional framework, such as the absence or presence of a statutory national minimum wage, which helps to reduce the risk of in-work poverty, the extent of active labour market policies, the interaction of tax and social security systems with low pay, which has an impact on labour market participation and on reducing the risk of in-work poverty, and the existence of collective bargaining systems, which help to balance worker protection and flexibility.

Labour market regulation is also a key factor affecting risk of precariousness. Labour markets that afford protection to workers in the areas of working conditions, protection against discrimination and dismissal, access to social rights and to collective rights are likely to have a lower overall risk of precariousness than those which do not. However, there is a risk towards an increasingly dualised labour market (e.g. in Spain and France) where high levels of employment protection for 'insiders' are accompanied by high and rising levels of fixed-term contracts for new hirings.

This study shows that all employment relationships are at some risk of precariousness. The risk of in-work poverty, lack of social security coverage and lack of access to labour rights are the most serious risks for individuals (see Table 1 above).

On the basis of the set of indicators used, this study found evidence that:

- Open-ended full-time contracts and open-ended part-time contracts are at a relatively low risk of precariousness.
- Marginal and involuntary part-time work, fixed-term work and involuntary fixed-term work, work and self-employment (with and without employees) are at a relatively medium risk of precariousness.
- Temporary agency work and posted work are at a relatively medium/high risk of precariousness.
- Informal/undeclared work and in some cases zero hours contracts are at a relatively high risk of precariousness.

This evidence confirms that so-called atypical contracts bear a higher risk of precariousness, although, as stated above, much depends on the concrete situation of the individual and the type of risk to which they are exposed.

Men are more likely to work on a full-time and permanent basis (65 % compared with 52 %), and as freelancers or self-employed than women and conversely, women are much more likely than men to work on a part-time basis. The likelihood of being employed on a full-time permanent contract decreases, the lower the educational level and the lower the age: half of young Europeans between 15 and 24 years of age work either part-time, fewer than 20 hours per week, or on a temporary basis (fixed-term or apprenticeships/trainees). One in two young people are working part-time (< 20 hours) or on a temporary basis. 64 % of those with high levels of education work on a full-time permanent basis, compared with 48 % of those with low levels of education. By contrast, the share of freelancer and self-employed persons is about constant across all educational levels.

The share of different types of contract varies by economic activity of the employer: for example, full-time working is most prevalent in industry, part-time working is more likely in services, self-employment is much more common in agriculture, and the extent of temporary working is low in all sectors.

Evidence from European statistics shows that there is wide variation regarding risk of precarious working by Member State. In many countries, atypical employment relationships, such as fixed-term and temporary working, are more associated with a high risk of precariousness. According to our research, there are a wide variety of patterns, depending on country. For example, involuntary part-time working is high in Greece, Spain, Italy, Bulgaria, Portugal and Cyprus in particular. Marginal part-time work is highest in the Netherlands, Germany, Denmark, Ireland, UK and Austria. Fixed-term contracts are widespread in France, Spain, Portugal and Poland, where the trend is rising. Undeclared work is a major issue in Estonia, Latvia, Netherlands and Malta. Zero hours contracts are specific to a few Member States, such as the UK, the Netherlands and Austria, where they are concentrated in sectors such as retail and hospitality.

The main type of employment relationship in the EU is full-time permanent contracts, with 59 % of the share of employment, down from 62 % in 2003. Logically, if this trend continues, standard contracts might become at the longer term a minority form of contracting, and it could be argued that this is already so in the case of young people and in some sectors. Full-time and permanent contracting is most prevalent in

industries, public administration and education. Its share is highest in eastern and south-eastern Europe.

If the trend towards non-standard forms of work continues, it is likely that the risk of precariousness will increase. This, coupled with the rise of new forms of working, powered by digitalisation and new technology, will mean that the EU will need to focus on developing policy that ensures the framework necessary to promote both flexibility and employment security.

While standard forms of employment are at a lower risk of precariousness, our data analysis and literature review shows that they are not free from risk of precariousness. On a country basis, low pay is a potential risk or precariousness in particular in Hungary, job security in Lithuania and health in Latvia.

There are some risks associated with low pay, in-work poverty, and poor working conditions in some sectors and occupations, such as those in personal services, hospitality, elementary professions and in particular drivers and refuse workers. There is therefore a need for a policy focus on sectors and occupations that are at risk of being at multiple disadvantage, particularly in the area of low pay and in-work poverty.

Part-time work accounts for around 7 % of employment in the EU, although this figure varies considerably between EU Member States, from 18 % in the Netherlands to around 2 % in Latvia and Poland. The overall working conditions of part-time employees who have an unlimited contract seem not to be that different from those of full-time workers. Marginal part-time work, involving employees who are working fewer than 20 hours per week, is increasing. Marginal part-time employment is marked by less job security, fewer career opportunities, less training investment by the employers, a higher share of low pay and in some countries less satisfaction with payment. On average, around a quarter of part-time workers do so involuntarily. The share is more than twice as much in Greece, Spain, Italy, Bulgaria, Portugal and Cyprus. The policy focus here should be on encouraging the transition from involuntary part-time work to full-time work and on benefit coverage and pay thresholds in the case of marginal part-time work.

The share of self-employed persons without employees (freelancers) in Europe is slightly above 10 % and has not changed over last decade for most of the countries. Perceptions of working conditions for freelancers in Europe are rather mixed but do not deviate a great deal from the EU-28 average. Freelancers perceive more positive job security (in seven countries) but their investment in training is below average in 10 countries. Satisfaction with working conditions is at average or slightly above even. Satisfaction with health is below average in eight countries and particularly in Lithuania, Portugal and Romania. This might reflect the distribution of freelancers regarding their economic activity – they work mainly in physical demanding industries such as agriculture, fishery and forestry or other non-manufacturing industries.

Self-employed persons with at least one employee, i.e. entrepreneurs, account for 4 % of total employment in Europe. The share is highest in Italy (6.6 %) and lowest in Romania (1.1 %). In all countries, self-employed persons with employees experience the best working conditions (or subjective perceptions of it), satisfaction with career opportunities, job security and pay, with results above the EU-28 average, compared with other types of work. The main risks for this group are above-average levels of psycho-social demands and lack of training.

‘Bogus’ self-employment can be seen as an abuse of the employment relationship in that individuals are carrying out the same tasks, for one employer, as that employer’s employees. While the risks are no different than those for self-employment, there are

issues around avoidance of social security payment and access to labour rights in addition to high dependency from one employer. Women are more vulnerable to 'bogus' self-employment than men. Bogus self-employed workers have the lowest incomes and the greatest household financial difficulty of any category of worker. National policies and labour inspection measures need to focus on exposing this practice, targeting high risk sectors.

The share of fixed-term contracts of total employment is 7 % and has not changed significantly in most countries. The main risks of precariousness in the case of fixed-term employment overall include lower pay and limited and decreasing transitions to standard forms of working (22.8 % in 2013, down from 27.3 % in 2007). At EU level, a quarter are between seven and 12 months, with just over 20 % up to three months. This may indicate that fixed-term contracts are not being used as a stepping stone to more permanent forms of contracting. Nevertheless, there is quite a difference in contract design between countries. Short-term contracts (up to three months) are predominant in Spain, Lithuania, Latvia, Belgium, Estonia and Hungary. A duration of more than two years on the other hand is very likely in Austria, Cyprus and Germany.

Our data analysis, backed up by the results of the literature review, found that workers on fixed-term contracts experience much lower levels of job security than those in permanent employment. Fixed-term work is also at risk of a lack of access to employment rights: the majority of workers' rights and protection in the EU have been built around standard contracts. In terms of the health of workers on fixed-term contracts, the evidence is mixed. Member States need to be encouraged to focus on ensuring equal treatment, preventing abuses and encouraging transitions. The majority of seasonal work is low skilled, in sectors such as agriculture and tourism, and as such seasonal work is also, by nature, low paid.

Temporary agency work accounts for 1.5 % of total employment on average, although in the Netherlands and Slovenia, the share is twice as high. There is a risk of precariousness in terms of earnings for temporary agency workers if they receive lower wages than comparable workers in the user firm in order to balance the fees paid to the temporary employment agency. There is some evidence that temporary agency work can, under certain conditions, act as the first step for certain categories of unemployed individuals making their way back into the labour market and on to permanent work. Member States need to be encouraged to ensure that the EU Directive on temporary agency work is implemented correctly and that transitions are encouraged.

European regulation governing posted workers provides minimum standards in terms of the employment conditions of posted workers, but may leave some legal loopholes in terms of implementation. For example, employers can set up 'letter box companies' to circumvent the law. Further, posted workers are only entitled to minimum rates of pay as set by law or collective agreement in the host country, rather than actual remuneration for comparable host country workers. Therefore, posted workers are potentially at risk of precariousness if they are posted by employers who are making use of legal loopholes, which means that they may apply lower levels of pay and disadvantageous terms and conditions. Precarious employment practices are concentrated in certain occupations and sectors, such as construction, y, and as a result, even relatively small numbers of incoming precarious workers may disrupt employment conditions locally. The policy focus needs to be on curbing abuses and targeting high risk sectors such as construction.

Zero hours contracts are not found in all countries, but account for around 5 % of the workforce in the UK and Austria, mainly in hospitality and retail. As zero hours contracts have no guaranteed minimum hours of work the risk of precariousness can be high for some individuals if they are in need of guaranteed hours of work and income levels. Further, although zero hours contracts usually stipulate that zero hours workers are entitled to decline work, studies in the UK have shown that in practice individuals often feel pressured to accept any work they are offered so that they have no real choice. The policy focus should be ensuring adequate protection for these workers, which may include a minimum hours guarantee.

Almost half of young people (46 % of 18 to 35 years-olds 2013) have completed at least one internship. Internships are often unpaid, leading to income precariousness. Even where internships are remunerated, payment is typically much lower than the minimum wage of the country. There are also risks associated with internships in terms of the quality of the placements and the danger of young people getting trapped in lengthy cycles of unpaid internships.

Overall, 4 % of people admit to having carried out undeclared work over the preceding 12 months. However, the level varies significantly between EU Member States (>10 % in Estonia, Latvia, Netherlands). Undeclared work is often associated with precarity due to the fact that workers do not pay into tax and social security funds and are therefore not eligible for coverage by social security systems, resulting in a lack of entitlement to benefits and pensions.

There is a comprehensive framework of EU legislation in place that seeks to curb the risk of precariousness of certain types of employment relationship. Evaluations show that the effectiveness of Directives is generally judged to be good. However, there are some issues, such as concerns about derogations from the principle of equal treatment in relation to the temporary agency work Directive, concerns about on-call working and working time as individuals might not have the freedom to opt out of the 48-hour maximum working week in relation to the working time Directive, and issues around enforcement of the posted workers Directive, such as legal loopholes, for example allowing the setting up of 'letter box companies' although many of these are expected to be addressed by the new Enforcement Directive, which is set to come into force in Member States on 18 June. In addition, the Commission is reviewing the 1996 posted workers Directive. In general, there are some issues around the implementation and enforcement of Directives in some Member States, and issues around labour market inspection and regulation in order to curb abusive practices. All Member States are obliged to transpose EU Directives into national law. Some implement the minimum requirements, whereas others go further than the EU minimum standards set by the Directives, usually in response to a particular issue that is deemed to have warranted attention in a specific Member State.

Other EU initiatives that have relevance for the risk of precariousness include the EU's Europe 2020 strategy, the European Semester Process, and the Mutual Learning Programme. The focus of these initiatives is on themes such as segmentation of the labour market and quality of work.

Social partners at European level have concluded agreements that form the basis of much EU regulation in the area of atypical work. Trade unions also campaign on a range of issues relating to risk of precariousness, while employers tend to focus on reducing unemployment and increasing skills levels. In individual Member States, the social partners have different strategies and priorities, depending on their national situation and the types of work that are deemed to present the greatest risk of precariousness. The EU social partners interviewed for this study were broadly happy with the framework



of EU legislation as it stands, although the ETUC has been calling for revision of the posted workers Directive.

However, a number of challenges remain for EU policy:

- Reconciling employment security and job quality with flexibility needs remains a major challenge.
- There needs to be a balanced approach to regulation, avoiding extreme regulatory dualism between standard and non-standard contracts. Within this, mobility towards open-ended contracts should be encouraged and job quality be ensured or improved, but without destroying entry opportunities.
- There is a divide between temporary and permanent contracts in many EU Member States. If employment protection for open-ended contracts is eased, it may be helpful to think about alternatives to hiring and firing, such as greater levels of flexibility in working time and wages.
- Given that non-standard forms of employment are increasing, EU and national policymakers need to think about how welfare systems can support individuals in the future, in order to avoid poverty traps due to inadequate social security coverage, particularly in relation to pensions.
- There remain issues concerning the circumvention of labour legislation and standards that are applicable to dependent work, in particular using freelance work/self-employment. Enabling inspection authorities to ensure that labour legislation is being applied correctly is crucial, as is working with employers to try to encourage dependent employment where appropriate, including by focusing on employer social charges for dependent employees.
- In order to combat marginal part-time work and encourage an increase in working hours for those that want to work more, incentives to work longer hours need to be put into place.
- The spread of digitally-driven forms of employment merits further investigation, in particular in terms of the employment status and working conditions of the involved workers. This is a fast-moving area and legislation is therefore not keeping pace.

For more details, please see 5.4.4 and 6.1.

Full details of the eight country case studies that underpin this research are contained in a separate report.

Table 1: Types of employment relationship

Type of employment relationship	Magnitude	Main risks	Overall level of risk	Countries/sectors most affected
Open-ended full-time contracts	59 % of the share of EU employment. Decreasing trend	Low pay and in-work poverty Stress and health Career development and training.	Low	Greece, Poland, Hungary, Latvia, Lithuania Personal service workers, sales personnel, plant and machine operators and elementary occupations
Part-time work, involuntary part-time work, marginal part-time work	7 % of EU employment. Involuntary part-time work account for around 25 % of part-time work. Marginal part-time work accounts for 9 %. Increasing trend for all types of part-time work	Low pay and in-work poverty Social security Career development and training	Low (open-ended part-time work) Medium (marginal part-time work) Medium (involuntary part-time work)	Involuntary part-time working high in Greece, Spain, Italy, Bulgaria, Portugal and Cyprus in particular. Marginal part-time work highest in the Netherlands, Germany, Denmark, Ireland, UK and Austria.
Freelancers, self-employment, bogus self-employment	Freelancers account for 10 % of employment. Stable trend. Self-employed persons with at least one employee = 4 % of total employment in Europe	Low pay and in-work poverty Social security Labour rights Career development and training	Medium	Romania Risk for bogus self-employment and social security risks for artistic workers
Fixed-term contracts	7 % of employment in the EU. Stable trend	Low pay, in-work poverty Social security Labour rights	Medium	Casual and seasonal work, Agriculture and tourism Labour rights risk UK,



Type of employment relationship	Magnitude	Main risks	Overall level of risk	Countries/sectors most affected
Temporary agency work	1.5 % of total employment in the EU	Low pay and in-work poverty Labour rights Career development and training Low level of collective rights	Medium/high	Ireland and Ireland  Outsourcing, especially in cleaning, catering, services and ICT  Netherlands and Slovenia Young people. Limited transitions Countries where collective bargaining coverage and union density is now
Posted work	There were 1.92 million postings in Europe in 2014. Increasing trend	Low pay and in-work poverty Social security Labour rights Career development and training	Medium/high	Those affected by abusive practices. Construction  In absolute terms, the three main sending Member States were Poland, Germany and France. The three main receiving Member States were Germany, France and Belgium.
Zero hours contracts	About 5 % of the workforce in UK and Austria, 2.6 % in Estonia and the Czech Republic and 1 % in Malta and Norway	Low pay and in-work poverty Social security Labour rights	High	Austria, Netherlands, UK Retail, hospitality

Type of employment relationship	Magnitude	Main risks	Overall level of risk	Countries/sectors most affected
Internships	46 % of 18 to 35-year-olds have completed at least one internship	Low pay and in-work poverty Social security Labour rights Career development and training	Medium	Young people
Informal/undeclared work	4 % of people in the EU admit to carrying out undeclared work in the previous 12 months (Eurobarometer). Stable trend	Low pay and in-work poverty Social security Labour rights Career development and training Low level of collective rights	High	Estonia, Latvia, Netherlands, Malta Care and domestic services Women and migrant workers

## INTRODUCTION

The research consortium led by IDEA Consult was commissioned by the European Parliament to carry out a study to describe and analyse the development of precarious work in Europe. The study aims to examine its underlying causes and assess policy answers at European and national level.

The study is based on existing available data, studies and analysis from various sources complemented by our independent data and expertise and documents from national and international institutions. It aims to provide specific discussions of the issues associated with the risk of precariousness and is based on concrete quantitative and qualitative evidence.

In accordance with the European Parliament's terms of reference, it aims to provide a definition of precarious employment and an analytical concept. It also aims to summarise scientific and political debate, in addition to political practices in the EU Member States. It also charts patterns and trends in respect of precarious employment. This includes description and analysis of all types of employment relationships with regards to the risk of precariousness, including an analysis of main underlying factors. For example, this covers the specific elements and consequences of precariousness, their magnitude and trends. It also covers the main drivers of precariousness and examines which groups are particularly affected.

The study includes an analysis for relevant sectors that are particularly affected by precarious work and maps country patterns of precarious employment in Europe for EU28, including the detection of research gaps.

The study also examines policy strategies, describing and analysing European, international and national policy strategies, including relevant legislation and other institutional arrangements, supporting services and initiatives. It examines whether strategies in place are targeted at 'precarious' employment or towards specific elements of concrete employment relationships/contracts, how successful they are and whether they have been changed over time. It also provides an inventory of evaluated good practices and a list of policy recommendations.

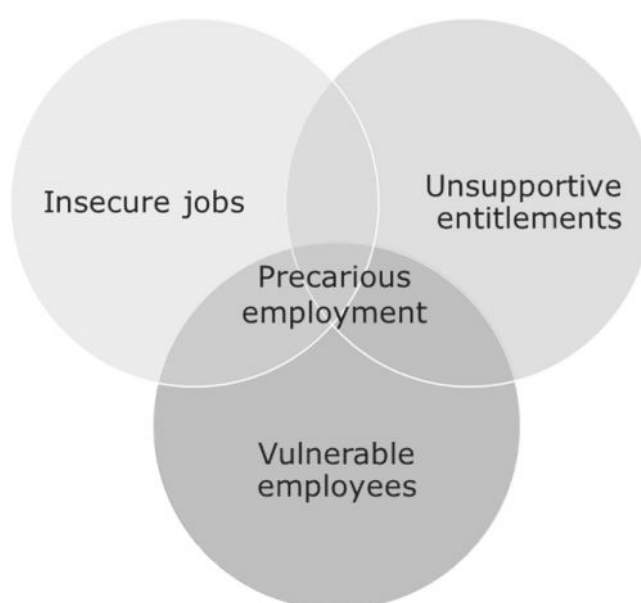
# 1. CONCEPTUAL FRAMEWORK FOR THIS STUDY

Precarious work is a concept that does not have a universally-accepted definition in Europe. Different EU Member States are faced with different labour market challenges, depending on a number of factors, such as their system of industrial relations, collective bargaining, labour market regulation, economic composition and welfare systems. The conceptual framework suggested by Olsthoorn (2014) is a useful starting point when trying to conceptualise precarious work. Based on an overview of the academic literature on precariousness, he distinguishes between three components of precarious employment (see Figure 1):

- Insecure employment (e.g. fixed-term contract, temporary agency work).
- Unsupportive entitlements (i.e. few entitlements to income support when unemployed).
- Vulnerable employees (i.e. few other means of subsistence, such as wealth or a partner with a significant income).

Precarious employment can then be defined as the intersection of these three characteristics, i.e. vulnerable employees who have an insecure job and few entitlements to income support. However, it should be noted that precarious employment is always a relative concept, referring to non-precarious forms of employment and a certain threshold as a border line. The exact demarcation is always contested.

Figure 1: Conceptual framework of precarious employment



Source: Olsthoorn.

## 1.1. Risk of precariousness in employment relationships

The next step is to consider different forms of contracting. The literature shows overall that all types of contracts could potentially be at risk of precariousness, including contracts that are full-time and open-ended. The focus here is on the degree of risk of precariousness, which is likely to be greater in the case of certain types of contracts. However, there is also a quality of work dimension – work that is characterised by a lack of control over job content, lack of autonomy, lack of employee voice, low variation of tasks, or a lack of

control over working time carries a higher degree of precariousness. Eurofound (2015) defines job quality as containing the following four elements: 'earnings; prospects (that is, job security or opportunity for advancement); working time quality; and intrinsic job quality. This last component has four sub-components: skill use and discretion; social environment; physical and environmental risks; work intensity'. The ILO has also carried out a body of work on the issue of quality of work and decent work. The ILO defines decent work as some that 'involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men'<sup>1</sup>. The European Commission has also carried out work on job quality, in the context of a range of initiatives such as its Agenda for New Skills and Jobs<sup>2</sup>. The OECD (OECD, 2014) has also analysed job quality, focusing on three main elements: earnings quality, based on the level and distribution of earnings; labour market security, based on unemployment risk and unemployment insurance; and quality of the working environment, based on the nature and intensity of work, the organisation of work and the working atmosphere.

#### 1.1.1. Approaches to identifying precarious work

The absence of definitions of precarious work means that this term is often used subjectively to describe the particular experiences or situation of one or more individual workers (McKay et al, 2012). It should also be noted that precarious work is also a highly politicised term often used in a critical perspective, but rejected by some observers.

As there is no common understanding of precarious employment, it is difficult to find a common set of indicators to measure this. Moreover, significant shares of precarious employment are not counted in current statistics (part-time contracts with very few hours, e.g. less than 15, and other forms of underemployment, quasi self-employment, and undeclared work)<sup>3</sup> (European Commission, 2004). Therefore, the wide-ranging nature of precarious work, together with the fact that at least some of it occurs in the informal sectors of the economy, means that the available statistical data is necessarily limited<sup>4</sup> (McKay et al, 2011). This holds in particular when searching for comparative European data sources.

We considered a range of approaches to studying precarious work, and decided to use elements of the following:

- The individual contracts approach. Under this approach, the contract type defines the risk of precariousness. In general, most estimations of precarious work in the economic literature are based on calculating the numbers of workers in different forms of employment relationship. However, estimating the size of the precarious workforce in this way inevitably has limitations. The key question becomes how to distinguish precarious from non-precarious atypical employment. One issue with measuring precarious employment through atypical employment is that there is no common understanding between the countries of how 'atypical' or 'non-standard' employment is defined. It has to be acknowledged, however, that this use of atypical contracts to study precarious employment is largely due to the difficulties of finding appropriate indicators to study precarious employment. We

<sup>1</sup> <http://www.ilo.org/global/topics/decent-work/lang--en/index.htm>.

<sup>2</sup> <http://ec.europa.eu/social/main.jsp?catId=958>.

<sup>3</sup> [ftp://ftp.cordis.europa.eu/pub/citizens/docs/kina21250ens\\_final\\_esope.pdf](ftp://ftp.cordis.europa.eu/pub/citizens/docs/kina21250ens_final_esope.pdf).

<sup>4</sup> [http://www.precarious-work.eu/sites/default/files/effat/files/publications/EFFAT\\_Study\\_on\\_Precarious\\_Work\\_EN.pdf](http://www.precarious-work.eu/sites/default/files/effat/files/publications/EFFAT_Study_on_Precarious_Work_EN.pdf).

therefore wanted to focus more widely than just on atypical employment, while acknowledging that atypical employment will play a large part in the study.

- The individual choice approach. This is based on its more or less voluntary character, and resorts to a subjective appreciation by workers. However, this type of approach has been criticised, as 'choices' are heavily dependent on what people perceive is available to them. Subjective measures are also used to grasp whether or not people are satisfied with their situation. This is important in the case of involuntary part-time and temporary working, for example. We therefore acknowledge the role of individual choice, but treat this with caution.
- The quality of work approach. In order to distinguish between jobs of different quality, the European Commission in its Employment in Europe 2001 report grouped jobs according to three main dimensions: job security, access to training and career development, and hourly wages. Although the Commission bases its approach on the concept of 'good' and 'bad' jobs rather than the notion of 'precarious' employment, the dynamic approach taken shines a light on a whole set of aspects linked to the question of 'precarious employment'. This quality in work dimension is very useful for our study, as this has significant implications for precarious work.

Our approach is based on analysis of all types of employment relationship, in the search for a more comprehensive definition and measurement of precarious working than any of the single approaches outlined above. Our approach is therefore multidimensional in nature, taking some useful elements of the approaches described briefly above. However, we have placed our focus on the nature of jobs, as this is the factor for which most data is available, bearing in mind that the job, or employment position, is the key element of precarious employment (even though other factors such as unsupportive welfare entitlement and the vulnerability of individuals also play a role). We have also included elements of quality in work and awareness of the role of individual choice, as we acknowledge that these factors play a role in determining precariousness.

We have worked with two analytical axes:

- Employment relations.
- Individual risk of precariousness.

#### 1.1.2. Employment relations

We have taken a neutral approach to the analysis of employment relations, making no assumptions, but taking as a starting point the fact that all types of employment contracts are potentially at risk of precariousness, although it will be likely that some types of contracts will have a higher risk of precariousness than others. Therefore, the types of contracts that we will examine will be as follows:

- 'Standard' open-ended, full-time contracts.
- Part-time work (including involuntary part-time work, marginal part-time work and job-sharing).
- Self-employment.
- Temporary work (including fixed-term contracts, temporary agency work, seasonal and casual work, posted work and outsourced or subcontracted work)
- Zero hours contracts.
- Internships.
- Informal or undeclared work.

### 1.1.3. Individual risk of precariousness

The focus here is on the risk of precariousness for the individual. We will therefore use the following indicators in this axis:

- In-work poverty and low pay
- Social security.
- Labour rights.
- Stress and health.
- Career development and training.
- Low level of collective rights.

These elements may be present to a greater or lesser degree in many types of contract and types of work. However, in terms of their contribution to precarity, some carry more weight than others.

We would argue that poverty, which in an employment context means income levels (pay and social security coverage) is one of the most important contributors to precarity. We would therefore weight these indicators as most important.

Lack of labour rights is also an important indicator of precarity, linked to factors such as informality and length of service. Some labour rights do not apply to individuals who do not achieve a specific threshold in terms of length of service in a contract, leaving them potentially vulnerable in areas such as protection against unfair dismissal or entitlement to social security or maternity pay and leave. This is also linked to quality of work, as set out above. In this study we have based our analysis on reports of survey data, objective reports and subjective analytical reports and our own analysis of survey data.

Lack of access to collective representation could be a proxy for lack of labour rights, as employee representatives inform, advise and guide works on many issues, including labour rights.

Finally, quality of work plays a role in precarity. Work that involves a low degree of autonomy and control, low variation of tasks, lack of control over working time, or an inadequate or dangerous working environment can increase the risk of psychosocial problems, such as stress at work, and physical health problems. This can result in employees needing to take time out of their job and even the labour market, which in turn will increase the risk of poverty.

Finally, lack of career development and training will add to precariousness, in that individuals will not develop the skills necessary to enable them to maintain their employability, putting them at risk of unemployment in the future.

### 1.2. Data analysis approach

By means of the European Labour Force Survey (EU-LFS) and the European Working Condition Survey (EWCS) total employment can be analysed according to the type of contract that can be described by dimensions such as duration, working time, agency work, apprenticeships and self-employment. Some of these determinants can be overlapping, e.g. part-time and fixed-term contracts. It is also possible that agency work is not fixed-term but part-time etc.

The main distinction of different types of work is between employees and self-employed persons. The latter may include freelancers or self-employed persons without employees which form a separate category. Thus self-employed persons are those with at least one employee. The reference type of contract is a full-time permanent contract (FTP) since it

represents the standard normal employment in most of the European countries. The definition of full-time vs. part-time work in the EU-LFS is based on subjective indicators as perceived by the respondents and hence not consistent with a certain number of minimum hours worked per week. In order to take into account that part-time work may be marginal both with respect to hours worked and in turn low earnings, we distinguish between part-time workers with less than 20 hours per week and those who work at least 20 hours per week. Part-time worker with a working time of at least 20 hours per week and a permanent contract are classified in the following description as part-time permanent (PTP) workers. Part-time work with less than 20 hours per week is classified as marginal part-time (MPT), no matter whether it is fixed-term or permanent. Another indicator of atypical employment is temporary agency work (TAW) which is a special case due to its contractual peculiarity. It will be analysed as a separate category of higher priority. That means temporary agency work can be permanent or fixed-term, full-time or part-time, or marginal but is not included in those other categories. The remaining contract types of interest are fixed-term contracts. Since there are some countries where apprenticeships and trainees are generally employed on a fixed-term basis with higher chances of leading into a permanent contract once the vocational education or training is successfully completed, we exclude them from the category of fixed-term contracts (FTC) and from all other possible categories.

Please note that while we have tried wherever possible to cover all EU28 Member States, this has not always been possible, depending on the datasets used. Further, recent data is not available for all employment topics covered. Where no data is available, we have relied on studies quoted in our literature review.



## 2. DRIVERS OF PRECARIOUSNESS

As employers and employees find themselves operating in a more competitive and uncertain context, post-crisis, new hirings have increasingly take place on the basis of temporary and marginal part-time contracts. Jobseekers have accepted these contracts, as the alternative would be continued unemployment. In this way, it can be said that the financial crisis and its aftermath has been one driver affecting risk of precariousness in Europe. The crisis and ensuing austerity has also resulted in a lack of funds for services such as labour inspectorates, which may contribute towards weakening inspection services and result in abuses not being detected. The institutional framework can exert an influence on risk of precariousness. In the case of in-work poverty and low pay, factors such as whether or not there is a statutory national minimum wage, the effect of active labour market policies, the operation of tax and social security systems and how they interact with low pay, and the presence or absence of collective bargaining systems can all exert influence.

Labour market regulation is held to be a key factor affecting risk of labour market precariousness. Labour markets that afford protection to workers in the areas of working conditions, protection against discrimination and dismissal, access to social rights and to collective rights are likely to have a lower overall risk of precariousness than those which do not. However, there are marked differences between labour market regulation within Europe: the Anglo-Saxon model of flexibility, higher levels of employment and a degree of in-work poverty differs from continental European models of tighter labour market regulation and employment protection. Deregulation in continental countries has contributed towards the creation of an insider/outsider culture.

Opening up the market to increased competition can increase the risk of a negative impact on the job quality and overall working conditions of workers.

Finally, digitalisation is changing employment relations in some sectors, such as minicabs and accommodation, where new organisations, such as Uber and Airbnb operate through new technology.

### 2.1. Introduction

This section examines the drivers of degrees of precariousness of particular types of contract. These are principally:

- economic drivers;
- institutional and legal drivers;
- technological change.

### 2.2. Economic drivers

The financial crisis has had an impact on the labour market throughout Europe. There is evidence that the years following the crisis have seen an increase in the number of atypical contracting forms, such as temporary agency work, fixed-term work and zero hours contracts, as employers find themselves operating in a more competitive and uncertain context. We can see from Table 2 below (Eurofound, 2013b) that job insecurity has increased significantly in some countries, such as Portugal, Spain, Ireland, Latvia and Greece, that involuntary temporary work has increased significantly in Ireland, but also in

Latvia and that involuntary part-time working has increased significantly in Italy, Lithuania, Spain, Ireland, Latvia and Greece.

Eurofound (2013b) also finds that the financial crisis has had a significant negative effect on working conditions in Europe, including an increase in job insecurity, greater work intensity, cuts in wages, a deterioration of work-life balance and an increase in work-related stress: 'The economic crisis is a factor in job stress and insecurity. Concerns rise about having or keeping a job and about establishing or maintaining income. Job insecurity has increased across Europe. The negative consequences of this insecurity on well-being and health are a recognised scientific fact'. (Eurofound, 2013b, p. 59)

Table 2: Synthesis map of changes in working conditions since the crisis

Country	Job security	Involuntary temporary	Involuntary part-time
PL	4.2	-11.5	1.2
DE	-2.4	-1.9	-5.6
MT	5.4	0.7	-1.0
AT	1.2	-9.6	-2.1
BE	-0.4	-4.1	-4.4
NO	3.0	-0.4	1.5
SE	-1.4	-0.7	1.7
IT	7.0	5.6	15.0
LT	3.1	-4.1	10.0
EE	5.4		6.2
PT	11.4	4.0	6.9
ES	10.9	7.0	23.0
IE	12.5	27.9	26.6
LV	12.4	11.2	17.7
EL	22.4	3.6	15.3

Source: Eurofound 2013b.

Countries least and most affected by crisis, % change country average, 2007–2011; Job security = change in proportion between 2007 and 2012 of working people who think it is 'very likely' or 'quite likely' they will lose their job within the next six months (source: EQLS); Change in the proportion of temporary/part-time employed (2007–2011) who give as reason for temporary/part time employment that they 'could not find permanent/full employment' (produce: LFS); Colour coding: dark green = relatively strong positive change; light green = relatively positive change; light red = relatively negative change; dark red = relatively strong negative change

The crisis and ensuing austerity has also resulted in a lack of funds for services such as labour inspectorates, which may weaken inspection services and result in abuses not being detected.

Eurofound (2013a) found that there had been an overall decline in undeclared work in the EU between 2002 and 2013. It also found, however, that there is a strong correlation between neo-liberal austerity measures (such as reducing taxes, pursuing deregulation and minimising state intervention) and larger undeclared economies, while social democratic

austerity measures such as boosting state labour market and welfare expenditure are strongly correlated with smaller undeclared economies.

Koukiadaki et al (2016) also examined the impact of the crisis on joint regulation and labour market policy, finding that reforms carried out in Member States were largely implemented on a unilateral governmental basis. There have been downwards wage adjustments and many Member States are reported to be experiencing a crisis in collective bargaining, particularly at national and sectoral level, and this has implications for collective bargaining coverage. They also note that trade unions seem to be hampered in their ability to monitor the enforcement of collective agreements and labour standards since the crisis.

### 2.3. Institutional and legal drivers

The institutional framework, both at EU level and at Member State level, can exert an influence on risk of precariousness. In the case of poverty and low pay, factors such as whether or not there is a statutory national minimum wage, the effect of active labour market policies, the operation of tax and social security systems and how they interact with low pay, and the presence or absence of collective bargaining systems can all exert influence on levels of in-work poverty. It should be noted, however, that in-work poverty, as explored below, is a complex phenomenon, based on a range of factors connected with the individual and their situation, rather than simply wage levels.

There is a large body of literature on these issues. Below, we cite some examples.

Bosch (2009) argues that there are various factors that can promote high employment, including inclusive pay systems that also cover employees with weak bargaining power and an empowerment strategy based on an active labour market policy and lifelong investment in education and training to strengthen the individual bargaining positions of the unemployed.

'It seems safe to conclude that labour market outcomes cannot be explained by any single institution. Employment outcomes are the product of a set of institutions that shape both the supply side and the demand side of the labour market. In the presence of institutional complementarity and virtuous circles, employment rates are higher. Even in countries with small proportions of low-paid workers, the problem that remains to be solved is how to avoid the long-term negative effects of low pay on workers' careers and on the next generation.'

(Bosch, 2009, p. 353)

Bosch and Gaudié (2011) look further at the institutional influences on low-paid work in six EU countries, noting the role of collective bargaining coverage, minimum wages, product market regulations and welfare systems.

Figari (2011) looked at the effects of putting into place a family-based and individually-based in-work benefit programme in southern European countries. This type of programme aims to increase incentives to accept work and redistribute resources to low-income groups. One of the motivations for this was the existence of similar programmes in the USA and the UK, which have had positive results. He found evidence of 'a trade-off between the redistributive and the incentive effects of the different policies', i.e. family-based in-work benefits are better targeted on the poorest households, in particular in Italy and Portugal, whereas individually-based policies lead to greater incentives to work, in particular in Italy and in Greece. Further, individually-based in-work benefit programmes appear to be more efficient if the enhancement of the labour market participation of women in couples is the main concern. However, he also noted that the labour market characteristics and income distribution of individual countries have significant influence: in countries that have high employment rates and low wages at the bottom of the wage distribution, such as Portugal

and Spain, these programmes might apply to too many people and therefore will not be able to be targeted narrowly.

Labour market regulation is held to be a key factor affecting risk of precariousness. Labour markets that operate in a solid framework of labour legislation that affords a degree of protection to workers in the areas of working conditions, protection against discrimination and dismissal, access to social rights and to collective rights, are deemed likely to have a lower overall risk of precariousness than those which do not.

There are marked differences between labour market regulations within Europe: the Anglo-Saxon model of flexibility, higher levels of employment and a degree of in-work poverty differs from continental European models of tighter labour market regulation and employment protection. However, in order to combat unemployment, in the 1980s most European countries began to deregulate labour markets. In 1984, atypical contracts were introduced in Italy and Spain: in Spain, this followed a major political debate among the social partners and an agreement to modify the principle of 'job security' and enhance flexibility (Adam and Canziani, 1998). The ensuing Spanish labour reform created fixed-term contracts for new labour market entrants that could be used for any activity, temporary or otherwise, and which required no or low levels of severance pay. This resulted in a sharp increase in the number of fixed-term contracts in Spain. Adam and Canziani argue, however, that this has had a mixed effect: on the one hand, fixed-term contracts have been an important mechanism for reducing unemployment among young and inexperienced workers. However, the likelihood of a transition to permanent employment is deemed to be very low, and employers have few incentives to provide training: 'It appears therefore that the Spanish road to flexibilization may easily result in a form of 'low skill equilibrium': a large labour force of 'stand-by' workers, easily replaceable, who co-exist with a protected (insider) labour force'.

Regulation of the labour market in the Scandinavian countries results in different labour market dynamics. In Denmark, for example, the flexicurity model (see below) provides a high degree of labour market flexibility that is not classed as resulting in precariousness. Further, the Swedish labour market, based on the 'Rehn-Meidner model', aims to simultaneously achieve low inflation, low unemployment, high growth and equal distribution of income. This model is based on active labour market and welfare policies, centralised wage-setting and an egalitarian wage policy, and the social partners are strongly involved in this via collective bargaining (Fischer, 2006).

The level of regulation on a particular employment practice does appear have an impact on its general extent. For example, in the case of temporary agency work, Voss et al (2013) found that between 2000 and 2007, the number of agency workers in Europe increased, mainly as a result of different factors such as EU enlargement and the change in regulation (i.e. liberalisation) in countries such as Germany, Italy, Finland or Poland. Similarly, in France, the number of self-employed people has been boosted by the creation of a specific legislative status of auto-entrepreneur. According to a study carried out by INSEE, three out of four auto-entrepreneurs would not have created their business without this new regime ((INSEE, 2012) in Insarauto et al, 2015).

Flexicurity is an attempt to bring together employers' need for more labour market flexibility and employees' need for employment security. The Danish 'golden triangle' of flexicurity is often cited in this regard, resting on the three pillars of limited dismissal protection, continuing vocational training and relatively high levels of welfare benefits, thus enabling individuals to move in and out of employment easily and safely. This flexicurity model has become somewhat tarnished since the crisis from 2008, but the European Commission is still urging Member States to consider this when implementing employment policy. For example, in the Integrated Guideline 7 for the Europe 2020 agenda (Increasing

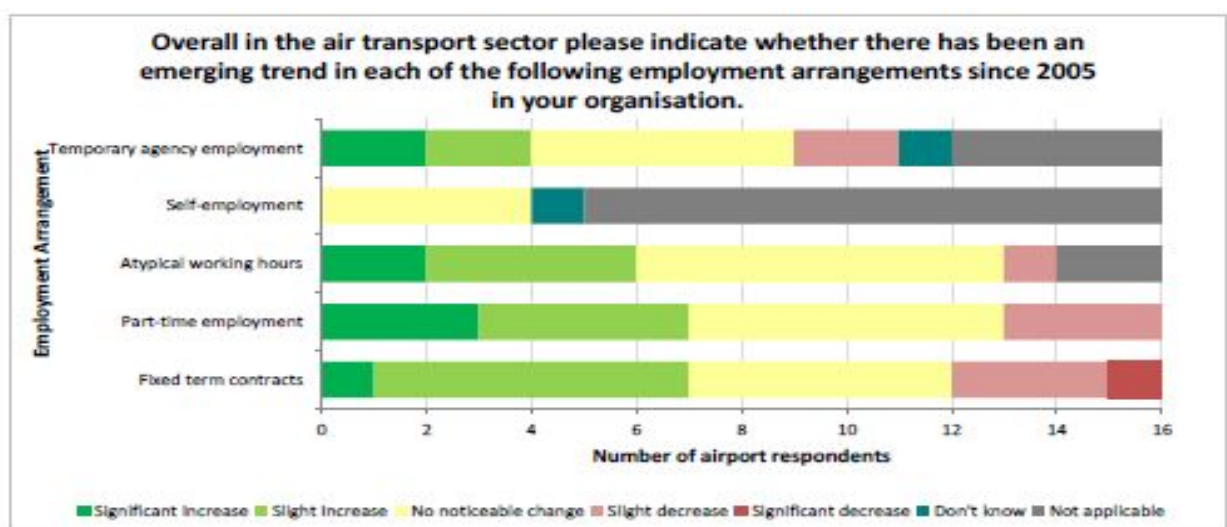
labour market participation and reducing structural unemployment), the Commission urges Member States to integrate flexicurity principles into their labour market policies and apply them, 'with a view to increasing labour market participation and combating segmentation and inactivity'.

Deregulation can play a significant role in increasing the risk of precariousness: opening up the market to increased competition can result in a market in which employers strive to cut costs and exploit legal loopholes in order to maintain or increase market share. This can have a negative impact on the job quality and overall working conditions of workers. In the road transport sector, for example, the European Parliament (2015e) found that liberalisation of the market had had a negative impact of market integration on employment conditions. 'There are indications that unconventional employment practices, such as outflagging, the creation of letter box companies and 'bogus' self-employment have increased over the past decade. In this way, the road haulage sector appears to have become a laboratory for innovative employment practices bearing the risk of social dumping' (European Parliament 2015e, p. 9).

In the postal services sector, Hermann (2014) notes that the deregulation and privatisation of the sector has resulted in an increase in precariousness for the workforce, based on new competitors using self-employed staff and part-time workers. In addition, Hermann notes that some former national postal companies use temporary employment (eg in Malta, 32 % of the workforce of the country's former monopoly postal service is employed on a temporary basis).

In the air transport sector, which has undergone significant deregulation over the past decade, the European Commission (2015a) identified a range of atypical work practices, such as fixed-term work, part-time work, temporary agency work and self-employment. This research found that, based on responses to a stakeholder questionnaire distributed to organisations active in the sector, between 2005 and 2014 there had either been an increase or no noticeable change in fixed-term contracts, part-time employment and atypical working hours overall in the air transport sector. There was overwhelming consensus that self-employment was not changing or was not applicable to airports, but no clear consensus regarding trends in temporary agency work, which implies a large variety of arrangements across EU airports. For details, see Figure 2 below.

Figure 2: Trends in atypical working in the air transport sector (European Commission 2015a)



Source: Stakeholder responses to questionnaire, Steer Davies Gleave analysis.

In terms of staff roles, the study found that there was a tendency towards an increase in part-time work, fixed-term contracts and temporary work among ground handlers, while for terminal staff, there were some increases in part-time work and fixed-term contracts. Survey respondents expected an increase or no change in atypical working hours over the coming five years.

Growth in the use of fixed-term, temporary and part-time contracts was attributed to factors such as the seasonal nature of airline work and the need to respond to fluctuations in demand, rapid growth in some airports, a need to keep costs down and the fact that the nature of some jobs in airports lend themselves well to fixed-term and atypical working arrangements.

**Box 1: Illustrative example: social dumping in the EU**

EU policymakers are increasingly concerned about the issue of 'social dumping'. There is no clear and accepted definition of social dumping. However, the European Commission describes social dumping as a situation 'where foreign service providers can undercut local service providers because their labour standards are lower'. It gives its definition in relation to descriptions of the posting of workers. This term is much debated in Europe and has general negative connotations, linked to the exploitation of workers. Eurofound (European Industrial Relations Dictionary) notes that 'There are inevitably differences between Member States in terms of labour costs, both direct and indirect. These can give companies based in countries with comparatively lower costs a competitive advantage. However, this advantage may be offset by factors which favour enterprises in countries with higher labour and social standards. These factors may include better transport infrastructures or a more highly trained and skilled workforce. Nevertheless, differences in direct and indirect labour costs may create a significant competitive edge'.

Trade unions argue that these differences in labour and social standards can increase the threat of social dumping: national governments can therefore be under pressure to reduce their own standards in order to relieve the pressure associated with high indirect wage costs on enterprises. This may mean that employers might want to relocate new investment, or even existing establishments, in countries with lower labour and social standards and lower indirect labour costs. Bernaciak (2014) conceptualises social dumping as a bottom up process under which labour market participants are forced to act according to short-term market logic and therefore have an incentive to circumvent or 'bend' existing social regulations, viewing them, as they do, as barriers to profit maximisation. She argues that these efforts to undercut social regulations are encouraged by policy initiatives to expand markets, such as the launch of the EU Internal Market, and EU enlargement to the south and to the east, which have led to the intensification of price-based competition. She also asserts that social dumping is not limited to cross-border labour mobility and employee posting: in sectors such as manufacturing, for example, she states that rule avoidance has often been the main motive behind production relocations and concession bargaining and has also been characteristic for certain outsourcing practices and measures intended to increase labour market flexibility. She also asserts that within countries, social dumping can take place, for example in the supply chains of large construction companies. She states that:

'The long- and short-term threats posed by social dumping call for a resolute policy response. There is a need to curb deregulation and to provide adequate monitoring and enforcement of the existing norms. In certain policy areas where social dumping is most prevalent, such as cross-border employee posting or freedom of establishment, re-regulation and the strengthening of controlling measures is necessary to prevent further



abuses, sustain wage levels, employment conditions and worker participation mechanisms, and ensure the uninterrupted functioning of markets.’ (Bernaciak, 2014, p. 26)

Conversely, BusinessEurope (2014) argues that EU integration has not led to a race to the bottom and social dumping, asserting that around 70 social Directives harmonise minimum standards across all EU Member States. It also argues that different wage rates around Europe reflect different productivity levels and therefore cannot be directly compared: ‘The race to the bottom argument is a fallacy. Wages in the EU do not show a falling trend. Between 1999 and 2008, hourly labour costs adjusted for the changes in purchasing power have increased in virtually all European countries. Growth was particularly strong in Central and Eastern Europe, further reducing wage differences within the EU.’ (BusinessEurope, 2014, p. 19)

On a sectoral basis, social dumping has been explored by the European Parliament (2015e) in relation to the road transport sector, where there is evidence of practices that impinge upon workers’ rights and working conditions in the case of international drivers. There is also a lively debate about posted workers and the risk of social dumping arising from breaches in legislation and abusive practices. This most recently resulted in the adoption of the posted workers enforcement Directive, which is due to be implemented in EU Member States in 2016. This Directive strengthens controls and coordination between countries in an attempt to limit abuse of workers’ rights through postings.

In January 2016, the European Parliament issued a draft report on social dumping in the European Union (European Parliament, 2016a), in which it calls for a range of measures designed to reinforce controls and coordination between EU Member States, address regulatory gaps in order to implement the principle of equal pay and equal social protection for the same work, and to combat social dumping in the case of mobile workers in the transport industry.

### 3. PATTERNS, TRENDS, SECTORAL FACTORS AND SOCIO-DEMOGRAPHIC FEATURES

In 2014 the main type of employment relationship in the EU was full-time permanent contracts, with 59 % of the share of employment, although this is decreasing, while the share of non-standard forms of work is increasing. If this trend continues, it may well become the case that standard contracts will only apply to a minority of workers within the next decade.

Men are more likely to work on a full-time and permanent basis than women, whereas women are much more likely than men to work on a part-time basis. Education influences the chances of full-time work positively and reduces the share of part-time and temporary work. By age, young workers are much less likely to be employed on full-time permanent contracts than older colleagues. Young workers are also much more likely to be employed on the basis of apprenticeship or training contracts and to be engaged in marginal part-time work and fixed-term work.

The share of different types of contract varies by economic activity of the employer. For example, full-time, permanent contracts are lowest in agriculture, fishery and forestry, part-time working and marginal part-time work is mainly used in the service sector, self-employment, including freelancers, is most common in agriculture, fishery and forestry, fixed-term contracts are lowest in ICT, real estate, financial and professional services and temporary agency working is low in all sectors, although highest in manufacturing. From this data, it can be seen that the service sector tends to be more at risk of precariousness, having a lower incidence of standard forms of working than manufacturing industry.

There is wide variation regarding risk of precarious working by Member State. The Member States that appear to present the highest risks of precariousness overall, based on our indicators, are Bulgaria, Estonia, Greece, Latvia, Lithuania, Spain and Poland, all of which score highly on multiple indicators. The eight country case studies that form part of this research all display very different labour market traditions. For example, there is a high incidence of part-time working in the Netherlands, although this does not carry a high risk of precariousness, due to labour market regulation. There is evidence of diverging dualisation in France and Spain, a high level of marginal part-time work in Germany, a high incidence of undeclared work in Lithuania, high levels of precarious temporary employment in Poland, evidence of high levels of posted workers and increasing (bogus) self-employment in the Netherlands and high levels of zero-hour contracts and internships in UK.

Central and Eastern European countries such as Poland and Lithuania do not have well-developed systems of social dialogue and collective bargaining, which influences the risk of precariousness of atypical forms of working.

This chapter examines the overall patterns, trends and other factors, such as sectoral elements and socio-demographic characteristics of work at risk of precariousness.

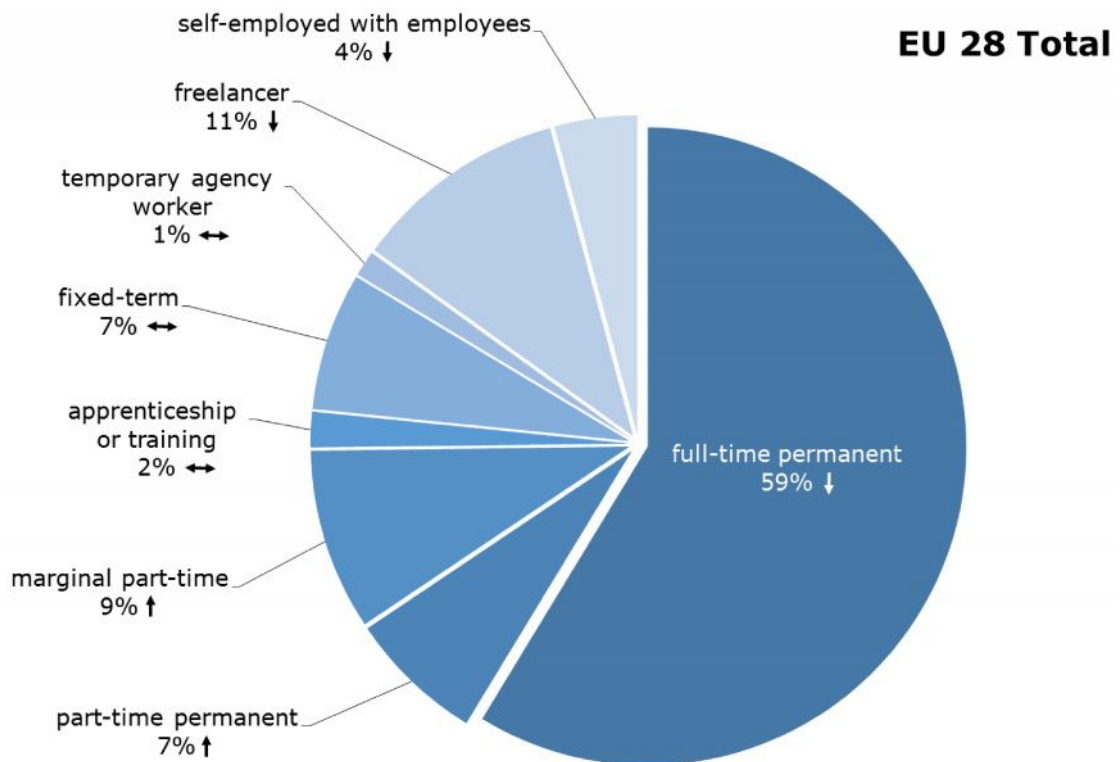
#### 3.1. Fewer than six in 10 employees have an open-ended contract, and the trend is decreasing

As Figure 3 below shows, in 2014 the main type of employment relationship in the EU was full-time permanent contracts, with 59 % of the share of employment. However, the trend is towards a decreasing number of these types of contracts. Freelance work accounted for 11 % of employment, with a downward trend, whereas self-employment with employees



accounted for 4 % of employment, although the trend is decreasing. Part-time work is split into permanent part-time work (7 % and increasing) and marginal part-time work (9 % and also increasing). Fixed-term employment accounted for 7 % of employment, and the trend is stable, whereas temporary agency work accounted for just 1 % of employment, a figure that is also stable. Apprenticeship or training contracts accounted for 2 % of employment and the trend is stable.

Figure 3: Extent of different types of employment relationship in the EU28 in 2014



Source: EU-LFS 2014, weighted results, own calculation.

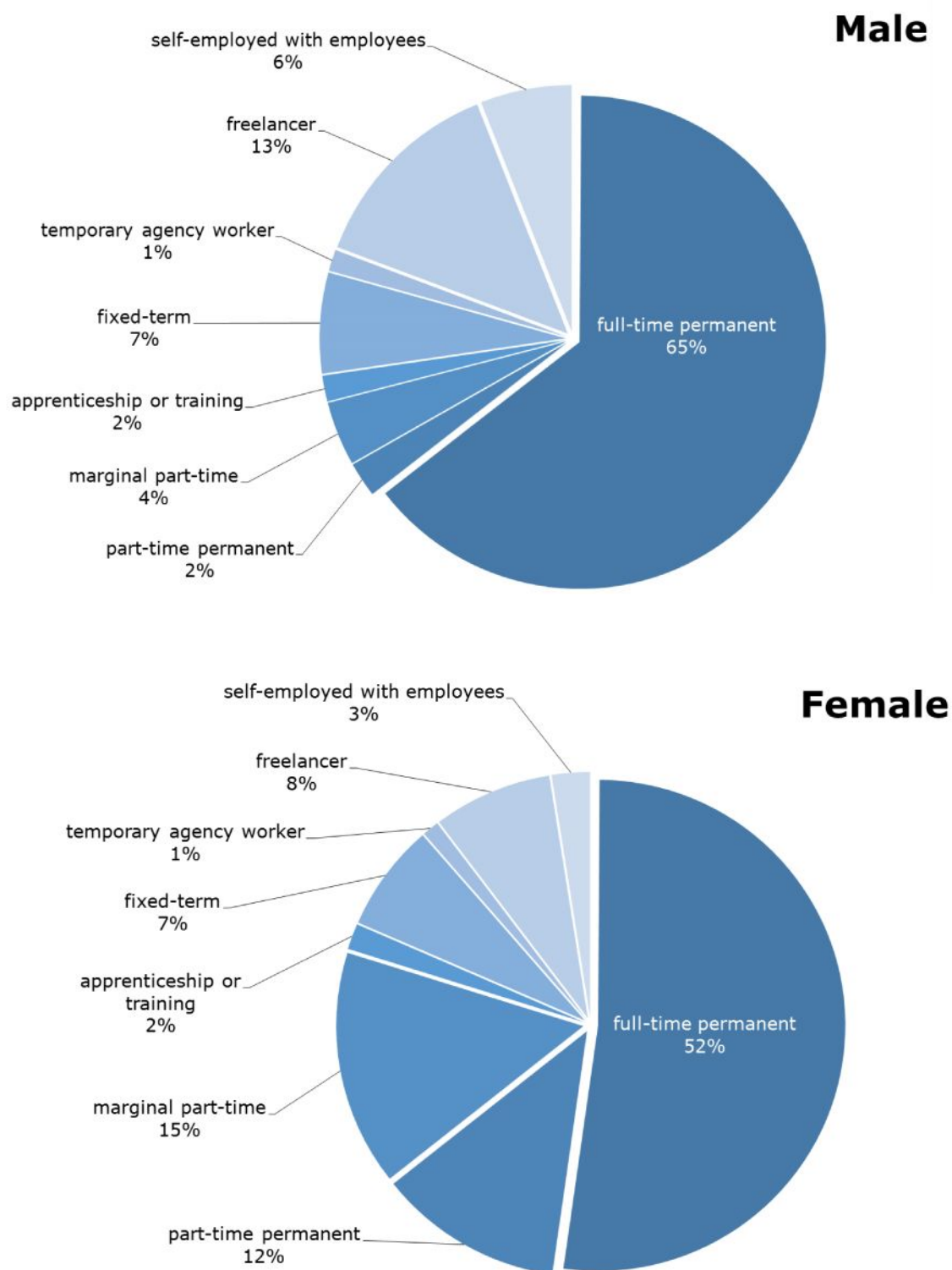
### 3.2. Demographic characteristics

It should be noted that there are substantial differences of contracts types with regard to gender, age and educational attainment.

- On a gender basis, men are more likely to work on a full-time and permanent basis than women (65 % compared with 52 %), whereas women are much more likely than men to work on a part-time basis. A total of 12 % of women work on a part-time basis, compared with 2 % of men, and 15 % of women work on a marginal part-time basis, compared with 4 % of men. Men are also more likely than women to work as a freelancer (13 % compared with 8 % of women) and as self-employed with employees (6 % compared with 3 % of women). For details, see Figure 4.
- On an age basis, half of young Europeans between 15 and 24 years of age work either part-time with less than 20 hours per week or on a temporary basis (fixed-term or apprenticeships/trainees). Full-time open-ended contracts are more prevalent among mid-aged employees (25 to 54 years of age). For employees aged 55 and above, full-time employment still is the dominant type of work but the share of freelancer and self-employed persons is much higher with about 25 % (Figure 5).

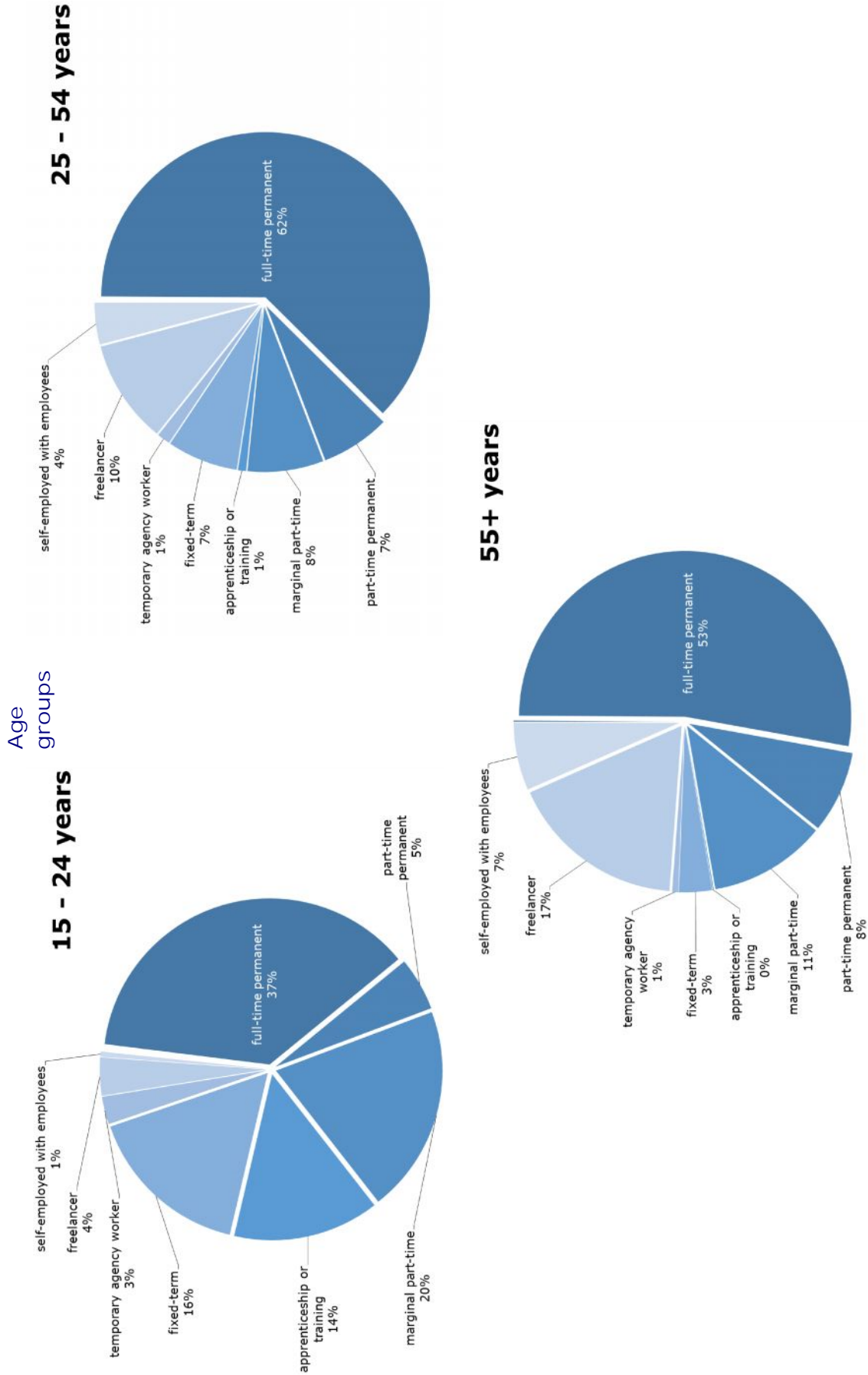
- Education influences the chances of full-time work positively and reduces the share of part-time and temporary work whereas the share of freelancer and self-employed persons is about constant across all educational levels. The likelihood of being employed on a full-time permanent contract decreases, the lower the educational level (Figure 5).

Figure 4: Contract types by gender in EU-28 in 2014

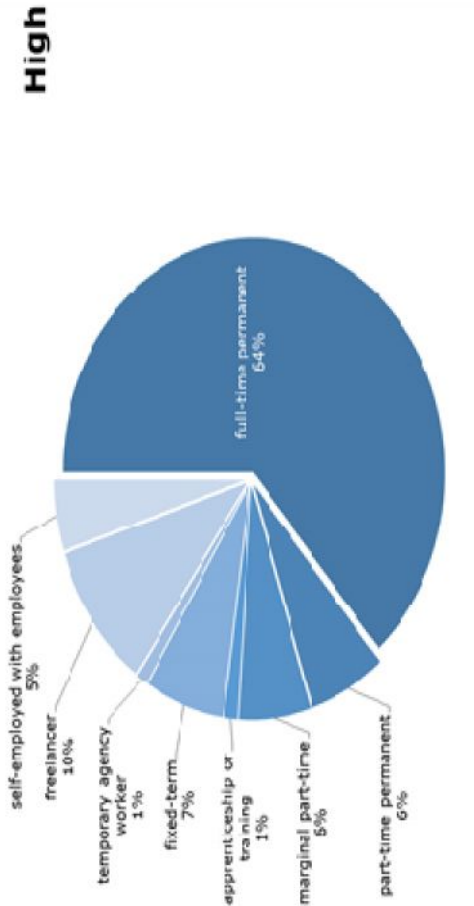
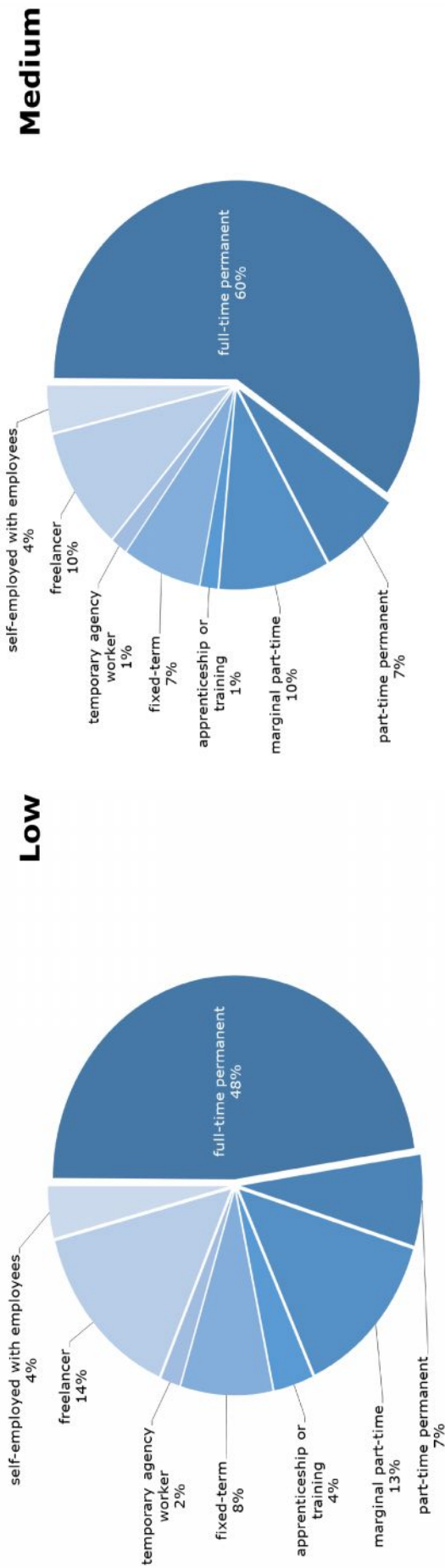


Source: EU-LFS 2014, weighted results, own calculation.

Figure 5: Contract types by age and educational attainment in EU-28 in 2014



Educational attainment



Source: EU-LFS 2014, weighted results, own calculation.

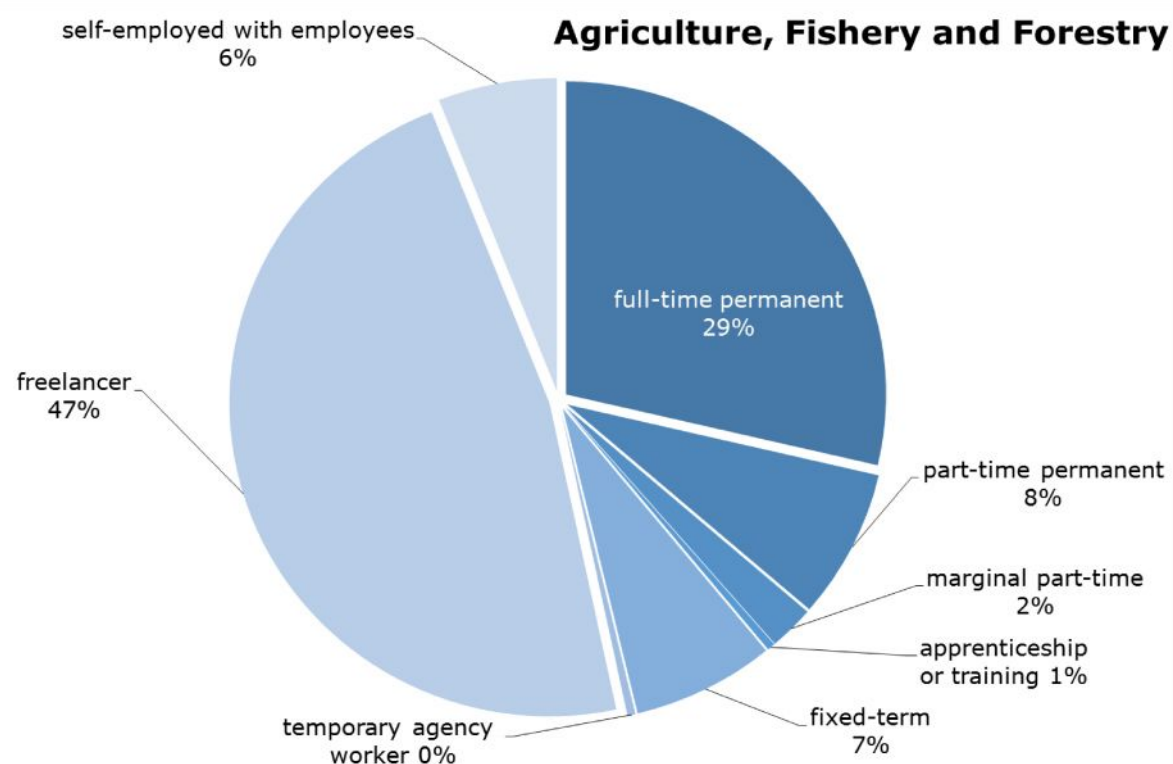
### 3.3. Sectoral patterns: Most full-time, permanent contracts in industries, public administration and education

On a sectoral basis, it is important to note that the share of different types of contract varies by economic activity of the employer:

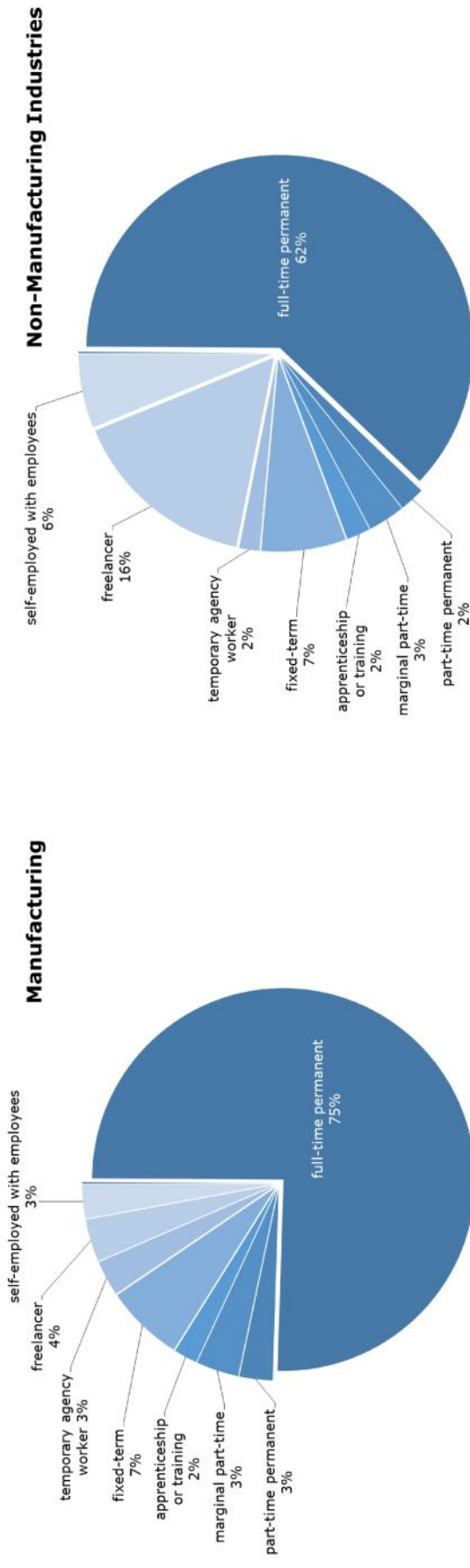
- Full-time, permanent contracts are lowest in agriculture, fishery and forestry (29 %) and other services (39 %) and highest in manufacturing (75 %) and non-manufacturing industries (62 %). This type of contracting is also high in public administration (66 %) and education (63 %).
- Part-time working and marginal part-time work is mainly used in the service sector, e.g. more than one quarter of total employment in health and education, 28 % in other services and 20 % in retail and trade. This compares to just 10 % in agriculture, fishery and forestry and 5-6 % in industry.
- Self-employment, including freelancers, is most common in agriculture, fishery and forestry (53 %). It is also overrepresented in retail and trade (18 %), ICT, real estate, financial and professional services (23 %). This compares to just 7 % in manufacturing industry and 5 % in public administration and in education.
- Fixed-term contracts are more or less equally found in all economic sectors, at between 6-9 %. The exception is the ICT, real estate, financial and professional services sector, where the share of fixed term contracts of total employment is only 4 %.
- Temporary agency working is low in all sectors, at between 0 % and 3 % (in manufacturing).

From this data, it can be seen that the service sector tends to be more at risk of precariousness, having a lower incidence of standard forms of working than manufacturing industry. For details, see Figure 6.

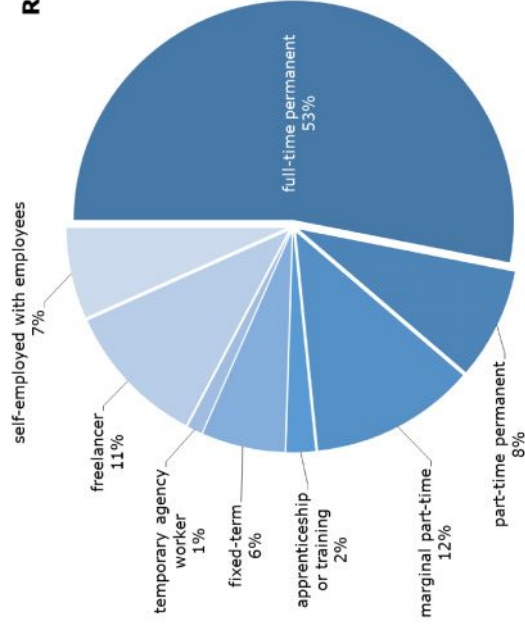
Figure 6: Contract types by economic activity (NACE Rev. 2) in EU-28 in 2014



## Industry



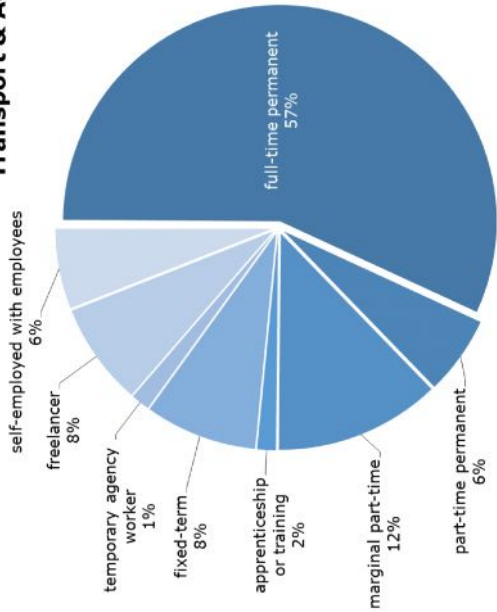
## Retail & Trade



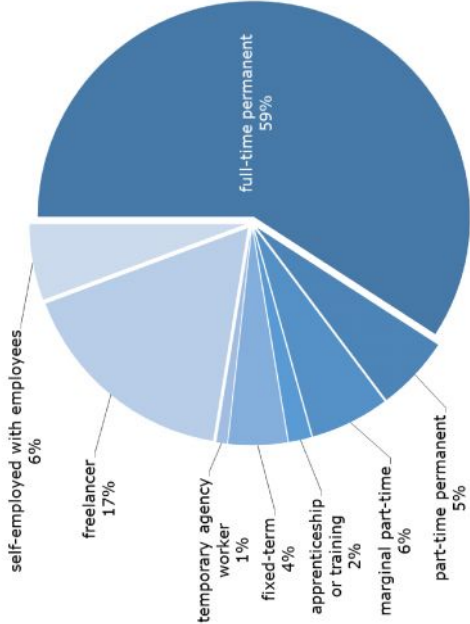


Services

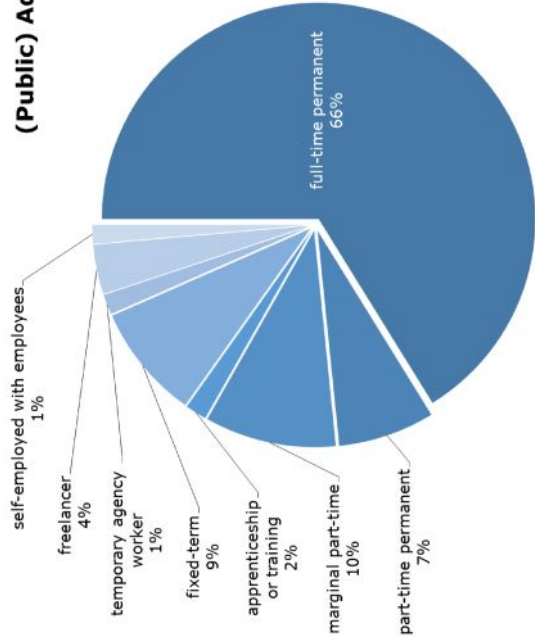
Transport & Accomodation



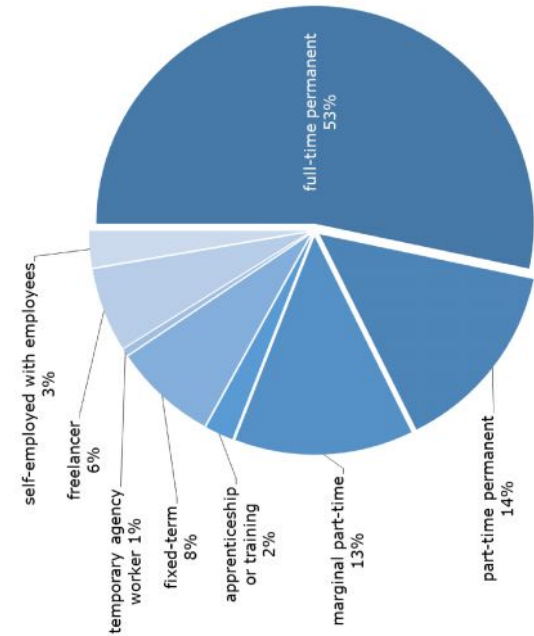
Information & Communication, Real Estate, Financial & Professional Services



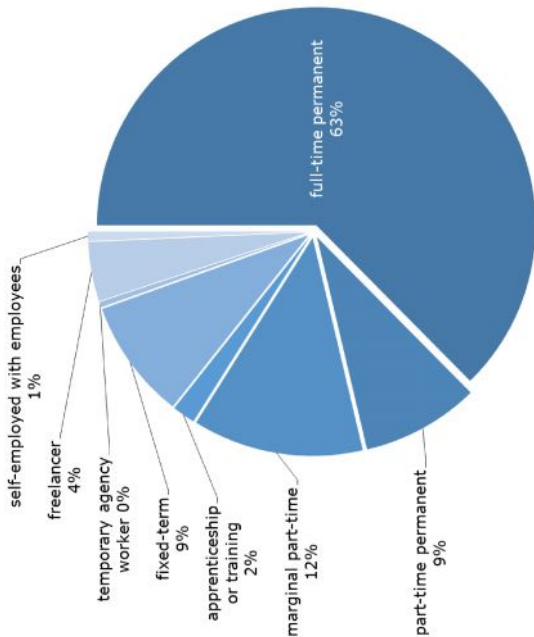
(Public) Administration



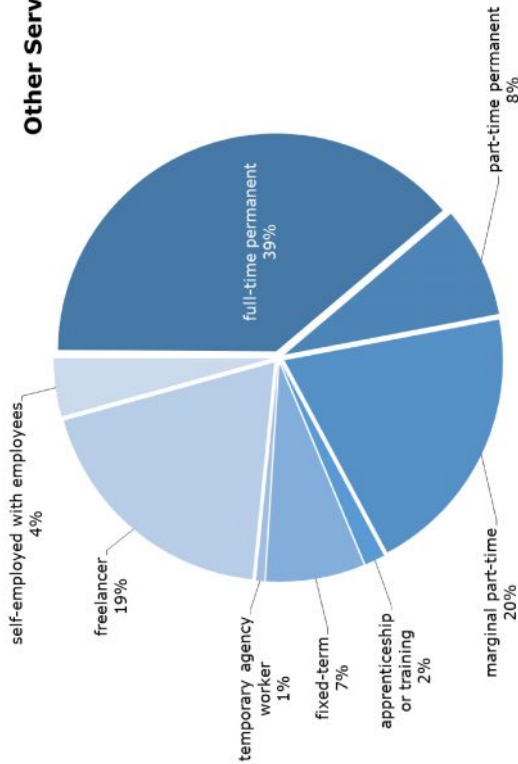
Health



Education



Other Services



Source: EU-LFS 2014, weighted results, own calculation.

### 3.4. Wide country differences

There are a wide range of differences in terms of the types of work at risk of precariousness by Member State. The criteria we used to define risk of precariousness are incidence of involuntary or marginal part-time working, fixed-term contracts, temporary agency work, self-employment and informal/undeclared work.

Overall, there are high levels of part-time working in many countries, which in itself is not necessarily at high risk of precariousness, but some countries (such as Bulgaria, Cyprus, Greece, Ireland, Italy, Portugal and Spain) show high levels of involuntary part-time working and levels of marginal part-time working are relatively high in Germany and Denmark.

Full-time work is generally seen as having a lower risk of precariousness than other forms of working. Nevertheless, there is dissatisfaction with levels of pay among full-time workers in Hungary, dissatisfaction with job security among full-time employees in Lithuania and dissatisfaction with health among full-time employees in Latvia.

Some countries also display a high level of fixed-term contracts, including Spain, and also France, where the number of short fixed-term contracts has increased significantly over the past decade, and Portugal and Poland.

Transition rates from temporary to open-ended work are low in countries such as France, Greece, Italy, the Netherlands, Poland and Spain. Zero hours contracts feature in Austria, the UK and the Netherlands.

Informal or undeclared work is an issue in some countries, such as Lithuania and Malta.

By country, the Member States that appear to present the highest risks of precariousness overall, based on our indicators, are Bulgaria, Estonia, Greece, Latvia, Lithuania, Spain and Poland, all of which score highly on multiple indicators.

Table 3 below shows the main risks of precariousness in terms of employment relationship by country, based on the research carried out for this study.

Table 3: Main risks of precariousness by country

Country	Main risks of precariousness
Austria	Part-time working high at around 11-12 % (EU LFS) Marginal part-time work: Above-average levels (EU LFS) Zero hours contracts: Relatively high levels, at around 5 % (Eurofound 2010)
Belgium	Part-time working high at around 11-12 % (EU LFS) Fixed-term contracts: Lower than average satisfaction with job security (EWCS 2010 and own calculations)
Bulgaria	Involuntary part-time working: levels twice the EU average (EU LFS) Marginal part-time work: Lower than average satisfaction with job security (EWCS 2010 and own calculations). Lower than average satisfaction with pay (EWCS 2010 and own calculations). Lower than average satisfaction with working conditions (EWCS 2010 and own calculations) Fixed-term contracts: Lower than average satisfaction with job security (EWCS 2010 and own calculations)

Country	Main risks of precariousness
Cyprus	Involuntary part-time working: Levels of twice the EU average (EU LFS) Fixed-term contracts: high levels compared to EU average (EWCS 2010 and own calculations)
Czech Republic	Fixed-term contracts: Lower than average satisfaction with job security (EWCS 2010 and own calculations)
Denmark	Part-time work (limited access to social insurance if below 8 hours a week, concerns about working conditions). Temporary agency work and fixed-term contracts: working conditions, collective agreement coverage, transition to permanent jobs. Self-employment (access to social insurance), workers in sectors not covered by collective agreement. (Case study data) Marginal part-time work: above average levels (EU LFS)
Estonia	Marginal part-time work: Lower than average satisfaction with job security, lower than average satisfaction with pay, lower than average satisfaction with working conditions, lower reported levels of general health (EWCS 2010 and own calculations) Fixed-term contracts: lower than average satisfaction with job security, lower than average satisfaction with general health (EWCS 2010 and own calculations)
Finland	Fixed-term contracts: lower than average satisfaction with job security (EWCS 2010 and own calculations)
France	Fixed-term contracts of very short duration (low wages, limited access to benefits and insurance, collective representation and promotion opportunities). Large increase in contracts of less than one week between 2000 and 2012 (case study) Internships: concerns about abuses (case study) Fixed-term contracts: Lower than average satisfaction with job security (EWCS 2010 and own calculations) Temporary work: rates of transition from temporary to permanent contracts below 20 % (Eurofound 2015b)
Germany	Marginal part-time work (Minijobs): Risks in terms of low income, limited social insurance coverage and working conditions. (Case study) Temporary agency work: risks of lower income and in-work poverty (case study) Self-employment without dependent employees: risk of lack of social security coverage and lack of employment rights (case study) Part-time work: risen by a third in the past decade (EU LFS)
Greece	Involuntary part-time working: twice the EU average (EU LFS) and significant increase (15.3 %) in involuntary part-time work since the crisis – 2007-2011 (Eurofound 2013b) Freelance activity: levels higher than the EU average (EU LFS). Lower than average satisfaction with working conditions among freelancers

Country	Main risks of precariousness
	<p>(EWCS 2010 and own calculations)</p> <p>Fixed-term contracts: lower than average satisfaction with job security (EWCS 2010 and own calculations)</p> <p>In-work poverty: high levels: 17 % (Marx et al, 2014, based on EU-SILC)</p> <p>Temporary work: rates of transition from temporary to permanent contracts below 20 % (Eurofound, 2015b)</p>
Hungary	<p>Standard contracts: lower than average satisfaction with pay among full-time employees (EWCS 2010 and own calculations)</p> <p>Fixed-term contracts: lower than average satisfaction with job security, lower than average satisfaction with pay (EWCS 2010 and own calculations)</p>
Ireland	<p>Marginal part-time work: above-average levels (EU LFS)</p> <p>Significant increase (12.5 %) in job insecurity since the crisis – 2007-2011. Eurofound 2013b</p> <p>Temporary work: significant increase (27.9 %) in involuntary temporary work since the crisis – 2007-2011. Eurofound 2013b</p> <p>Part-time work: significant increase (26.6 %) in involuntary part-time work since the crisis Par 2007-2011. Eurofound 2013b</p>
Italy	<p>Part-time work: levels have doubled in the past decade (EU LFS)</p> <p>Involuntary part-time working: levels twice the EU average (EU LFS) and significant increase (15.0 %) in involuntary part-time work since the crisis – 2007-2011. Eurofound 2013b</p> <p>Freelancers: levels of freelance activity higher than the EU average (EU LFS)</p> <p>Temporary work: rates of transition from temporary to permanent contracts below 20 % (Eurofound 2015b)</p>
Latvia	<p>Standard contracts: lower than average satisfaction with health among full-time employees (EWCS 2010 and own calculations)</p> <p>Part-time work: lower than average satisfaction with job security and pay (EWCS 2010 and own calculations). Significant increase (17.7 %) in involuntary part-time work since the crisis – 2007-2011. Eurofound 2013b</p> <p>Fixed-term contracts: lower than average satisfaction with job security, working conditions and general health (EWCS 2010 and own calculations)</p> <p>Significant increase (12.4 %) in job insecurity since the crisis – 2007-2011. Eurofound 2013b</p> <p>Temporary work: significant increase (11.2 %) in involuntary temporary work since the crisis – 2007-2011. Eurofound 2013b</p>
Lithuania	<p>Undeclared work, posted work, bogus self-employment (country case study)</p> <p>Standard contracts: lower than average satisfaction with job security among full-time employees (EWCS 2010 and own calculations)</p> <p>Part-time work: lower than average satisfaction with job security among</p>

Country	Main risks of precariousness
	<p>part-time and marginal part-time employees (EWCS 2010 and own calculations). Significant increase (10.0 %) in involuntary part-time work since the crisis – 2007-2011 (Eurofound 2013b)</p> <p>Fixed-term contracts: lower than average satisfaction with job security, pay and working conditions (EWCS 2010 and own calculations)</p> <p>Freelancers: lower than average satisfaction with general health (EWCS 2010 and own calculations)</p>
Luxembourg	Part-time work: doubled in the past decade (EU LFS)
Malta	Undeclared work: high levels (EU LFS)
Netherlands	<p>Self-employment, zero hours contracts, posted migrant workers (case study)</p> <p>Part-time work: above-average levels of marginal part-time work (EU LFS)</p> <p>Temporary agency work: twice the levels of the EU average (EU LFS and own calculations). Rates of transition from temporary to permanent contracts below 20 % (Eurofound 2015b)</p>
Poland	<p>Temporary work: widespread use of civil law contracts (low pay and social insurance coverage) (case study). Large increase in the number of temporary work agencies due to lack of regulation of agencies. (Case study). Rates of transition from temporary to permanent contracts below 20 % (Eurofound 2015b)</p> <p>Fixed-term contracts: high levels compared to EU average and increase in the past decade (EU LFS)</p>
Portugal	<p>Part-time working: levels of involuntary part-time working twice the EU average (EU LFS). Lower than average satisfaction with job security and lower than average coverage by works councils among marginal part-time employees (EWCS 2010 and own calculations)</p> <p>Fixed-term contracts: high levels of fixed-term contracts compared to EU average (EU LFS). Lower than average satisfaction with job security among those in fixed-term contracts (EWCS 2010 and own calculations)</p> <p>Freelancers: lower than average satisfaction with general health (EWCS 2010 and own calculations)</p> <p>Significant increase (11.4 %) in job insecurity since the crisis – 2007-2011. Eurofound 2013b</p>
Romania	<p>Freelancers: levels of freelance activity higher than the EU average (EU LFS). Lower than average satisfaction with career opportunities and general health (EWCS 2010 and own calculations)</p> <p>In-work poverty: high levels of 17 % (Marx et al 2014, based on EU-SILC)</p>



Country	Main risks of precariousness
Slovakia	Part-time work: lower than average satisfaction with job security and career opportunities among marginal part-time employees (EWCS 2010 and own calculations)
Slovenia	Temporary agency work: twice the levels of the EU average (EU LFS and own calculations)  Fixed-term contracts: lower than average satisfaction with job security among those in fixed-term contracts (EWCS 2010 and own calculations)
Spain	Part-time work: levels of involuntary part-time working twice the EU average (EU LFS). Significant increase (26.6 %) in involuntary part-time work since the crisis – 2007-2011. Eurofound 2013b  Fixed-term contracts: high levels compared to EU average, although significant fall in the past decade (EU LFS). Lower than average satisfaction with job security (EWCS 2010 and own calculations)  Significant increase (10.9 %) in job insecurity since the crisis – 2007-2011. Eurofound 2013b  In-work poverty: high levels: 13-14 % (Marx et al, 2014, based on EU-SILC)  Temporary work: rates of transition from temporary to permanent contracts below 20 % (Eurofound 2015b)
Sweden	Part-time working high at around 11-12 % (EU LFS)  Fixed-term contracts: lower than average satisfaction with job security (EWCS 2010 and own calculations)
United Kingdom	Standard contracts: risk of low pay in cleaning, care, hospitality, security and construction (case study)  Zero hours contracts: retail, hospitality. Zero hours contracts account for around 2.4 % of employment in the UK and this figure is rising (ONS). Labour law distinction between worker and employee (case study)  Part-time work: above-average levels of marginal part-time work (EU LFS)

### 3.5. Varying national traditions and contexts

The eight country case studies that form part of this research all display very different labour market traditions in terms of institutions, regulation, the involvement of the social partners and the incidence of non-standard forms and working in the labour market as a whole. In the case of the EU10 Member States that joined the EU in 2004, social dialogue institutions and practices are relatively new and therefore not well embedded, meaning that this mechanism of curbing the risk of precariousness, evidenced in many EU15 Member States, and especially the Scandinavian countries, is absent.

In Denmark, the labour market is generally held to be at a lower risk of precariousness, due to relatively high union density (67 %), high collective agreement coverage (84 %), high levels of social protection and high levels of labour flexibility. This ensures that some of the risks of precariousness that are associated with atypical work are not as prevalent in Denmark. As there is a lot of flexibility in the labour market, due to the Danish flexicurity model, there is less of a need to employ atypical



workers. Nevertheless, the Danish labour market does have some forms of employment that could be considered to be at risk of precariousness: marginal part-time working (the Danish LFS suggests that about 11 % belong to the group working between one and 14 hours weekly); temporary work, which is low by EU comparison, but tripled from 0.3 % to 0.9 % between 1999 and 2006 (Madsen, 2015); and employment in sectors not well covered by collective agreements.

In France, 86 % of employees have a contract that is open-ended and permanent. The open-ended or permanent employment contract is still the reference point in France and is defined in the French Labour Code as the 'standard and general form of employment relationship'. However, the percentage of non-permanent contracts has more than doubled between the mid 1980s and the late 1990s, from 5 % to 12 %. Overall, the French labour market has been marked by a diverging dualisation. On one hand there is a large group of workers with stable careers and solid social protection schemes. On the other hand, there is a smaller, though persistent group of workers, often young and low-skilled, flowing in and out of employment with little chance of stable contracts and lesser social protection coverage. The main types of work at risk of precariousness are: fixed-term contracts (FTCs) of very short duration - between 2000 and 2012, FTCs of less than one week increased by 120 % while FTCs of less than one month but more than one week increased by 36.8 % (IDEA Consult, 2015); internships, which have risen from 600 000 in 2006 to around 1.6 million in 2012; and auto-entrepreneurs, the number of which had risen to one million by the end of 2014, an increase of 8.6 % over a year.

In Germany, there has been an expansion of non-standard work following the Hartz labour market reform package, which was implemented in the early 2000s. However, in the German context, not all atypical and non-standard forms of work can be classed as at a high risk of precariousness. For example, in contrast to many other EU member states, fixed-term contracts are not one of the most precarious forms of employment in Germany, as they are often used for vocational training or as extended probationary period, subsequently followed by a transition into permanent jobs. However, some forms of employment that have been quite dynamic over the past decade have raised particular attention as regards their risk of precariousness. These are: marginal part-time work (around 7 million so-called Minijobs); temporary agency work (between 800 000 and 900 000 workers); and freelance work (around 2 million self-employed people without dependent employees). Freelance work in itself is not necessarily at risk of precariousness, but if individuals are involuntarily freelance, they are at risk of precariousness.

In Lithuania, trade union density is relatively low and there is poor coverage by collective agreement. There is also no well-developed culture of employee continuous education in Lithuania. Although the Labour Code of Lithuania ensures relatively high employment protection in areas such as dismissal, this is rarely implemented in practice. However, non-standard work forms are not widespread in Lithuania. By contrast, undeclared work is the most prevalent form of employment in the country: undeclared employees accounted for 5.4 % of the overall number of employees and undeclared salaries and 'envelope wages' accounted for 12.2 % of all actual salaries in 2014, although those of these indicators are reported to be declining. In addition, posted work and bogus self-employment can be cited as relatively popular employment forms with higher risk of precariousness. The number of posted workers continued to rise during the economic crisis and in 2015 stood at more than 25 000. There are no reliable figures on bogus self-employment, but it is thought to be especially prevalent in the construction sector.

The Dutch labour market is characterised by a high level of part-time work. However, this is not classed as at risk of precariousness, as it is regulated and protected by legislation. The temporary agency sector is covered by collective agreements and therefore

temporary agency workers are not deemed to be at high risk of precariousness. The societal debates in the Netherlands on precarious work focus on three labour market trends and their effects on uncertain work, low pay and low access in the social security system. The first is the growing numbers of (posted) migrant workers who are working under the authority of foreign intermediary agencies or illegal Dutch agents. These workers are difficult to reach by the Dutch authorities, administrations, statistics and social partners, and there are also no precise figures available. A second trend is the rising numbers of self-employed persons, including bogus self-employment. The numbers of people in self-employment in the Netherlands have increased steadily by 200 000 since the beginning of the European-wide crisis, to 808 000 by 2014 in the case of self-employed people without employees, which may indicate that there is an involuntary element to this. In 2015, the estimated total number of self-employed persons in the Netherlands was 1.4 million. The third debate focuses on extreme flexible employment and other work contracts, such as zero hours contracts, which have increased from 164 000 in 2010 to 228 000 in 2014.

Poland is a Member State with relatively underdeveloped social dialogue traditions and therefore regulation of the risk of precariousness is largely by legislation. Since the early 2000s the Polish labour market has seen two simultaneous trends: a substantial decline in the share of open-ended employment and an accompanying gradual growth of temporary employment, which carries a range of risks of precariousness (see sections 4.4 and 4.5). The government has in recent years introduced a number of laws designed to regulate temporary agency work and fixed-term contracts. Further, the Polish Labour Code was recently reformed in order to bring more contracts within the social security system and to increase the regulation of fixed-term contracts. The debate around work at risk of precariousness in Poland focuses on temporary agency work (between 2004 and 2014, the number of temporary agency workers more than quadrupled, from 167 000 to almost 700 000), fixed-term contracts (numbers have doubled over the past decade) and civil law contracts, which have increased from 580 000 in 2002 to 974 000 by 2013 and are deemed to be at risk of precariousness on social security coverage and disadvantageous employment law status grounds.

In Spain, during the 1980s and beginning of the 1990s, temporary contracts began to be progressively seen as an instrument of job creation. However, temporary contracts are at risk of precariousness owing to a number of factors (see sections 4.4 and 4.5). Due to the high levels of structural unemployment in that period, labour legislation reforms facilitated the use of fixed-term and temporary contracts and the provision of work through temporary work agencies was authorised generally. The dual character of the Spanish labour market, with permanent workers on the one hand and less favoured non-standard/atypical workers on the other, became more pronounced following the deregulation of temporary employment. Subsequently, as a reaction to high levels of temporary employment, increasing labour market segmentation started to be seen as a problem by policy makers. Therefore, legal measures were adopted in an attempt to tackle the abuse of temporary contracts through collective bargaining. Moreover, waves of legislation from 2007 to 2012 were enacted in order to try to reduce labour market segregation by lowering severance payments and tightening regulation of temporary contracts. It was hoped that if employers were not obliged to pay high severance on open-ended contracts and if temporary contracts were not as advantageous for employers on employment law and cost grounds, this would encourage the conclusion of open-ended contracts.

The United Kingdom's labour market is characterised by a relatively high degree of flexibility and light-touch regulation, including regulation of non-standard forms of contracting. Trade union density is average by EU comparison (29 % according to the 2011 Workplace Employment Relations Survey, WERS), although collective bargaining coverage

is low at workplace level, particularly in the private sector (7 % according to WERS 2011). There is no meaningful national or sectoral collective bargaining. There is regulation of non-standard forms of work in the form of the implementation of the EU legislative framework in this area. The main forms of non-standard employment at risk of precariousness are zero hours contracts (representing only 2.4 % of the labour market, but concentrated in sectors such as hospitality and retail), due to irregular working hours and pay, internships (around 700 000 internships in 2010), due to a lack of employment rights and low pay, and temporary agency work (around 320 000 temporary agency workers), which carries a range of risks of precariousness (see section 4.5).

Table 4: Top three types of work at risk of precariousness in the eight case study countries

Country	Type of work	Type of work	Type of work
Denmark	<p>Part-time working of fewer than eight hours a week</p> <p>If a worker works fewer than eight hours a week over a one-month period, they do not qualify for unemployment insurance nor for pensions or sick pay. The Danish LFS suggests that about 11 % of workers work between one and 14 hours a week. Many part-time jobs can be found in the cleaning and hotel sector which are often considered to be exposed to precarious working conditions. These sectors are usually less organised and face a lower collective bargaining coverage (Rasmussen et al, 2015).</p> <p>Legislation covers workers not covered by collective agreement, for example on working time and part-time working. The social partners were involved in negotiations on the outlines of these laws.</p>	<p>Temporary work</p> <p>Temporary agency work is still relatively low by European comparison in Denmark. However, the trend is upwards: its share has tripled in the past few years, from 0.3 % in 1999 to 0.6 % in 2006 (Madsen, 2015). Nonetheless, temporary work is excluded from several rights, such as a sixth holiday week or sick pay and sick leave.</p> <p>Legislation on temporary agency work and on posted workers goes some way to protect the employment rights of temporary agency workers, although there is no targeted legislation to protect workers at risk of precariousness.</p>	<p>Sectors with poor collective agreement coverage</p> <p>As union coverage is considered a major instrument to achieve good working conditions in Denmark, less well-covered sectors may suffer from some degree of risk of precariousness. Horticulture, hotels and restaurants, and cleaning are not only less well-covered by collective agreements but also employ many migrant workers, who are exposed to a higher risk of precarious working conditions due to lower employment choice and a lack of awareness about their rights.</p> <p>The social partners are key actors in helping workers to be more aware of their rights and in uncovering labour rights abuses, through targeted campaigns such as Job Patrol (see Section 7, Annex: Good Practices).</p>
France	<p>Fixed-term contracts (FTCs)</p> <p>Over the past ten years, the proportion of FTC of very short duration (less than one month) within the volume of all FTCs has risen sharply. Between 2000 and 2012,</p>	<p>Internships</p> <p>The number of internships in France has risen significantly in recent years, from 600 000 in 2006 to 1.6 million in 2012, and there are concerns about abuses.</p>	<p>Auto-entrepreneurs</p> <p>An auto-entrepreneur is a form of employment relationship located somewhere between subordinate and independent work. However, many factors define them as precarious</p>

Country	Type of work	Type of work	Type of work
	<p>FTCs of less than one week increased by 120 % while FTCs of less than one month but more than one week increased by 38.6 % (IDEA Consult, 2015). These FTCs of very short duration seem to be used by employers as a means of providing quantitative flexibility during very short periods.</p> <p>Legislation on fixed-term contracts does attempt to curb abuses but the presence of very short FTCs remains high and rising.</p>	<p>The Cherpion Law of 2011 seeks to regulate abuses of internships, but some issues are reported to remain, such as employers not offering appropriate pay or using interns as cheap sources of labour rather than offering them structured training and work experience.</p>	<p>workers: they are more dependent on their clients, the choice of being independent is more imposed (by unemployment, by employers, etc.) and so less linked to a personal project. They are mostly more vulnerable than dependent employees due to their exclusion from collective bargaining and the resultant absence of procedures dealing with disciplinary matters (Insarauto et al, 2015). The number of auto-entrepreneurs was around one million at the end of 2014, an increase of 8.6 % over a year.</p> <p>The government has proposed legislation to tighten the conditions around auto-entrepreneurship, but no progress has been made so far.</p>
Germany	<p>Marginal part-time work</p> <p>This is a specific feature of the German labour market (see Eichhorst et al, 2012). Since the mid-2000s there have been about 7 million Minijobs in Germany. It is based on long-standing legislation that, however, has been modified several times over the last 20 years or so to stimulate a flexible type of part-time work with low hours. The general principle is that marginal part-time workers are exempt from regular</p>	<p>Temporary agency work</p> <p>Temporary agency work increased in Germany after a significant deregulatory reform in 2003 in the context of the Hartz package. This reform abolished the maximum assignment period and the ban on the synchronisation between job and assignment. At the same time a general equal pay and equal treatment principle was laid down in legislation. However, deviations from this could be agreed upon through collective</p>	<p>Freelance work</p> <p>New types of freelance work have emerged in Germany in the creative occupations, media and journalism, IT consulting and similar occupations. Accounting for around 2 million individuals, self-employment without dependent employees is now the dominant form of self-employment compared to entrepreneurs with employees. Self-employed and freelance workers are only partially included in social insurance, which is</p>

Country	Type of work	Type of work	Type of work
	<p>income taxation and full employee social security contributions if they earn below a certain threshold.</p> <p>The legislation covering this form of working has been reformed in recent years, and the introduction of the national minimum wage has reduced the numbers of marginal part-time workers, although no full solution has yet been found to ensuring full taxation and social insurance coverage for these workers.</p>	<p>agreements for the agency work sector, and there is virtually full collective agreement coverage of the sector. However, due to the creation of sector-specific wage scales, there is a significant wage differential between agency workers and comparable, directly employed staff in user firms. There are currently around 800-900 000 temporary agency workers in Germany.</p> <p>Legislation is being prepared that will regulate this sector more tightly, as a result of trade union pressure.</p>	<p>still focused on dependent workers in line with the Bismarckian tradition.</p> <p>Legislation aimed at providing more protection for these workers in the areas of pay and social insurance has been introduced. Further legislation, to combat abuses, is being discussed.</p>



Country	Type of work	Type of work	Type of work
Lithuania	<p><b>Undeclared work</b></p> <p>There is a significant shadow labour market in Lithuania; undeclared employees accounted for 5.4 % of the overall number of employees and undeclared salaries and 'envelope wages' accounted for 12.2 % of all actual salaries in 2014 (Putnys and Sauka, 2015). However, both indicators have been declining since 2012. Fully undeclared work (illegal work) is relatively rare in Lithuania, in comparison with partially undeclared work ('envelope' wages). A recent study on shadow employment shows that partially undeclared work was most prevalent in the construction sector, followed by agriculture, and auto and other repairs (LLRI, 2015). In 2009 the State Labour inspectorate started a new approach to tackling undeclared work by placing greater emphasis on business consulting, public information and awareness raising, in addition to reforms reducing the incentives to engage in undeclared work, all of which appear to be having an impact on this practice.</p>	<p><b>Posted work</b></p> <p>The number of posted workers from Lithuania to other countries has been gradually increasing since 2004, when Lithuania joined the EU. The number of posted workers continued to rise during the economic crisis and in 2015 stood at more than 25 000. There are concerns about violations of legislation governing posted workers : according to the interviewee representing the 'Solidarumas' trade union, workers posted from Lithuania to other EU countries often receive a lower salary than the minimum wage in that specific country. In addition, posted workers usually lack access to trade union representation and often face less favourable conditions for career development and training. The social partners have been active in trying to inform posted workers about their rights.</p>	<p><b>Bogus self-employment</b></p> <p>According to Eurostat, in 2014 the number of self-employed persons aged 15 to 64 years was 136 000 or about 10.5 % of the Lithuanian workforce. Self-employment in Lithuania is clearly sectoral. According to Eurostat, 49 900 (37 % of all self-employed persons) worked in agriculture, 29 100 (21 %) in the repair of motor vehicles and motorcycles, 29 100 (21 %) in wholesale and retail trade and 12 100 (8.9 %) in the construction sector in 2014. There is no data on the scale of bogus self-employment in Lithuania. Interviewees from the State Labour inspectorate emphasise that this type of employment form is especially prevalent in the construction sector, followed by the service and sales sector. It is difficult to legally prove bogus self-employment cases in Lithuania, which creates additional difficulties in bogus self-employment prevention and control. The government is debating labour market reforms, although these will probably be delayed until after parliamentary elections in autumn 2016.</p>



Country	Type of work	Type of work	Type of work
Netherlands	<p><b>Self-employment</b></p> <p>Many self-employed people in the Netherlands are at risk of precariousness due to instabilities in the demand for their labour and services, together with very low social security provisions in the case of unemployment, sickness and pensions. In addition, bogus self-employment risks undermining legal social standards, collective bargaining and collective agreements. Often, self-employed workers are in direct competition with workers in employment relationships.</p> <p>CBS Statistics Netherlands splits the self-employed into those with personnel and those without personnel. Working as a self-employed person without personnel is a very high risk factor in the Netherlands for precariousness in terms of uncertain work, combined with low pay. More than 50 % of these workers earn an hourly wage less than 130 % of the legal minimum wage standard (CPB, 2015b: 41-43). There were an estimated 808 000 such workers in 2014.</p> <p>The Dutch government has recently introduced new legislation on</p>	<p><b>Flexible employment contracts</b></p> <p>Workers on zero hour contracts or contract with variable levels of hours are at risk of precariousness, in terms of uncertainty around working time and low wages. These forms of contracts have increased over the past five years, from 164 000 in 2010 to 228 000 by 2014. On call workers mostly work in the retail and hotel and catering industries. Employees with varying numbers of working hours can be mostly found in agriculture (seasonal work), retail, hotels and catering industry and outsourced activities such as security services and cleaning agencies.</p> <p>These types of contracts are part of the growing flexibilisation of working in the Netherlands and while the government is reforming labour market regulation, it would seem that precariousness risks around this form of working are not likely to decrease.</p>	<p><b>Posted workers</b></p> <p>There is a rising trend in the number of posted workers, although precise figures are not available. Posting of migrant workers creates precariousness for the workers involved in many dimensions. Not only in terms of uncertain terms and conditions of employment and short-term labour contracts, but also due to social isolation, for example if the employer provides housing, which makes these workers more dependent on the employer. There is deemed to be an issue regarding the violation of the rights of migrant workers. Posted migrant workers in the Netherlands are concentrated in construction, horticulture, the food industry and road transport (Berkhout et al, 2014).</p> <p>Legislation governing posted workers is in place in the Netherlands, based on EU regulation. However, there remain concerns surrounding abuse and lack of knowledge among these workers about their labour rights.</p>

Country	Type of work	Type of work	Type of work
	flexibility and security, although many issues remain unaddressed regarding self-employment and bogus self-employment.		
Poland	<p>Temporary agency work</p> <p>Temporary agency work has risen significantly between 2004 and 2014, with the number of temporary agency workers more than quadrupling, from 167 000 to almost 700 000.</p> <p>Legislation regulating activities of temporary employment agencies in Poland was introduced in 2003.</p> <p>Agency work is linked with civil-law contracts, in that these types of contracts account for over 50 % of all contracts with agencies. There is also no requirement to show eligibility for running an agency. This absence of regulation has resulted in a significant growth in the number of employment agencies.</p>	<p>Fixed-term contracts</p> <p>Fixed-term employment contracts (FTC) are a feature of the Polish labour market and the numbers have doubled over the past decade. They are, however, less at risk of precariousness than some other forms of temporary work, as they are covered by social security contributions and a certain notice period, which from 22 February 2016 is the same as for an open-ended employment contract. However, a fixed-term employment contract can be terminated by an employer without justification. There is also evidence of abuse of FTCs: in 2012, 25 % of people employed under FTC had a tenure in the current workplace of over four years (SES data).</p> <p>New legislation that came into force in February 2016 regulates the use of fixed-term contracts more tightly in terms of consecutive conclusion of contracts and notice periods.</p>	<p>Civil-law contracts</p> <p>Civil-law contracts are work arrangements which are not regulated by the Labour Code, and therefore do not provide any of its protection or rights. For these reasons, coupled with their lower tax treatment, they are attractive for employers. These contracts have increased from 580 000 in 2002 to 974 000 by 2013. There are two types of civil-law contracts most frequently used in Poland – contract of mandate (umowa zlecenie) and a contract to perform a specified task (umowa o dzieło). Contract to perform specified tasks is not covered with any social security contributions (SSC) (not even health insurance), but it is subject to income tax. The most common sector among civil-law workers was administrative and support service activities (33 %, GUS, 2014b). Likewise, civil-law workers often work in manufacturing and trade – in total workers in these sectors accounted for around 30 % of the total number of civil-law workers.</p>

Country	Type of work	Type of work	Type of work
			New legislation provides more social security protection for these contracts, although it does not fully abolish social security coverage exemption and is therefore expected to have limited impact.
Spain	<p>Open-ended contract to support entrepreneurship</p> <p>Legislation enacted in 2012 established a new type of open-ended contract for entrepreneurs, which has a fixed term of one year, and may be converted into a contract of indefinite duration once that period has elapsed. Furthermore, during the probationary period, the employee has no legal protection against dismissal. The aim of this contract is to support entrepreneurs. However, trade unions believe that these contracts are precarious. The total number of permanent contracts to support entrepreneurship signed since the new labour law reform entered into force (February 2012 to January 2016) is 394 369. These figures are very modest in comparison with the number of temporary contracts signed during the same period.</p> <p>Trade unions are campaigning for the abolition of this contract, believing</p>	<p>Short fixed-term and part-time contracts</p> <p>The number of employment contracts lasting less than a week has grown in 2015, accounting for around a quarter of social security registrations. Further, the number of fixed-term jobs registered as part-time has also increased. In this case, the percentage has grown to 28.7 %. While there has been a 48 % increase in the number of full-time contracts valid for seven days or less, there has been a 123 % increase in the number of short-term jobs paid by the hour. (Data: Labour Force Survey, last quarter 2015).</p> <p>Recent labour market reforms dating from 2013 have been evaluated by the Spanish government, finding that they have reduced precariousness risks, although experts interviewed for this study believe that the legislation has not resolve many issues related to the operation of the Spanish labour market.</p>	<p>Youth contract</p> <p>The youth contract is a temporary contract regulated by the Workers Statute and introduced by Law 11/2013. The aim of this new atypical form of temporary contract is to encourage the hiring of young people especially by small and medium businesses and self-employed people. Young people under the age of 30 who have less than three months or no work experience are eligible. The main advantage for the employer is the contract's temporary nature and reductions in employers' social security contributions if it becomes permanent (once the minimum period of three months has elapsed). In this case, workers have the right to a €500 per year bonus for three years in employers' social security contributions. If the contract is signed with a female worker, the bonus is €700 per year.</p> <p>No evaluations of this legislation have</p>

Country	Type of work	Type of work	Type of work
	that it has a high risk of precariousness, although its relatively modest use by employers so far means that it has as yet had limited impact.		yet been carried out.
United Kingdom	<p>Zero hours contracts</p> <p>These types of contracts are very high-profile in the UK, although they are estimated to account for only 2.4 % of total employment. They are most common in retail and hospitality. Around 20 % of people on zero hours contracts are in full-time education, which means that they are using them to earn money while studying.</p> <p>Recent legislation forbids employers from requiring that workers on zero hours contracts work exclusively for them. Trade unions campaign for further restrictions, fearing that they are resulting in high levels of precariousness.</p>	<p>Internships</p> <p>The use of internships has been the subject of debate in recent years in the UK. There is a lack of reliable data on the number of internships in place in the UK, although the UK government estimates that there are up to 70 000 interns working in the UK at any one time.</p> <p>There is little legislation governing interns. Interns are not necessarily classed as workers, as it depends on what they do during their internship, and whether or not it constitutes work. This then determines whether or not they should be paid the national minimum wage.</p>	<p>Temporary agency work</p> <p>There are an estimated 320 000 temporary agency workers in the UK, accounting for 1.27 % of the employed workforce.</p> <p>Temporary agency work in the UK is relatively lightly regulated in comparison with many other EU Member States. The incidence of this form of working has always been relatively high, as there are few constraints on employers in areas such as recourse to temporary working and length of temporary contract. Temporary work is at risk of precariousness due to its fixed-term nature and lack of access of these employees to some employment rights.</p> <p>The UK prides itself on its flexible labour market, and temporary agency work is a key component of this, as it allows employer to react flexibly to fluctuations in demand for goods and services. There is an ongoing debate about equality with user company workers. Legislation governing temporary agency work came into force in 2011, but makes use of the so-called Swedish derogation and therefore trade unions argue that its impact is limited.</p>

## 4. TYPES OF CONTRACT AND RISK OF PRECARIOUSNESS

This chapter examines different types of contracts and risk of precariousness as set out in chapter 1 of this study. It is divided according to type of contract.

### 4.1. Full-time, open-ended contracts

Full-time, open-ended employment contracts remain the most prevalent type of contract around the EU, with the notable exception of the Netherlands. Nevertheless, the share of standard employment has fallen from 62 % to 59 % in the EU over the past decade, in favour of more flexible types of work. If this trend continues, it may well become the case that standard contracts will only apply to a minority of workers within the next decade.

While standard forms of employment are at a relatively low risk of precariousness, due to their full-time and open-ended nature, our indicators found that there were nevertheless risks associated with perceptions of health status and job security. Further, there are some risks associated with low pay, in-work poverty, and poor working conditions in some sectors and occupations, such as waiters, bartenders, cooks, sales personnel, plant machine operators, those in mining, construction and manufacturing and those involved in food preparation.

However, it should be noted that in-work poverty is the result of multiple factors in addition to low earnings, such as levels of working hours, the labour supply, jobless households, household size, means-tested social benefits, and poverty thresholds.

Some sectors and occupations, such as personal service workers, those in hospitality and elementary professions and in particular drivers and refuse workers, also exhibit low levels of job quality, increasing the chances of low pay, but also leading to other low quality elements, such as lack of control over job content, lack of autonomy and prospects, low variation of tasks and lack of employee voice. These types of contracts may also be in a workplace that has no trade union representation and therefore individuals will not have access to collective advice, support and guidance, including information on their employment rights. Some standard contracts may involve irregular working patterns, which can increase the risk of precariousness.

#### 4.1.1. Introduction

This section examines the prevalence of so-called standard employment contracts, which are open-ended, full-time employment contracts. It maps the share of employment that these contracts have around different EU Member States over the past decade. It also discusses the factors that could contribute to risk of precariousness for workers on these types of contracts.

Table 5: Advantages and disadvantages of standard employment contracts

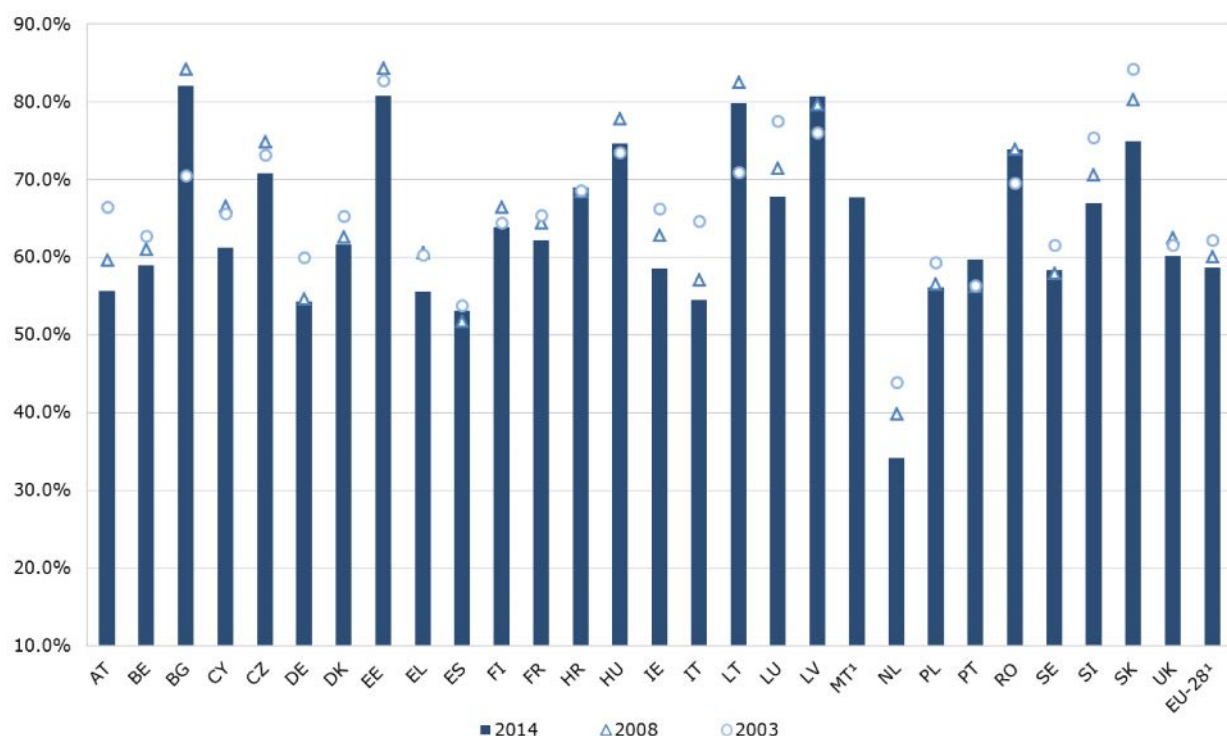
Advantages	Disadvantages
Stable, open-ended employment with minimum risk of precariousness	Potential lack of flexibility for work-life balance
Full-time working hours	Some occupations at risk of poverty due to low pay
Access to social security	Low quality work in some occupations
More likely access to collective	Potential of irregular working patterns

representation

#### 4.1.2. Standard contracts still most common type of contract

The most common type of contract in Europe still is permanent full-time employment, accounting for more than half of total employment, although it is decreasing in most countries and in some the share is not much higher than 50 %. This holds except for the Netherlands where more flexible types of work, especially part-time work, increased over the last decades and now play the dominant role in total employment – however, in many respects part-time work is comparable to a standard employment relationship with reduced working hours. For some countries the share of standard employment is high, reaching almost 70 % (Hungary, Romania, Slovakia, Czech Republic, Croatia) to 80 % (Bulgaria, Estonia, Lithuania, Latvia). Whereas in all other countries of the European Union (except for the Netherlands) the share of full-time employment ranges from one half to two thirds of total employment and has decreased over the last decade in favour of more flexible types of work. Overall, Bulgaria has the highest share of standard contracts (82 %). The Netherlands has the lowest share of full-time open ended employment and exhibits one of the largest decreases between 2003 and 2014, from 44 % to 34 %. See Figure 7.

Figure 7: Share of full-time open-ended employment in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, weighted results, own calculation.

<sup>1</sup> No data available for Malta in 2008 & 2003

#### 4.1.3. Main risks: less satisfaction with pay in Hungary, job security in Lithuania and health in Latvia

Using data from the European Working Conditions Survey 2010, we looked at objective and subjective indicators in terms of individuals' perception regarding job security, satisfaction with working conditions and payment, coverage of collective bargaining, work related demands, health risks, access to training and career prospects, in order to gain an insight



into risk of precariousness using these indicators. More details of the methodology used are in Box 2 below.

Box 2: Methodology: working conditions in Europe - subjective measures of precariousness

Permanent full-time employment is associated with stronger employment protection and legislation and social security in many European countries and therefore can be used as the benchmark with respect to objective working conditions. Subjective indicators based on the individuals' perception regarding job security, satisfaction with working conditions and payment, coverage of collective bargaining, work related demands, health risks, access to training and career prospects contribute to a more complete picture where comparable objective measures are missing or cannot be obtained. By means of the European Working Conditions Survey (EWCS) 2010 several subjective and some objective indicators of precariousness can be compared for different contract types and across countries. Since the original scales of these variables are different, the measures are normalised to the weighted EU-27 average and deviation (across countries and across contract types).<sup>5</sup> Thus, the resulting indicators shown below are comparable in magnitude to each other, between contract types and between countries. These measures show the average deviation from the overall reference, which is the average employed person (incl. self-employed and apprenticeships and trainees) in the European Union in 2010. A deviation from this reference that exceeds certain thresholds are marked accordingly in the tables below. If the light green or light red colour appears, the average deviation lies inside the inner half of the European employed population but outside the inner 25 %. In these cases the deviation is not substantial since it is still lower than two thirds of the average deviation. The darker colours mark the range of the inner 75 % (but outside the 50 % threshold) – still within the average deviation. Cases where the deviation is above average and thus lie below or above the inner 75 % are marked with dark red and dark green. All indicators are coded in the same direction, therefore 'green' can be interpreted as better working conditions and 'red' as worse working conditions compared to the EU-27 average. We give these tables for full-time employment, part-time employment, temporary employment and self-employment.

Table 6 shows for each indicator (and all countries) the average deviation for permanent full-time employees from the overall EU-28 average (across all types of contracts). Since permanent full-time contracts account for more than half of the total employment in Europe, deviations from the European average are rather low and show only some country-specific differences. The closer to 0.00, the smaller the deviation from the EU-28 average. These tables show the variation by country, rather than a figure for the EU as a whole.

The main risks associated with permanent full-time contracts, according to this methodology, are perceptions of health status and job security, although it should be noted that the risks are lower overall than for other types of contracts.

Accordingly, the subjective perception of full-time employees in Latvia regarding their health status is a little lower than the average, as are perceptions of job security in Lithuania and satisfaction with payment in Hungary.

Overall, the working conditions of full-time employees who have a permanent contract are at average and in some countries slightly above average, especially regarding training paid by the employer.

Other issues marked in lighter red, showing less satisfaction include dissatisfaction with job security in Bulgaria, Czech Republic, Estonia and Latvia, and dissatisfaction with general

<sup>5</sup> Using z-transformation with mean of 0 and standard deviation of 1.



health in Estonia, Lithuania, Portugal, Romania and Slovakia. Areas that score relatively highly in terms of satisfaction (marked in green) include training, works councils and careers opportunities.

By country, Lithuania, Latvia, Greece and Portugal have three below-average indicators, whereas Denmark has seven indicators above average, the Netherlands has four, and Finland, Luxembourg and the UK have three.

Table 6: Dimensions of working conditions full-time opened-ended contracts  
(average deviation from overall EU-28 average). Subjective and objective indicators of precariousness

	Objective			Rather objective			Subjective			
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Austria	0.13	0.17	0.13	0.01	-0.26	-0.05	0.12	0.29	0.13	0.00
Belgium	0.36	0.13	0.28	0.01	0.08	0.26	0.11	0.36	0.14	0.13
Bulgaria	-0.23	-0.50	-0.14	0.02	0.09	0.02	-0.50	-0.16	-0.23	0.02
Cyprus	0.02	-0.03	-0.01	-0.11	-0.14	0.12	0.06	0.41	0.27	0.30
Czech Republic	-0.22	0.35	0.12	0.22	-0.26	-0.05	-0.67	-0.06	-0.24	-0.08
Denmark	0.62	0.34	0.28	0.48	0.22	0.32	0.45	0.41	0.53	0.37
Estonia	-0.39	0.15	-0.16	0.05	0.19	-0.18	-0.58	-0.19	-0.22	-0.57
Finland	0.62	0.48	0.22	-0.04	0.36	0.04	0.18	-0.16	0.00	-0.05
France	0.19	-0.11	0.26	-0.26	-0.07	0.04	0.35	-0.25	-0.22	-0.10
Germany	0.00	0.17	0.07	0.22	-0.28	-0.04	0.32	0.27	0.14	0.01
Greece	-0.36	-0.35	-0.01	-0.22	-0.19	-0.04	-0.14	-0.02	-0.40	0.39
Hungary	0.05	-0.07	0.12	-0.11	-0.20	-0.29	-0.30	-0.68	-0.43	-0.26
Ireland	0.15	0.34	0.03	0.13	0.19	0.35	-0.26	0.17	0.24	0.58
Italy	-0.03	-0.13	0.25	-0.14	0.24	-0.15	0.05	-0.16	-0.23	-0.13
Latvia	-0.17	-0.06	-0.03	0.12	-0.05	-0.12	-0.50	-0.44	-0.30	-0.70
Lithuania	-0.24	-0.17	-0.12	0.18	-0.12	-0.15	-0.84	-0.29	-0.35	-0.38
Luxembourg	0.45	0.04	-0.05	0.01	-0.21	0.40	0.29	0.39	0.03	0.06
Malta	-0.10	0.03	0.16	-0.01	0.27	0.37	0.01	0.14	0.15	0.17

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Netherlands	0.36	0.53	0.13	0.53	0.34	0.10	0.23	0.26	0.11	0.00
Poland	-0.17	0.05	0.01	0.27	-0.15	0.18	-0.18	0.04	-0.05	-0.07
Portugal	-0.44	-0.02	0.17	-0.38	0.07	0.01	-0.05	-0.25	-0.10	-0.47
Romania	0.01	-0.26	-0.13	-0.02	0.09	-0.31	-0.31	-0.26	-0.29	-0.33
Slovakia	0.07	0.16	0.09	0.23	0.07	-0.20	-0.15	-0.22	-0.19	-0.32
Slovenia	-0.07	0.40	-0.09	-0.12	0.33	-0.05	-0.27	-0.33	-0.46	-0.20
Spain	0.09	0.07	0.07	-0.09	-0.10	0.04	-0.28	0.17	-0.08	0.02
Sweden	0.48	0.45	0.23	-0.04	0.03	-0.06	0.14	0.05	0.01	0.08
United Kingdom	0.21	0.41	0.08	0.22	0.15	0.40	0.15	0.20	0.24	0.36
Total	0.07	0.10	0.11	0.05	-0.02	0.04	0.06	0.03	-0.04	-0.01

Source: EWCS 2010, weighted results, own calculation.

Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.) Mark-ups:

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		

#### 4.1.4. Low pay and in-work poverty also a risk for standard contracts

Those working on standard contracts can also be at risk of in-work poverty, due to low income levels. However, it should be noted that in-work poverty (as measured in the EU-SILC survey) is the result of multiple factors in addition to low earnings, such as levels of working hours, the labour supply, jobless households, household size, means-tested social benefits, and poverty thresholds. It also depends on individual living circumstances, for example whether people in low-paid jobs share households with others in work who might earn more and share their income, or whether they live alone.

It should be noted that EU Member States all have some form of minimum income scheme or schemes for those who are of working age, in order to ensure a minimum standard of living for them and their dependants when they do not have any other means of support. However, these schemes vary widely in coverage, comprehensiveness and effectiveness. Frazer and Marlier (2009) note that Member States' schemes can be divided into four groups as follows: countries that have relatively simple and comprehensive schemes (AT, BE, CY, CZ, DE, DK, FI, NL, PT, RO, SI, SE) which are open to those with insufficient means to support themselves: countries (EE, HU, LT, LV, PL, SK) which, while having quite simple and non categorical schemes, have rather restricted eligibility and coverage of people in need of financial assistance due often to the low level at which the means test is set: countries (ES, FR, IE, MT, UK) that have developed a complex network of different, often categorical, and sometimes overlapping schemes which have built up over time but in effect cover most of those in urgent need of support; and countries (BG, EL, IT) who have very limited, partial or piecemeal arrangements which are in effect restricted to many narrow categories of people and do not cover many of those in most urgent need of income support.

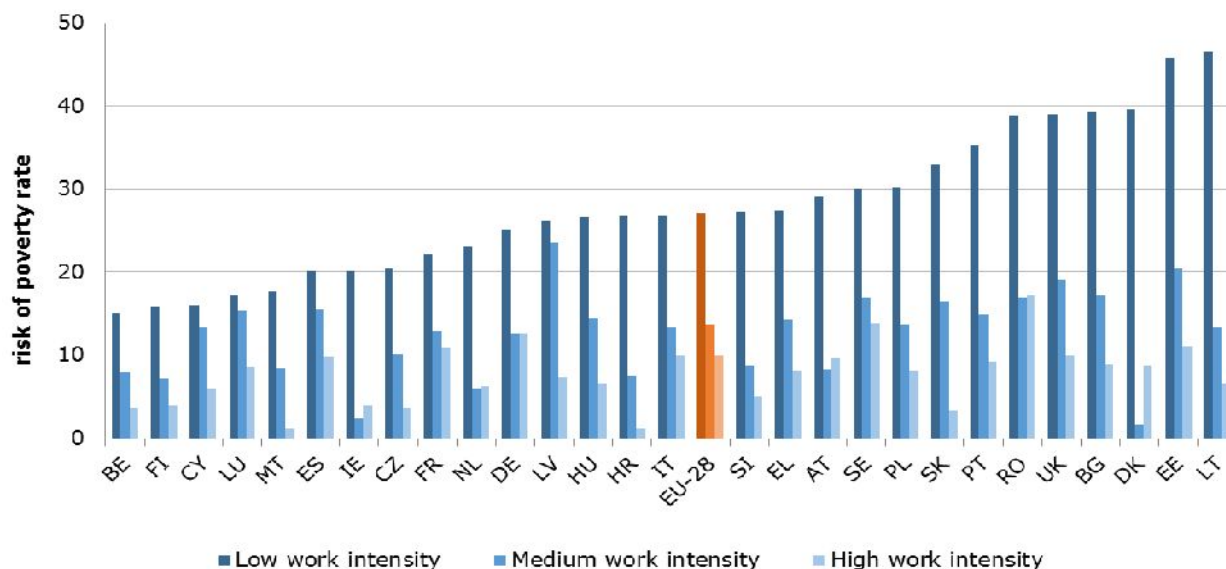
#### Box 3: In-work poverty

The risk of 'in-work poverty' is one domain of the EU Statistics on Income and Living Conditions (EU-SILC). It is measured as the rate of those at risk of poverty among individuals that are 'in work', i.e. individuals who were employed for more than half of the reference period (the survey year). The statistical unit is the private household. In-work poverty therefore refers to employed people, taking into account their household context. A person living in a private household is defined as a person living alone or a group of people who live together in the same private dwelling and share expenditures, including the joint provision of the essentials of living. Being at risk of poverty is defined as having an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income measured after social transfers. The in-work at-risk-of-poverty rate itself is calculated as the percentage of people classified as employed who are at-risk-of-poverty of all persons living in the relevant subgroup of all private households in the respective country.

For example, the graph of the in-work at risk of poverty rate by working time depicts that the risk of poverty rate among part-time workers is roughly twice as high as among full-time workers. But since the reference population is the respective subgroup of all private households, the line between work and poverty is blurred by the household dimension: On the one hand, the poverty risk of the working poor is not necessarily the result of their individual activity status. On the other hand, unfavourable or 'precarious' employment situations associated with e.g. low hourly earnings do not lead to in-work poverty if they are counterbalanced within the household. Hence, in-work poverty does not allow for direct conclusions regarding the quality of a job or its precariousness. It is important to note that in order to go beyond first indications, more research would be needed.

Figure 8 shows the in-work at risk of poverty rates for households without dependent children, by work intensity level. It is clear that households with low work intensity are much more at risk of poverty than households with medium or high work intensity.

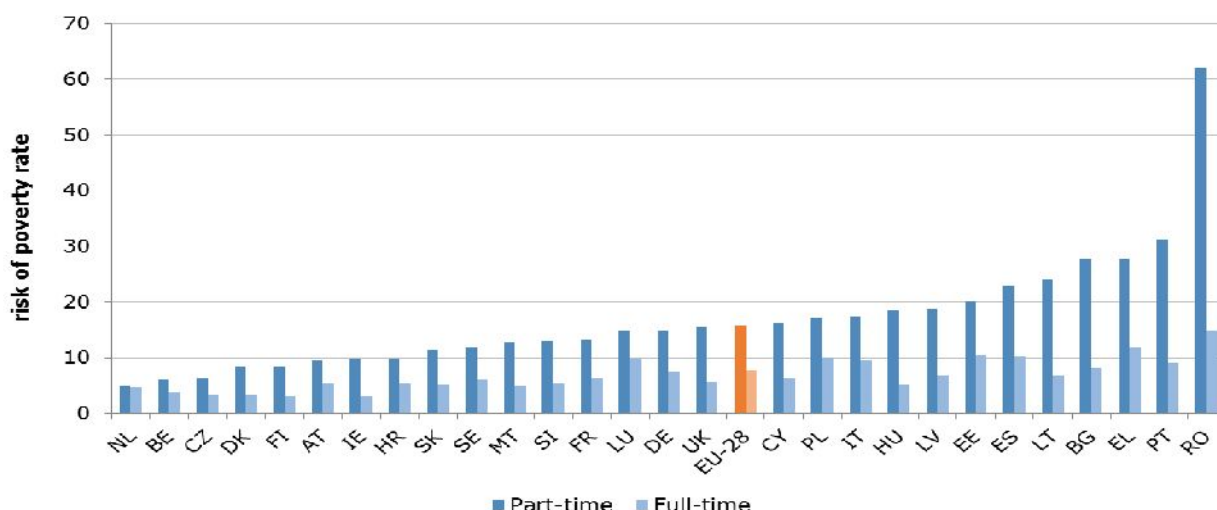
Figure 8: In-work at risk of poverty rates for households without dependent children by work intensity, 2014



Source: EU-SILC.

Figure 9 shows in-work at risk of poverty rates by working time (part-time and full-time). The risk of poverty is generally higher in the case of part-time work, although the degree of additional risk varies, from the lowest differential in the case of the Netherlands, to the highest in Romania.

Figure 9: In-work at risk of poverty rate by working time, 2014: risk of poverty is higher for part-time workers



Source: EU-SILC.

Figure 10 shows the in-work risk of poverty rate according to permanent and temporary contracts. This shows that in all countries, there is a greater risk of in-work poverty in the case of employees on temporary contracts, although again there is significant variation according to EU Member State.

Figure 10: In-work at risk of poverty rate for permanent and temporary employees, 2014: greater risk for temporary employees, 2014



Source: EU-SILC.

#### a. Literature review: standard contracts carry some risk of precariousness

The data analysed above shows that there are certain risks associated with standard contracts. The literature on the risk of precariousness in work also shows that the risk of precariousness is greater in the case of atypical contracts than in the case of standard contracts: although these types of contracts are traditionally not seen as at high risk of precariousness, they nevertheless carry some risk. The literature tends to confirm the data findings that the main risks are low pay and in-work poverty, job security and health risks, but adds factors such as access to training and poor career prospects.

Accordingly, low pay and risk of poverty is the main precariousness indicator affecting workers on permanent contracts. According to the TUC (2008), based on qualitative research in the UK, low pay is particularly prevalent for workers in the care, cleaning, hospitality and construction sectors. Other issues affecting vulnerable workers identified by the TUC in 2008 include lack of awareness of employment rights and lack of enforcement of these rights (for example, rights to claim unfair dismissal), and lack of collective, trade union support.

Open-ended contracts are also not necessarily always correlated with job security. Broughton et al (2010), based on literature review and national research carried out in EU Member States, note that, across the EU, 'an open-ended contract no longer ensures a guarantee of job security – various crises show that even the 'secure' permanent contract can be threatened, due in particular to the processes of globalisation and the 'financialisation' of the economy, leading to considerable company restructuring'.

Eurofound research on occupations with multiple disadvantages, based on EU data analysis, (Eurofound, 2015c) found that there were a range of occupations in which many workers with standard contracts are deemed to be disadvantaged in terms of being subject to high job strain, exposure to health risks, difficulties in accessing training, experiencing job insecurity and subject to poorer career prospects than in other occupations. These include personal service workers (waiters, bartenders and cooks), sales personnel (shop salespersons, cashiers and ticket clerks), plant and machine operator jobs (assemblers, machine operators and drivers) and elementary occupations (mining, construction and manufacturing labourers, refuse workers and food preparation assistants).

Eurofound states: 'Two occupations in particular – drivers and refuse workers – endure very poor conditions in most areas, with negative impacts on work–life balance, ability to make ends meet and, above all, health status'. (Eurofound, 2015c, p. 1) The study also noted that some occupations with multiple disadvantages are dominated by a specific social group: for example, a high proportion of women work as cashiers and ticket clerks, young workers as waiters, and people of foreign origin as food preparation assistants.

Eurofound (2010), based on literature review and data from national research reports in Member States, notes that in 2007, around 8 % of individuals in employment in the EU27 were considered to be working poor, i.e. living under the poverty threshold. However, there were significant differences between Member States, ranging from 14 % in Greece and 12 % in Poland to 3 % in the Czech Republic and 4 % each in Belgium, Denmark and Malta. Eurofound notes that being in work greatly reduces the risk of being in poverty, but states nevertheless that 'even if people in employment are less exposed to the risk of poverty than other groups, they represent a large proportion of those at risk of poverty, since a large part of the population of working age (15–64 years) is in work' (Eurofound, 2010, p. 3).

More recently, the European Commission (2014) notes that in-work poverty has increased in two out of three EU Member States over the past four years: 16.7 % of those of working age were deemed to be at risk of poverty in 2012 (EU-SILC data). The upward trend in recent years is partly due to the economic crisis in Europe. The Commission concludes that work can help, but is not a total solution to poverty: 'Taking up a job helps with getting out of poverty, but only in half of the cases. The chances to get out of poverty when moving into employment depend on the type of job found (full time/part time, type of contract and pay level), but also on the household composition and labour market situation of the partner. Similarly, moving to a better paid job is the most frequent way for the in-work poor to get out of poverty. But not all upward labour market transitions (part time to full time or temporary to permanent contract, higher pay) are associated with exits from poverty'.

However, Marx and Nolan (2012), using data from EU-SILC, note that there is only a weak link between low-paid work and in-work poverty. They argue that most low-paid workers in the EU do not live in households in financial poverty, but that it is individuals who live in a specific household configuration, such as a lone breadwinner with multiple children, who are more likely to suffer from in-work poverty: 'Trends in in-work poverty vary across countries, and in-work poverty is strongly associated not so much with low pay as with single-earnership and low work intensity at the household level, linking in turn to institutional settings and structures in the labour market, tax and benefit system and broader welfare state'. In terms of the minimum wage, they argue that this can usually only prevent single households from in-work poverty, but cannot prevent this in the case of family households with only one person working: 'Even in countries where minimum wages are comparatively high they do not suffice to keep sole breadwinner household out of poverty, especially when there are dependent others or children' (Marx and Nolan, 2012, p. 38).

They state that policies to alleviate in-work poverty should be aimed at boosting demand for workers with low levels of skills and education and offering child care support to enable individuals to work or to increase their working hours, alongside tax reforms.

By contrast, Maitre et al (2012), using EU-SILC data, find that low-paid workers (earning below two-thirds of median pay) face a much higher risk of in-work poverty than their higher-paid counterparts. They state that the risk is around four to five times higher than for workers paid above the two-thirds of median pay threshold, and that the disparity is greatest in Austria, Denmark, Estonia, Finland, Iceland and Sweden.



Further, they state that the likelihood of belonging to a household that is in poverty is linked to factors such as gender, age and social class and in particular the presence or absence of other earners. In line with Marx and Nolan (2012), they find that sole-earner low-paid employees experience much higher poverty rates than those in multiple earner households.

Maitre et al also looked at the relationship between low pay and a broader concept of economic vulnerability, finding that only a minority of low-paid individuals live in vulnerable households, although this minority is larger than the proportion of individuals who are at risk of poverty, especially in the new EU Member States.

Bosch (2009), analysing national datasets, examines low-paid employment in Denmark, Germany, France, the Netherlands, the UK and the USA, finding that low pay is determined by factors such as the minimum wage, in addition to active labour market policies, tax and social security systems and collective bargaining systems. He examines the assumption that there is an inescapable trade-off between employment and wages for the low-skilled in the face of skill-biased demand shifts, which was thought to explain low employment rates and low inequality in Europe on the one hand and high inequality and high employment rates in the United States on the other. Under this assumption, the USA was held to be the model and EU governments were recommended to deregulate labour markets in order to solve the problem of unemployment. However, Bosch argues that there are various factors that can promote high employment, including inclusive pay systems that also cover employees with weak bargaining power and an empowerment strategy based on an active labour market policy and lifelong investment in education and training to strengthen the individual bargaining positions of the unemployed. 'It seems safe to conclude that labour market outcomes cannot be explained by any single institution. Employment outcomes are the product of a set of institutions that shape both the supply side and the demand side of the labour market. In the presence of institutional complementarity and virtuous circles, employment rates are higher. Even in countries with small proportions of low-paid workers, the problem that remains to be solved is how to avoid the long-term negative effects of low pay on workers' careers and on the next generation. A good solution is to concentrate low pay on short periods in the life of young workers, as in Denmark' (Bosch, 2009, p. 353).

Fraser et al (2011) examine in-work poverty in Europe, stating that it is caused by low pay, but also by weak labour force attachment and high needs. They note that although there has been an increase in the number of jobs in the EU over the past decade and a half, this has not decreased poverty, due to an expansion of low-quality jobs.

In terms of trends, Marx et al (2014), using data from the EU-SILC database, show that there has been no noticeable rising trend in in-work poverty since 2000. However, in-work poverty varies considerably around Europe, ranging from four to five % in Austria, Belgium, the Czech Republic, Finland and the Netherlands, to 13 to 14 % in Greece and Spain and 17 % in Romania.

Table 7: Mapping of standard contracts against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ Medium risk in some countries, such as Greece and Poland, although this depends on the individual situation and the composition of the household (based on data analysis above and on literature, eg Eurofound 2015c)
Stress and health	✓ Medium/high risk in some sectors and occupations, such as personal service workers, sales personnel, plant and machine operators and elementary occupations (based on data analysis above and on literature, eg Eurofound 2015c)
Career development and training	✓ Medium risk in some sectors and occupations, such as personal service workers, sales personnel, plant and machine operators and elementary occupations (based on data analysis above and on literature, eg Eurofound 2015c)

#### 4.2. Part-time work

Part-time work accounts for around 7 % of employment in the EU, according to the EU Labour Force Survey (based on spontaneous responses by respondents regarding the distinction between full-time and part-time work), although the figure varies considerably between EU Member States, from 18 % in the Netherlands to around 2 % in Latvia and Poland.

About 9 % of the total employed workforce in Europe are employees who are working fewer than 20 hours per week. This type of marginal part-time work is increasing in Europe, mainly due to the increasing participation of women in the labour market with a low number of working hours and due to specific regulation, e.g. the 'Minijob' in Germany. Part-time work plays still a minor role in most of the Eastern and Southern European countries.

Part-time work can afford enormous levels of flexibility and work-life balance opportunities to individuals and act as a way of increasing the female labour market participation rate. However, part-time work can be at risk of being lower quality than full-time work, with less opportunity for career progression. Some studies also show that part-time working can be correlated with worse overall health.

Part-time working is highly gendered and concentrated in female-dominated sectors and occupations such as education, health and care.

The overall working conditions of part-time employees who have an unlimited contract seem not to be that different from those of full-time workers, and the overall risk of precariousness is low for these workers. The main issues seem to be job security and pay: there is higher than average dissatisfaction with job security in Latvia and Lithuania and with pay in Latvia. Four countries have higher than average dissatisfaction with working conditions (Italy, Latvia, Lithuania and Romania and four countries have higher than average dissatisfaction levels with general health (Germany, Latvia, Lithuania and Poland). However, there are high levels of satisfaction with pay in Cyprus and Luxembourg, with general health in Greece and Ireland and with working conditions in Malta.

We also found that part-time and marginal part-time work both fare worse than full-time work in the case of works councils, career opportunities, share of low pay and

satisfaction with pay. However, part-time (but not marginal part-time) workers report a more positive experience in terms of training received and job security. Both part-time and marginal part-time workers report higher levels of satisfaction with working conditions and general health, in comparison with full-time workers, and marginal part-time workers report much lower levels of psycho-social demands than full-time or part-time workers.

However, the risk of precariousness for marginal and involuntary part-time workers is of a relatively medium level. Marginal part-time employment is marked by less job security, fewer career opportunities, less training investment by the employers, a higher share of low pay and in some countries less satisfaction with payment.

On average, involuntary part-time working applies to one out of four part-term employees in Europe. The share is more than twice as much in Greece, Spain, Italy, Bulgaria, Portugal and Cyprus. These workers are at greater risk of precariousness due to lower than desired or needed income levels.

The literature backs up the data findings that key risk indicators for part-time work are low pay and low job security. Some studies highlight additional risks, such as lack of career progression, lack of training, and some indication of links to health difficulties.

#### 4.2.1. Introduction

This section examines the prevalence of part-time work in the EU, and looks in particular at the risks associated with involuntary and marginal part-time work. It also examines job-sharing and employee-sharing.

Part-time work can exhibit many characteristics of precariousness. However, it is important to distinguish between voluntary and involuntary part-time working. This does not mean, of course, that those who are working part-time on a voluntary basis are not at risk of precariousness in some way, but factors such as individual choice in the way of working play a part here. For example, people with young children and students may choose to work part-time rather than full-time in order to combine work with caring for children or supporting academic study. Nevertheless, in theory, all part-time work is at greater risk of low pay and full-time work, due to the reduced number of hours worked. Low numbers of hours worked may affect access to certain labour rights and social security benefits.

Table 8: Advantages and disadvantages of part-time contracts

Advantages	Disadvantages
Voluntary part-time work affords good levels of flexibility	Some risk of lower pay
Good work-life balance	Risk of limits to career progression and access to training
Enhances female labour market participation	Lower access to social security and pensions
Decreased stress levels	Quality of work issues
	Increased risk of precariousness for marginal part-time working
	Increased risk of precariousness for involuntary part-time working

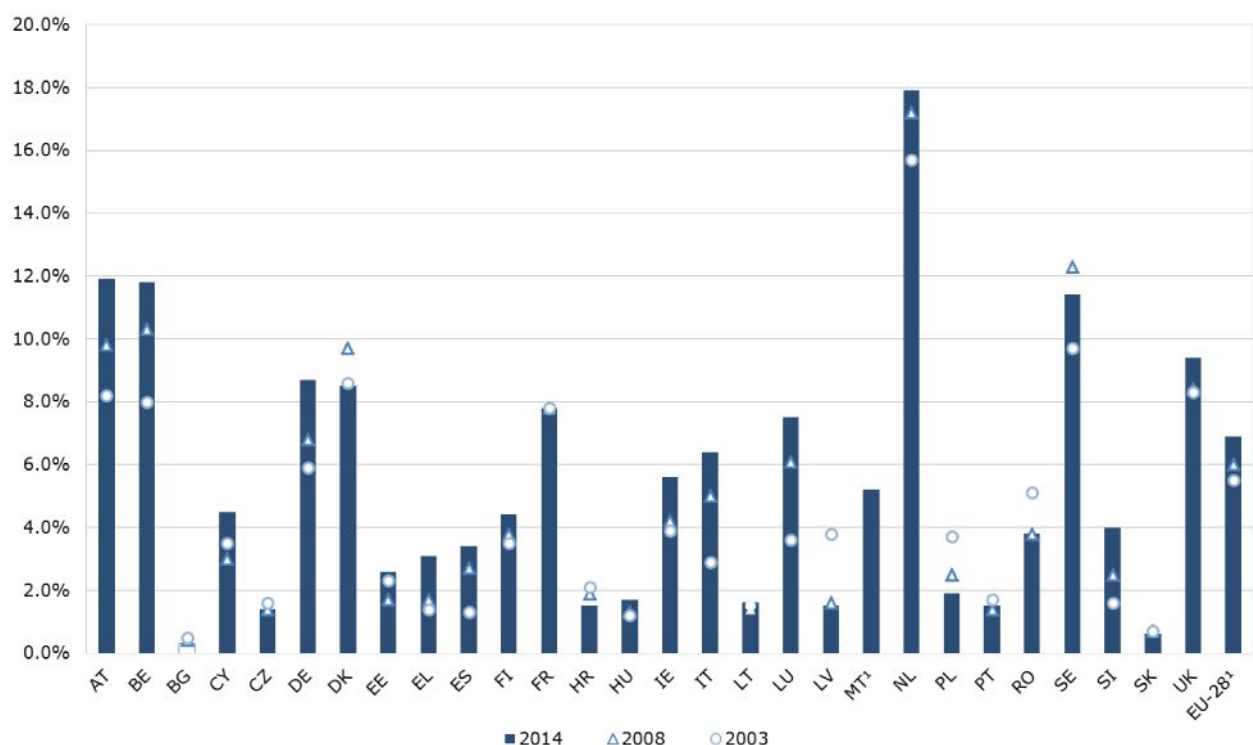
#### 4.2.2. Part-time work accounts for around 7 % of EU employment

The picture for part-time work in Europe is more diverse than for standard contracts. It accounts for about 7 % of total employment in EU-28 and has increased by approximately one percentage point over the past decade (see Figure 11). Part-time work reaches 18 % of total employment in the Netherlands as the leading country, about 11 to 12 % in Austria, Belgium and Sweden where the increase was considerably high. In Germany, Denmark, France and the United Kingdom part-time work is slightly above the EU-28 average but has risen in Germany by about one third. Over the past decade part-time work has expanded strongly in Italy and Luxembourg where the share has almost doubled and reaches the European average in 2014. But at the same time part-time work has dropped in Latvia and Poland from 4 % to 2 % and Romania from 7 % to 4 %. Part-time work plays still a minor role in most of the Eastern and Southern European countries.

Part-time work in the EU is commonplace as shown above, although definitions of what constitutes part-time work vary according to Member State. In the UK, part-time work is defined as working up to 30 hours per week, in Germany it is 36, and in France it is at least 20 % below the statutory level of 35 hours per week.

In terms of the definition of part-time work in EU comparison, in the EU Labour Force Survey, the distinction between full-time and part-time work is generally based on a spontaneous response by the respondent. The main exceptions are the Netherlands and Iceland where a 35 hours threshold is applied, Sweden where a threshold is applied to the self-employed, and Norway where persons working between 32 and 36 hours are asked whether this is a full- or part-time position.

Figure 11: Share of part-time employment in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, weighted results, own calculation.

Note: data for LT in 2003 and 2008 less reliable, data for BG in 2014 less reliable.

<sup>1</sup> No data available for Malta in 2008 & 2003.

#### 4.2.3. Main risks of part-time work are job security and low pay

According to data from the European Working Conditions Survey 2010 and our own calculations (see Box 2 above for our methodology), the working conditions of part-time employees who have an unlimited contract seem not to be that different from those of full-time workers (see Table 9). Table 9 shows country-by-country results for a variety of subjective and objective indicators of precariousness. Overall, the deviation from the EU-28 average is relatively small, with some exceptions, outlined below. The results in this table relate to individual countries, rather than giving an EU average figure.

The main issues seem to be job security and pay. There is higher than average dissatisfaction with job security in Latvia and Lithuania and with pay in Latvia (marked in dark red). Four countries have higher than average dissatisfaction with working conditions (Italy, Latvia, Lithuania and Romania) and four countries have higher than average dissatisfaction levels with general health (Germany, Latvia, Lithuania and Poland).

By country, both Latvia and Lithuania score below average on four indicators.

However, there are high levels of satisfaction with pay in Cyprus and Luxembourg, with general health in Greece and Ireland and with working conditions in Malta.

Overall, six countries scored more highly than average on satisfaction with working conditions and five on satisfaction with job security.

By country, Austria, Cyprus and Denmark all had above average scores on four indicators.

Table 9: Dimensions of working conditions, part-time work (average deviation from overall EU-28 average) . Subjective and objective indicators of precariousness

	Objective				Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health	
Austria	-0.14	0.56	0.10	0.05	-0.39	-0.12	0.48	0.51	0.43	0.19	
Belgium	0.34	0.22	0.27	-0.28	0.05	-0.13	0.29	0.40	0.20	0.08	
Bulgaria	.	.	.	.	.	.	.	.	.	.	
Cyprus*	-0.13	-0.37	-0.09	0.26	-0.07	-0.03	0.43	0.78	0.61	0.54	
Czech Republic	.	.	.	.	.	.	.	.	.	.	
Denmark*	0.51	0.31	-0.02	0.10	0.21	-0.32	0.38	0.38	0.53	0.01	
Estonia	.	.	.	.	.	.	.	.	.	.	
Finland*	0.57	0.30	0.08	-0.08	0.24	-0.06	0.28	-0.34	0.10	-0.29	
France	-0.02	-0.14	0.09	-0.37	-0.05	-0.14	0.54	-0.29	-0.04	0.05	
Germany	-0.23	0.24	-0.12	0.21	-0.13	-0.46	0.20	0.13	-0.16	-0.33	
Greece*	-0.21	-0.25	0.08	-0.25	-0.20	-0.30	0.28	-0.08	-0.10	0.81	
Hungary	.	.	.	.	.	.	.	.	.	.	
Ireland	-0.01	0.12	-0.09	0.27	0.40	0.00	-0.01	0.26	0.37	0.68	
Italy	-0.03	0.02	0.08	0.17	0.00	-0.32	0.07	-0.43	-0.33	-0.05	
Latvia*	-0.24	0.06	0.02	0.01	-0.01	-0.11	-0.71	-0.70	-0.58	-0.51	
Lithuania*	.	0.22	0.18	.	.	-0.11	-0.75	-0.40	-0.55	-0.65	
Luxembourg*	0.24	0.32	0.10	0.05	-0.28	-0.15	0.46	0.73	0.18	0.03	
Malta*	0.04	0.16	0.11	0.13	0.16	0.08	0.22	0.16	0.82	0.42	

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Netherlands	0.12	0.38	0.14	0.34	0.29	-0.18	0.32	0.27	0.08	0.05
Poland*	0.59	0.63	0.24	0.67	-0.55	0.42	0.08	-0.09	0.04	-0.34
Portugal	.	.	.	.	.	.	.	.	.	.
Romania*	.	-0.31	0.26	.	.	.	.	.	-0.59	-0.08
Slovakia	.	.	.	.	.	.	.	.	.	.
Slovenia	.	.	.	.	.	.	.	.	.	.
Spain*	0.07	0.14	-0.03	-0.05	-0.42	0.16	-0.06	0.28	0.21	0.12
Sweden	.	.	.	.	.	.	.	.	.	.
United Kingdom	0.03	0.46	-0.03	0.04	0.18	0.38	0.25	-0.11	0.47	0.26
Total	0.03	0.21	0.03	0.06	-0.04	-0.06	0.18	-0.02	0.07	0.01

Source: EWCS 2010, weighted results, own calculation.

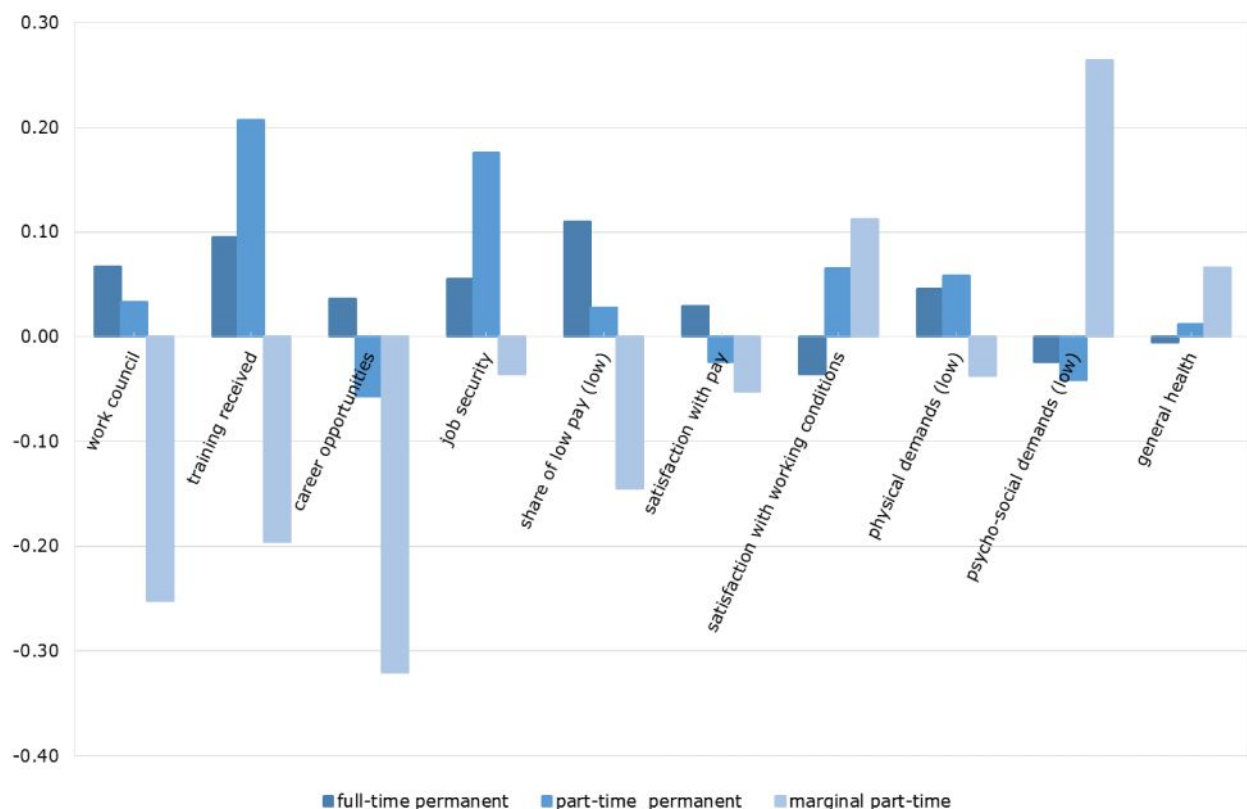
Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.)

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		



Figure 12 below shows the average deviation of part-time work from the average for full-time work in terms of working conditions. Part-time and marginal part-time work both fare worse than full-time work in the case of works councils, career opportunities, share of low pay and satisfaction with pay. However, part-time (but not marginal part-time) workers report a more positive experience in terms of training received and job security. Both part-time and marginal part-time workers report higher levels of satisfaction with working conditions and general health, in comparison with full-time workers, and marginal part-time workers report much lower levels of psycho-social demands than full-time or part-time workers.

Figure 12: Working conditions of part-time work in Europe, 2010 (average deviation from average across all types of work)



Source: EWCS 2010, weighted results, own calculation.

#### 4.2.4. Literature review: main risks include low pay, low job security, lack of progression and health risks

There is an abundance of literature at European level that relates to part-time work. The literature backs up the data findings that key risk indicators for part-time work are low pay and low job security. Some studies highlight additional risks, such as lack of career progression, lack of training, and some indication of links to health difficulties.

Sandor's (2011) wide-ranging review, based on the European Company Survey, highlights the positive and negative outcomes of part-time work. Benefits of part-time work include a positive effect on employment rates, disproportionately increasing female labour market participation, flexibility of employer resources, and an improved work life balance. However, there was evidence of risk precarity: he found that part-time jobs tended to be lower-quality on average, as well as having fewer career progression options.

Sandor also found that the level of part-time working varied by Member State, due to factors such as lack of demand and regulation, a lack of declared part-time work, and,

crucially, a shortage of good-quality part-time jobs. This quality differential manifests itself as less challenging work, lower levels and expectation of career progression/promotion, less on-the-job training, and a lack of intellectual stimulation. Sectorally, part-time work is more commonplace in education, health, and social work, traditionally female-dominated sectors, which may go some way to explaining the gendered nature of prevalence of part-time work.

Part timers tend to earn less per hour than full time workers, and have lower returns relative to experience and seniority (Kalleberg, 2000, study of emerging research). A study by Buddelmeyer et al (2005), analysing EU datasets, found that only 5 % of part time workers across the EU were using part-time work as a mechanism of getting into full time work, and generally were being used as a way of getting into the labour market rather than leave it at the end of a career by reducing hours.

The ILO (2014a), using a range of international data sources, notes that part-time work exhibits many characteristics that can be seen to increase the risk of precariousness. These include lack of equal treatment, inferior pay and social protection coverage, a negative impact on career progression due to reduce access to training and promotion and limited opportunities to resume full-time employment. The ILO notes further that 'the time schedule in some part-time jobs is not always compatible with care responsibilities; therefore, it is not always a 'family-friendly' form of employment'.

Part-time workers are also at greater risk of in-work poverty than full-time workers (see Figure 9).

The prevalence of part time work differs greatly according to gender. Sandor (2011) found that, across the EU, the 32 % of women were working part time, as opposed to 8 % of men. There has also been a polarisation of part-time jobs to low-wage, low-quality, precarious employment, which can lead to a downgrading of skills for women returning to the labour market after family commitments, with few of the benefits of flexibility and work life balance (Gregory and Connolly, 2008). There is also a wage penalty with regards to part-time work that comes from the greater prevalence of fixed-term contracts amongst part-time workers, with those on fixed term contracts being found to have the highest wage differential when compared to permanent, full time employees, based on analysis of a longitudinal Spanish dataset based on social security records (Fernández-Kranz and Rodríguez-Planas, 2011).

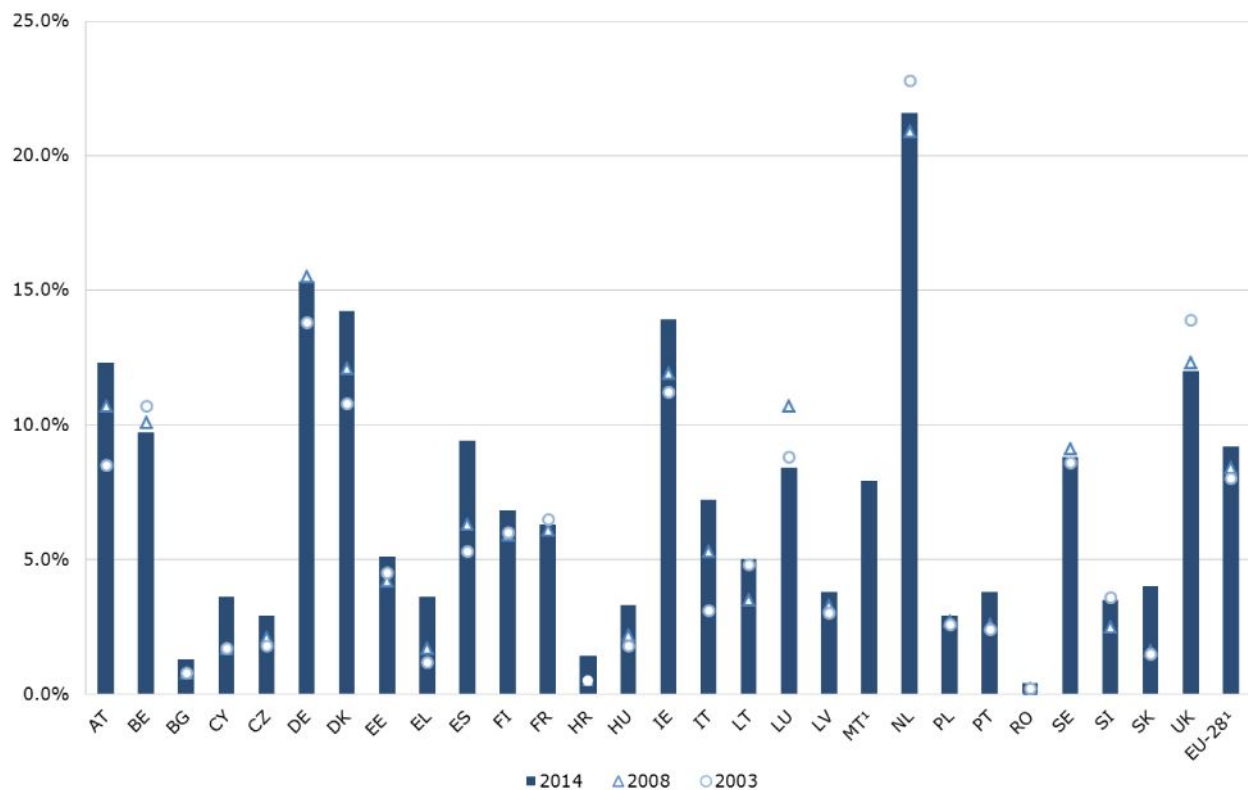
As well as the gendered dimension, part-time work also varies by age. A study from the UK (Berrington et al, 2014), using data from the UK Household Longitudinal Survey, considers this, particularly in light of the recession, and how young people are particularly affected by the growth of low-paid, part-time employment. Part-time rates for younger men in particular are higher, 14 % of employed 22 to 24 year olds being in part time employment. Looking at adults under 30, precarity is higher than across the population as a whole. Adults younger than 30 are more likely to work in routine or semi routine jobs, and within this are more likely to be in the lowest income quartile, work part-time and have a temporary contract.

Precarious part-time work is also correlated with worse overall health. One study (Bambra et al, 2014) found that, at the European level, 'not good' general health was more likely to be reported by workers with worse job conditions, and temporary job contracts were strongly associated with a higher likelihood of reporting poor health regardless of welfare regime the employee worked in. This is another area that evidence suggests disproportionately affects women (Menendez et al, 2014), although this is fairly under-researched.

#### 4.2.5. Marginal part-time work increasing

About 9 % of the total employed workforce in Europe are employees who are working fewer than 20 hours per week, so-called marginal part-time working. The share of marginal part-time work is constantly growing in almost all European countries since 2003 mainly due to the increasing participation of women who enter or re-enter the labour market with a low number of working hours and due to specific regulation, e.g. the 'Minijob' in Germany. Marginal part-time work is highest in the Netherlands, where permanent part-time and marginal part-time sums up to about 40 % of total employment and thus plays the dominant role among all types of contract in the Dutch labour market. In Germany, Denmark, Ireland, United Kingdom and Austria marginal part-time work is above the EU-28 average and accounts for 10 to 15 %. The share of marginal part-time is closer to the European average in Belgium, Spain, Luxembourg, Malta and Sweden whereas this type of work only plays a minor role (1 % to 4 %) the eastern European countries.

Figure 13: Share of marginal part-time employment in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, marginal part time: <20 hours working time per week, weighted results, own calculation.

Note: data for HR in 2003 & 2008 less reliable.

<sup>1</sup> No data available for Malta in 2008 & 2003.

#### a. Marginal part-time workers at higher risk of precariousness

In comparison to regular part-time work, marginal part-time employment is marked by perceptions of lower levels of job security (in Bulgaria, Estonia, Lithuania, Portugal and Slovakia), fewer career opportunities (in 10 countries and particularly in Slovakia), less training investment by employers (in 11 countries), a higher share of low pay (in four countries and particularly Denmark) and in some countries less satisfaction with payment (seven in total, and particularly in Bulgaria and Estonia).

On a country basis, Slovakia has seven indicators that are below average.

The only positive dimension here covers psycho-social demands that seem less likely to occur in marginal part-time jobs in 10 countries, and in particular in Denmark, Malta and Slovenia. For details, see Table 10.

Table 10: Dimensions of working conditions, marginal part-time work (average deviation from overall EU-28 average). Subjective and objective indicators of precariousness

	Objective			Rather objective			Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)		career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Austria	-0.23	-0.19	0.10	0.01	-0.17		-0.35	0.14	0.35	0.50	0.21
Belgium	0.10	0.02	0.15	-0.38	0.13		-0.13	0.09	0.32	0.18	-0.02
Bulgaria*	.	-0.45	-0.12	-0.01	.		-0.52	-0.98	-0.69	-0.93	-0.03
Cyprus	.	.	.	.	.		.	.	.	.	.
Czech Republic*	.	0.06	-0.19	0.15	0.27		.	.	-0.20	-0.27	-0.08
Denmark	0.21	-0.40	-1.12	-0.11	0.74		-0.22	0.21	0.78	0.56	0.34
Estonia	-0.26	-0.35	0.14	-0.30	0.54		-0.15	-0.80	-0.71	-0.19	-0.73
Finland	0.29	0.08	-0.14	-0.01	0.57		0.19	-0.19	0.18	0.18	0.00
France	-0.37	-0.45	-0.04	-0.31	0.21		-0.51	0.11	-0.22	0.03	-0.01
Germany	-0.44	-0.32	-0.31	0.12	0.00		-0.65	-0.08	-0.22	0.03	0.04
Greece*	-0.43	-0.61	0.26	0.13	-0.36		-0.07	-0.03	-0.65	-0.30	0.80
Hungary*	-0.45	-0.60	-0.12	-0.09	0.06		-0.44	-0.42	-0.62	-1.02	-0.59
Ireland	-0.36	-0.16	-0.33	0.14	0.43		-0.11	-0.40	0.11	0.29	0.74
Italy	-0.34	-0.24	0.31	-0.23	0.03		-0.42	-0.18	-0.27	-0.11	-0.18
Latvia*	-0.37	-0.19	0.11	0.20	0.10		-0.39	-0.58	-0.41	-0.24	-0.58
Lithuania*	-0.44	-0.32	-0.03	-0.10	0.15		-0.19	-0.92	-0.37	-0.24	-0.44
Luxembourg	0.16	0.17	0.01	-0.04	-0.22		-0.06	0.33	0.66	0.22	0.15
Malta	-0.45	-0.40	-0.01	-0.63	0.71		-0.16	-0.16	0.13	0.34	0.17

	Objective				Rather objective			Subjective			
	work council	training received	share of low pay (low)		physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Netherlands	-0.09	0.00	-0.60		0.03	0.66	-0.38	0.27	0.32	0.25	0.06
Poland	-0.30	-0.25	0.01		0.44	-0.02	-0.13	-0.15	-0.06	-0.24	-0.28
Portugal	-0.76	-0.41	0.36		-0.55	0.44	-0.28	-0.84	-0.30	-0.25	-0.48
Romania	0.31	-0.15	0.26		0.14	0.21	0.30	0.17	0.07	-0.07	-0.10
Slovakia	-0.47	-0.54	-0.44		0.34	0.43	-0.80	-0.76	-0.61	-0.28	-0.37
Slovenia	-0.14	-0.26	0.07		-0.27	0.75	-0.35	-0.30	0.09	-0.15	-0.21
Spain	-0.42	-0.34	0.09		-0.33	0.24	-0.22	-0.56	-0.02	-0.01	0.15
Sweden	0.38	-0.08	-0.14		-0.21	0.00	-0.24	-0.50	-0.10	0.16	0.09
United Kingdom	-0.13	0.05	-0.19		0.01	0.55	-0.06	0.17	0.05	0.42	0.29
Total	-0.25	-0.20	-0.15		-0.04	0.26	-0.32	-0.04	-0.05	0.11	0.07

Source: EWCS 2010, weighted results, own calculation.

Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.)

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		

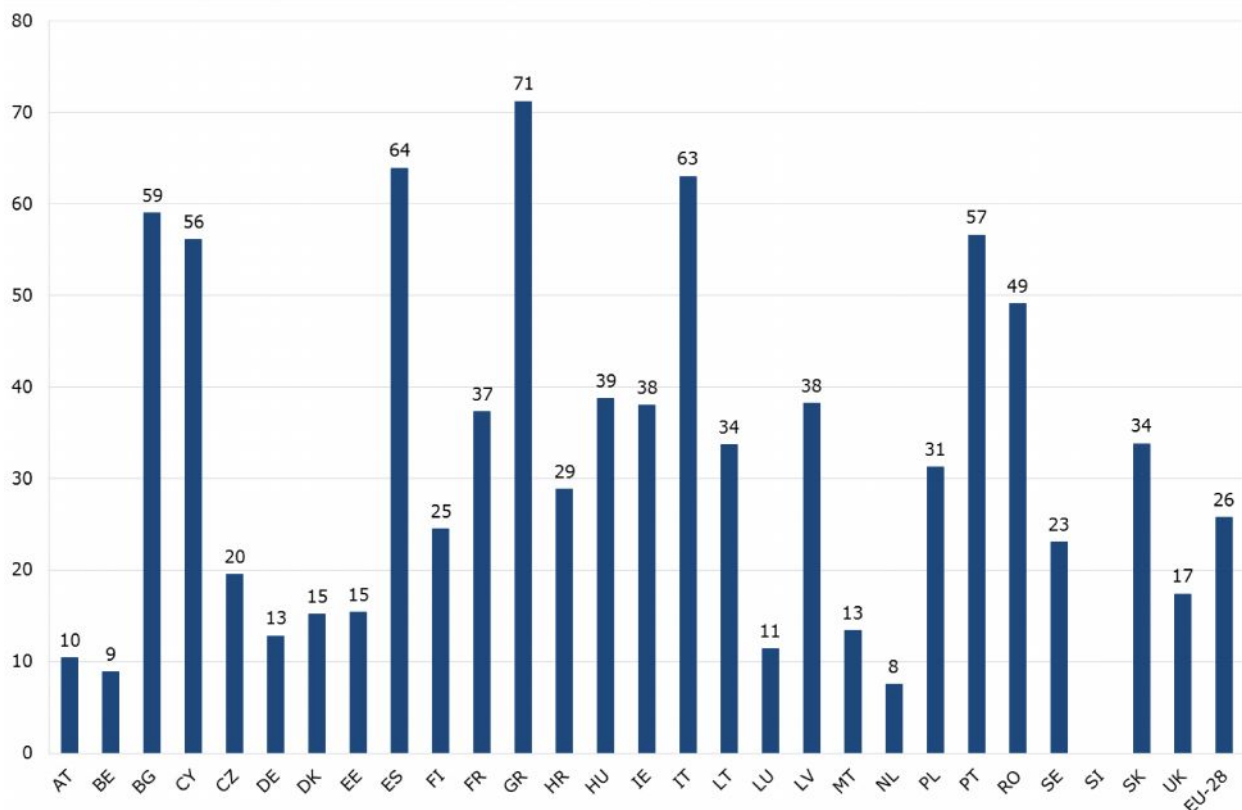
#### 4.2.6. Around one-quarter of part-time workers do so involuntarily in Europe

When part-time work is voluntary, it can bring many benefits in terms of allowing individuals to combine work and other responsibilities, particularly childcare. Surveys of industrialised countries reveal that a large proportion of voluntary part-timers would like to work longer hours (Fagan, 2004). Further, in 2005, on average nearly one in five women employed part-time on a voluntary basis in Europe would have preferred to work more hours while remaining part-time (Eurofound, 2009).

There are many reasons why people work part-time. Besides personal preferences due to care responsibilities, higher education or health restrictions, one might be that for certain jobs in certain regions full-time jobs are not offered by employers. Hence, employees are working involuntarily on a part-time basis because they have not been able to find an adequate full-time alternative. Figure 14 shows for the most recent year (2014) the share of part-time employees (based on all part-time employees incl. marginal part-time) who could not find a full-time job. On average, involuntary part-time applies to one out of four part-time employees in Europe. The share is more than twice as much in Greece, Spain, Italy, Bulgaria, Portugal and Cyprus. It is highest in Greece (71 %) and lowest in the Netherlands (8 %) and Belgium (9 %).

Involuntary part-time working, or a situation where an individual works fewer hours than they would like, may increase risk of precariousness due to lower wages than desired.

Figure 14: Share of involuntary part-time employment in Europe 2014 (% of all part-time workers incl. marginal part-time)



Source: EU-FS 2014, weighted results, own calculations.

No data are available for SI.



#### 4.2.7. Job-sharing is employee-driven but can increase risk of precariousness in terms of career advancement and job satisfaction

Job-sharing is a form of flexible and part-time working arrangement (Wheatley, 2013). Eurofound (2015) defines job-sharing as where one employer hires two (or occasionally more) people to jointly fill a single full-time position. It is a form of part-time work and ensures that the shared job is permanently staffed. It is not suitable for all types of jobs or positions. In some European countries, job sharers have their own individual contracts of employment, whilst sharing the salary and benefits of a full-time job on a pro-rata basis (Eurofound, 2009; cited in Eurofound, 2015; Wheatley, 2013). In other countries, job-sharing is based on a single contract including two or more employees (Eurofound, 2015). Job-sharing is aimed at workers who cannot or do not want full-time employment and employers will offer a job-sharing arrangement in order to provide flexible work patterns for employees; to ensure a role is covered on a full-time basis; to retain skilled labour; and to gain reputational/branding benefits (Eurofound, 2015). There are also examples across Europe of job-sharing being used as a way of avoiding redundancies during reorganisation: this happened at Telecom Italia in 2000 and at Electrolux in Luxembourg (Eurofound, 2001). Eurofound (2015), however, found that in most instances job-sharing arrangements are employee-driven, rather than an employer initiative.

Job-sharing typically involves two or more part-time positions being created from the beginning at the request of the employee or employer; or a previous full-time position being changed into a job share to be jointly filled by two or more workers (Ibid.). In contrast to this, specific legislation differentiates job-sharing from other part-time work in Hungary, Italy, Slovakia, Slovenia and the UK. These laws typically specify that whenever one of the workers is not available i.e. is sick or absent, the other job sharer is obliged to perform the job. In other countries this obligation is not explicitly stated in law, but rather is an informal agreement.

Eurofound (2015) found that whilst the legislation or collective agreements in some countries make provisions regarding the rights and duties of employers and employees in job-sharing, they do not specify anything about the design and implementation of this type of work contract e.g. the type of contract – permanent or fixed-term; working hours or work organisation), which is left to the discretion of the employer.

Where job-sharing is in place, it is found across a range of occupations and skill levels in Europe. In the Czech Republic, for instance, it is most commonly used in jobs that do not require specialist skills e.g. receptionists, administrators; however, in Poland, some 38 % of job-shares are occupied by specialists and 14 % are occupied by managers. In UK, job sharers are more typically in professional and administrative roles such as administrative and clerical staff, library staff, teachers and health service workers (Ibid.). There is also a notable gender division in the use of job-sharing, with the arrangement often sought by women returning to the labour market after having children (Eurofound, 2015). For example, in the UK, 9 % of women reported job-sharing or working on a week-on-week-off basis, compared to only 3 % of men (Russell et al (2008); cited in Wheatley, 2013).

Job-sharing has a number of limitations, which may partly explain its relative underuse across Europe. There are often difficulties in finding an appropriate job-sharer; it can be difficult to assess the contribution of each job-sharer and problems can occur if one job sharer is more competent than the other; job-share can also have the 'potential negative career implications typical of more conventional part-time work' (Eurofound, 2015 p.43); and it can be associated with low levels of job satisfaction (Wheatley, 2013). In some countries there is also concern over the extent of the formalisation of job-share arrangements, where its use is informal and ad hoc, which can lead to the marginalisation of such workers (Wheatley, 2013). Eurofound (2015), however,

stressed that overall a general lack of awareness of this form of employment could be the most significant reason for its comparative underuse.

Job-sharing can provide the worker with flexibility, whilst also providing learning and exchange opportunities between the job-sharers and in some countries (e.g. HU, UK) job-sharing can be more attractive than part-time work as it ensures the same position, salary and benefits as a full-time position. However, risks associated with job-sharing include potential conflicts between job-sharers and a lack of control over work outcomes. Also, if not properly designed, job-sharing can lead to work intensification, a need to work overtime and work-related stress, if the fit between the job sharers is not right and one employee has to pick up the short-fall of the other job-sharer (Eurofound, 2015).

Wheatley (2013) suggests that job-sharing might help tackle youth unemployment and ageing working populations, as job-sharing in the guise of a mentoring scheme can be used as 'slow exit' from the labour market for older workers and as a form of apprenticeship for young workers (cited in Eurofound, 2015). Moreover, it has been suggested that job-sharing benefits employee engagement and brings productivity improvements through knowledge sharing (Wheatley, 2013). Similarly, Eurofound (2015) report that in Ireland, the Czech Republic, Slovakia and the UK, there is evidence that in spite of the higher HR costs associated with job-sharing (for factors such as induction, training and administration), a company's performance can benefit in that it can 'deliver continuous fulfilment of tasks with consistent quality' (Eurofound, 2015 p. 45).

Table 11: Mapping of part-time work against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ High risk of lower income levels, particularly in the case of marginal part-time work and involuntary part-time work
Social security	✓ High risk of lower contributions into social security and pension funds could result in lower entitlement
Career development and training	✓ Medium risk and higher risk in the case of marginal part-time work

#### 4.3. Self-employment

Self-employed individuals can be broken down into the categories of entrepreneurs, free professionals, craft workers, those in skilled but unregulated professions and those in unskilled professions. It is the latter two groups that are arguably more at risk of precariousness. There is also an important distinction to make between those who choose self-employment and those who are forced into it, the latter often working as 'bogus' self-employed workers. There is also an overlap with the issue of undeclared work, as explored in section 4.10.

The share of self-employed persons without employees (freelancers) in Europe is slightly above 10 % and has not changed over last decade for most of the countries. Perceptions of working conditions for freelancers in Europe are rather mixed but do not deviate a great deal from the EU-28 average. We assess the risk of precariousness for freelancers to be of a relatively medium level. Freelancers perceive more positive job security (in seven countries) but their investment in training is below average in 10 countries. Satisfaction with working conditions is at average or slightly above even though physical demands are higher. Satisfaction with health is below average in eight countries and particularly in Lithuania, Portugal and Romania. This might reflect the distribution of

freelancers regarding their economic activity – they work mainly in physical demanding industries such as agriculture, fishery and forestry or other non-manufacturing industries.

Self-employed persons with at least one employee take a share of 4 % of total employment in Europe. The share is highest in Italy (6.6 %) and lowest in Romania (1.1 %). In all countries, self-employed persons with employees experience the best working conditions (or subjective perceptions of it), satisfaction with career opportunities, job security and pay, with results above the EU-28 average, compared with other types of work. The main risks for this group are above-average levels of psycho-social demands and lack of training. We assess the risk of precariousness for self-employed persons to be of a relatively medium level.

'Bogus' self-employment can be seen as an abuse of the employment relationship in that individuals are carrying out the same tasks, for one employer, as that employer's employees. While the risks are no different than those for self-employment, there are issues around avoidance of social security payment and access to labour rights, which can increase the risk of precariousness. Women are more vulnerable to 'bogus' self-employment than men. Bogus self-employed workers have the lowest incomes and the greatest household financial difficulty of any category of worker.

Overall, there is evidence that self-employed workers tend to work longer, although this effect is not found among the bogus self-employed. However, the bogus self-employed tend to work more irregular patterns.

#### 4.3.1. Introduction

This section examines the prevalence and risk of precariousness of self-employment. Crucial to the debate around self-employment is that of 'bogus' self-employment.

Definitions of self-employment vary depending on national and personal contexts as well as specific legal frameworks in EU Member States. In addition, some employees are 'quasi self-employed', working essentially on a freelance basis but in practice for one organisation or agency, a status that will be explored here. For self-employed people, Pedersini and Coletto (2009 p. 2), based on national data and literature reviews, identify five typologies of self-employment:

1. Entrepreneurs.
2. Traditional 'free professionals' who are governed by professional regulations and codes and often pass examinations in order to be listed in public registers.
3. Craft workers, traders and farmers.
4. Self-employed workers in skilled but unregulated occupations.
5. Self-employed workers in unskilled occupations.

Table 12: Advantages and disadvantages of self-employment

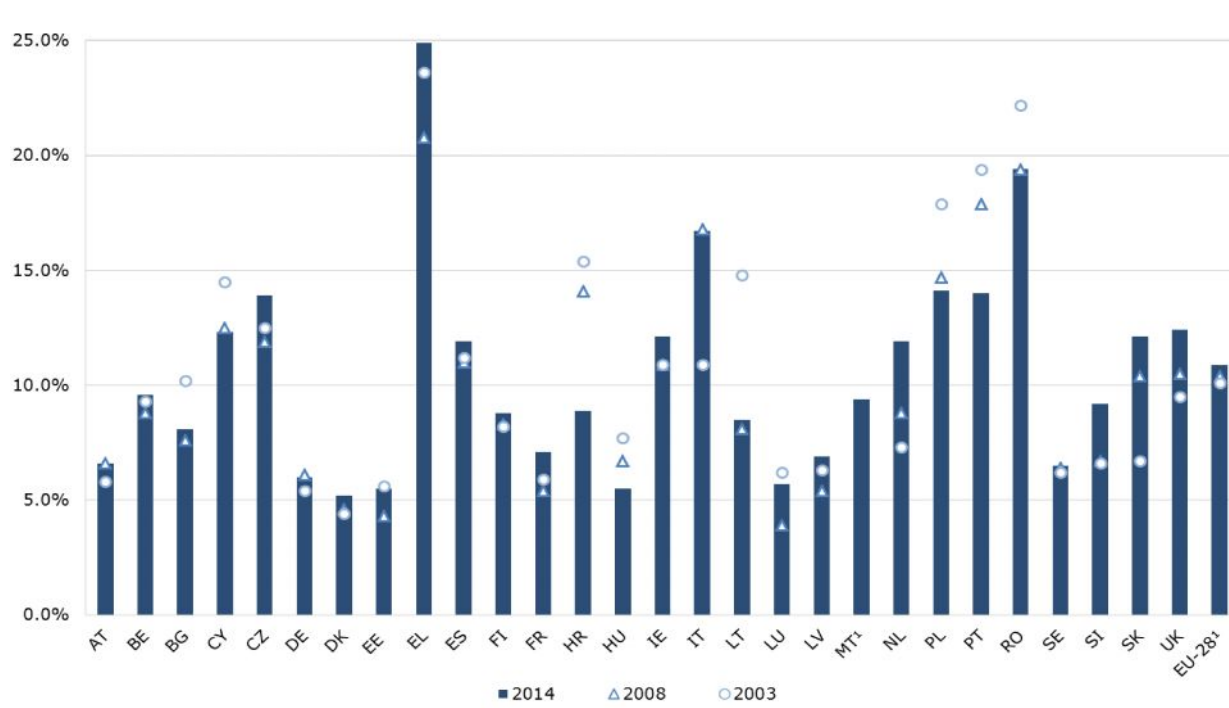
Advantages	Disadvantages
Flexibility and autonomy/control	Longer working hours (although not among 'bogus' self-employed workers)
Enjoyment of work	Insecure status, particularly among 'bogus' self-employed workers
More positive perceptions of job security	Diminished employment rights in areas such as sick pay, holiday pay, discrimination, unfair dismissal
	Diminished social security entitlement
	Lack of investment in training

#### 4.3.2. Freelancing accounts for around 10 % of employment and is stable

The share of self-employed persons without employees in Europe is slightly above 10 % and has only increased very slightly over the past decade, by around 1 %. By country, the highest share of freelancers can be found in Greece, Romania and Italy and the lowest incidence in Germany, Denmark, Estonia and Sweden.

Overall, the share of self-employed persons has not changed over last decade in most of the countries. Italy, Greece and the Netherlands show an increase in freelance activities whereas in Croatia, Hungary, Lithuania, Poland, Portugal and Romania have experienced a decrease. Differences in freelance activities between countries may show differences in the economic structure, e.g. the share of agriculture and fishery, which is mainly organised by self-employed persons and their family members (who do not count as employees in the narrower sense) in some countries.

Figure 15: Share of freelancers in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, self-employed without employees, weighted results own calculation. No data available for Malta in 2003 and 2008.

#### 4.3.3. Main risks for freelancers include low investment in training, low pay and health issues

According to data from the European Working Conditions Survey 2010 and our own calculations (see Box 2 above for our methodology), perceptions of working conditions for freelancers in Europe are rather mixed but do not deviate a great deal from the EU-28 average. The results in this table relate to individual countries, rather than giving an EU average figure. Freelancers perceive a more positive job security (in seven countries) but their investment in training is below average in 10 countries.

The share of low pay is slightly higher than average (in nine countries), resulting in less satisfaction with payment in six countries, although in six countries, satisfaction with payment is higher than average. Satisfaction with working conditions is at average or slightly above even though physical demands are higher. Satisfaction with health is below average in eight countries and particularly in Lithuania, Portugal and Romania. This might reflect the distribution of freelancers regarding their economic activity – they work mainly in physical demanding industries such as agriculture, fishery and forestry or other non-manufacturing industries. See Table 13 for details.

Table 13: Dimensions of working conditions – freelancer (average deviation from overall EU-28 average). Subjective and objective indicators of precariousness

	Objective			Rather objective			Subjective			
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Austria		0.30	0.00	-0.04	-0.16	-0.22	0.54	0.16	0.51	0.12
Belgium		-0.25	0.02	-0.20	0.11	0.52	0.33	0.45	0.58	0.32
Bulgaria		-0.56	-0.25	-0.36	-0.03	-0.22	-0.22	-0.50	-0.27	-0.38
Cyprus		-0.54	-0.15	-0.63	-0.55	0.02	-0.33	0.03	-0.15	-0.08
Czech Republic		0.10	0.36	0.30	-0.24	0.43	-0.26	0.35	0.21	-0.02
Denmark*		-0.13	-0.32	0.27	0.54	0.00	0.42	0.45	0.72	0.45
Estonia*		-0.32	-0.02	0.17	0.35	-0.02	-0.07	-0.07	-0.20	-0.51
Finland		0.04	-0.44	-0.40	0.30	0.07	0.44	-0.03	0.17	-0.16
France		-0.23	-0.45	-0.42	-0.39	-0.19	0.47	-0.47	0.24	0.12
Germany		0.02	-0.24	0.49	-0.30	0.10	0.34	0.16	0.27	0.26
Greece		-0.58	-0.39	-0.51	-0.28	-0.21	0.31	-0.35	-0.80	0.18
Hungary		-0.28	-0.15	-0.12	-0.16	-0.05	0.12	-0.33	-0.11	-0.33
Ireland		-0.30	-0.20	-0.12	-0.02	0.27	-0.25	-0.01	0.56	0.57
Italy		-0.30	0.16	-0.27	-0.17	-0.05	0.08	-0.14	-0.04	-0.18
Latvia*		-0.33	-0.04	-0.01	0.09	0.18	0.01	-0.05	-0.48	-0.63
Lithuania		-0.55	-0.46	-0.41	-0.08	-0.18	-0.04	-0.42	-0.25	-0.76
Luxembourg		-0.38	-0.34	0.00	-0.42	0.53	0.21	0.24	0.29	0.07
Malta		-0.51	0.20	-0.65	0.50	-0.04	-0.22	-0.01	-0.11	0.06

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Netherlands		0.16	-0.26	0.34	0.44	0.08	0.04	0.43	0.42	-0.12
Poland		-0.27	-0.25	-0.04	-0.32	0.22	0.37	-0.09	-0.09	-0.36
Portugal		-0.55	-0.04	-0.41	0.16	-0.32	0.24	-0.19	0.06	-0.76
Romania		-0.62	-1.55	-0.60	-0.01	-0.88	0.11	-0.67	-0.67	-1.01
Slovakia		-0.04	0.04	0.23	0.07	0.25	0.15	0.39	0.01	-0.22
Slovenia		0.26	-0.56	-0.15	0.15	0.03	-0.28	-0.20	-0.16	-0.19
Spain		-0.38	-0.02	-0.42	0.26	-0.27	-0.37	-0.12	0.00	0.00
Sweden		0.22	-0.47	0.08	-0.26	0.42	-0.08	0.13	0.43	0.31
United Kingdom		-0.31	0.11	-0.07	0.30	0.27	0.20	0.45	0.58	0.30
Total		-0.26	-0.23	-0.15	-0.08	-0.02	0.18	-0.05	0.06	-0.09

Source: EWCS 2010, weighted results, own calculation.

Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.)

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		

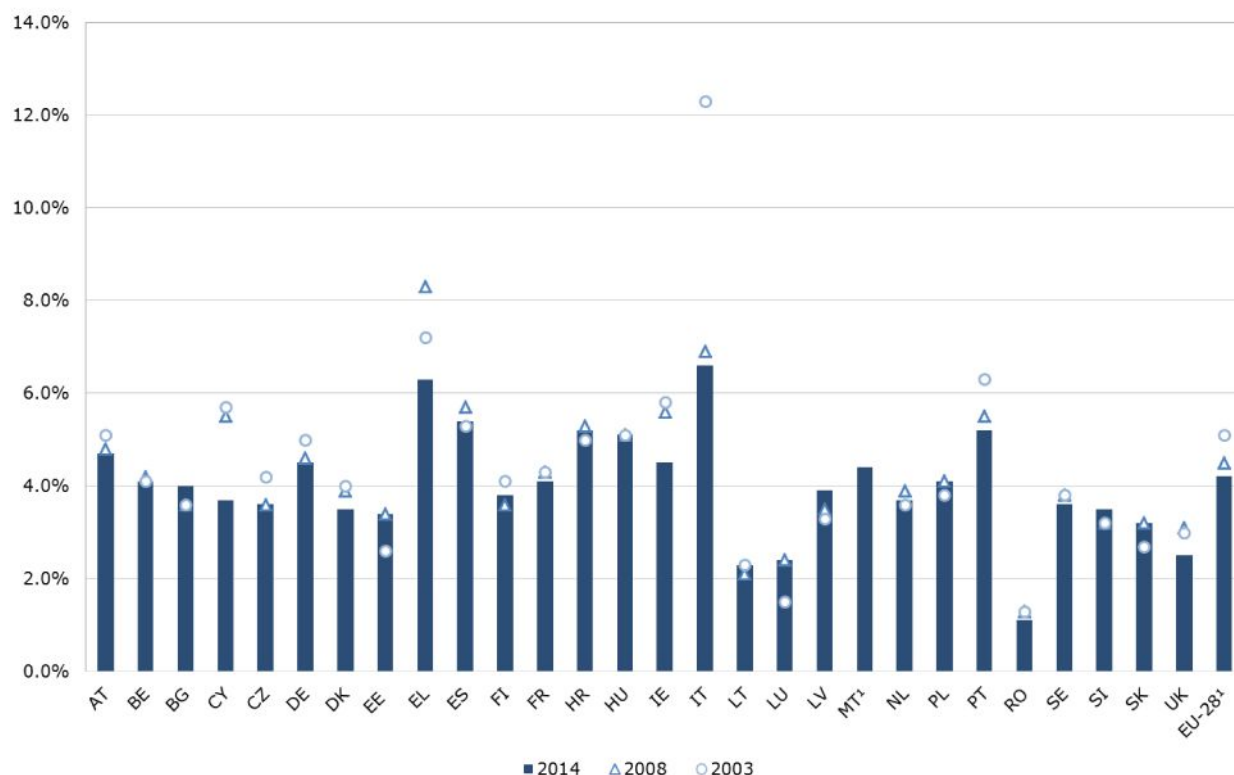


#### 4.3.4. Self-employment with employees accounts for 4 % of employment

Self-employed persons with at least one employee take a share of 4 % of total employment in Europe (Figure 16), a figure that has fallen slightly from around 5 % in 2003.

By country, the highest incidence is seen in Italy and Greece, both over 6 %, and the lowest in Romania (around 1 %). Italy is also noteworthy in experiencing a fall from just over 12 % in 2003 to the present levels of just over 6 %.

Figure 16: Share of self-employment with at least one employee in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, self-employed with employees, weighted results, own calculation.

No data available for Malta in 2003 and 2008.

#### 4.3.5. Main risks for the self-employed include lack of training and stress

Table 14 below shows that self-employed persons with employees experience above-average levels of psycho-social demands (in nine countries and especially Cyprus).

In all countries, self-employed persons with employees experience the best working conditions (or subjective perceptions of it), satisfaction with career opportunities, job security and pay, with results above the EU-28 average, compared with other types of work. The only exceptions are training investments, seen as below average in seven countries. The results in this table relate to individual countries, rather than giving an EU average figure.

On a country basis, Denmark scores very highly on four indicators and highly on a fifth, while the UK scores very highly on two and highly on a further three, and Belgium scores very highly on two and highly on a further two, while the Netherlands scores highly on five.

Table 14: Dimensions of working conditions – self-employed with employees (average deviation from overall EU-28 average). Subjective and objective indicators of precariousness

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Austria*		0.18	-0.02	-0.08	-0.24	0.38	0.67	0.46	0.51	0.09
Belgium		-0.11	0.19	-0.10	0.00	0.74	0.40	0.77	0.61	0.30
Bulgaria*		-0.56	0.28	-0.02	-0.54	0.58	0.05	0.05	0.11	0.05
Cyprus		-0.47	0.18	-0.30	-0.73	0.51	-0.05	0.44	0.46	0.22
Czech Republic*		0.05	0.25	0.69	-0.62	0.44	-0.01	0.31	0.04	-0.16
Denmark*		0.12	-0.22	0.36	0.11	0.71	0.71	0.76	1.07	0.31
Estonia		.	.	.	.	.	.	.	.	.
Finland		.	.	.	.	.	.	.	.	.
France		-0.45	0.09	-0.35	-0.45	0.23	0.58	0.06	0.46	-0.17
Germany		-0.04	0.15	0.35	-0.45	0.25	0.42	0.38	0.43	0.18
Greece		-0.50	-0.20	-0.55	-0.67	0.21	0.36	-0.21	-0.50	0.30
Hungary*		-0.49	0.04	-0.05	-0.63	0.10	0.33	-0.44	-0.09	-0.27
Irelandl*		0.01	0.06	0.10	-0.15	0.62	0.47	0.41	0.40	0.37
Italy		-0.31	0.30	-0.35	-0.05	0.35	0.11	0.07	0.25	-0.04
Latvia		.	.	.	.	.	.	.	.	.
Lithuania		.	.	.	.	.	.	.	.	.
Luxembourg*		-0.08	-0.03	-0.23	-0.58	0.57	0.35	0.39	0.33	0.09
Malta*		-0.39	0.29	0.05	0.15	0.41	0.09	0.13	0.29	-0.05

	Objective				Rather objective			Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health		
Netherlands*		0.13	-0.17	0.45	0.29	0.39	0.53	0.41	0.40	0.25		
Poland*		0.01	0.27	0.52	-0.49	0.65	0.22	0.52	0.40	-0.31		
Portugal*		-0.19	-0.02	-0.25	-0.09	0.34	.	.	0.25	-0.50		
Romania*		-0.24	0.17	0.38	-0.26	.	.	0.49	0.06	-0.32		
Slovakia*		-0.14	0.40	0.36	.	.	.	.	0.17	-0.47		
Slovenia*		0.18	0.17	0.09	0.11	0.37	-0.06	0.50	0.21	-0.16		
Spain*		-0.32	0.27	0.03	-0.11	.	.	.	0.58	-0.20		
Sweden		.	.	.	.	.	.	.	.	.		
United Kingdom*		-0.31	0.11	0.09	-0.20	0.78	0.54	0.41	0.80	0.34		
Total		-0.21	0.14	0.05	-0.27	0.33	0.33	0.27	0.38	0.02		

Source: EWCS 2010, weighted results, own calculation.

Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.)

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		

## Box 4: Illustrative example: working conditions for artistic workers

Individual working in the creative sectors, such as artists, dancers and musicians, often work on a self-employed basis. For example, in Germany, Eichhorst and Tobsch (2013) note that self-employed work without employees is concentrated in the craft and creative sectors. While self-employment may give individuals an element of flexibility, it has some implications in terms of risk of precariousness.

However, the status of artistic and creative workers depends on EU Member State. In the case of orchestral musicians, for example, individuals in the UK tend to be self-employed workers (with the exception of the BBC orchestras), while those in Germany are classed as employed and enjoy good collective agreement coverage (Broughton, 2001). In the UK, there is a national collective agreement for orchestral musicians that sets freelance rates, but this does not reflect actual pay levels for long-term orchestral members. By contrast, the collective agreement for the sector in Germany sets meaningful rates rather than simply a minimum floor, and has a wide banding structure which serves to encompass the vast majority of orchestras in this sector.

Eichhorst (2015) notes that around 42 % of creative workers (journalists, publishers, architects, designers, musicians and IT/web specialists), work on a freelance basis and while this may not be precarious in itself, the nature of the work carried out by these individuals and their employment status means that they often operate outside of standard labour market provisions and institutions such as collective bargaining, employment protection, social insurance and trade union organisation.

Creative workers are also at risk of precariousness in terms of the amount of work to which they have access, and fees for this work. Menger (2006) notes that there are considerable inequalities in amounts of work and earnings, caused by the skewed distribution of talent and by joint consumption technologies that turn small differences in talent into huge earnings differentials.

One significant issue that contributes to the risk of precariousness for artistic workers is their eligibility for social security coverage. Within the EU, social security for artists, as for everyone else is governed by Regulation (EEC) No 1408/71. The social security position of artists is defined by their employment status under their own national laws, and their income. However, both of these elements can be problematic; irregular work patterns may mean that artists are defined differently under different employment laws, for example, as self-employed and at the same time an employee. Further, large fluctuations in income may result in lower pension or sick pay. McAndrew (2002) carried out a study of artists' rights, taxes and benefits in seven countries (Australia, Canada, Denmark, Germany, Ireland, the Netherlands and the UK). She found that the employment status of many artists is often ambiguous, as they can be simultaneously employed and self-employed (self-employment alongside periods of employed work), making it difficult for them to fit into both tax and social security legislation. She also found that large fluctuations in income levels can lead to inadequate levels of social insurance. Further, the necessity for artists to devote long periods of unpaid time to artistic research and their own personal development often means that they are not recognised as jobless, even though they are incomeless. This means they cannot claim unemployment and other associated benefits.

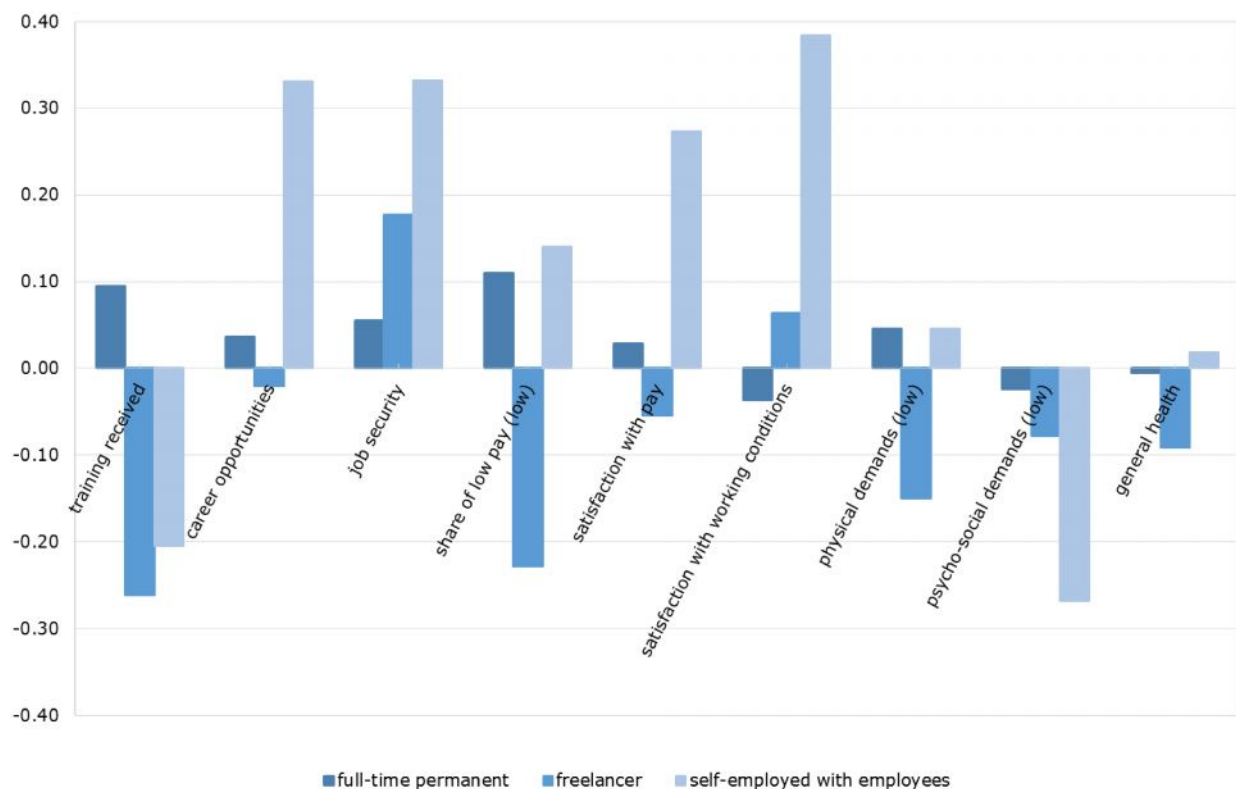
In Germany, the 'Künstler Sozialkasse' (KSK) was established by the Artists' Social Security Act of 1983 (Künstlersozialversicherungsgesetz, KSVG) in order to enable independent artists to enjoy the same social protection as employees. It covers health insurance and old age pensions but not unemployment benefits. It was developed for self-employed artists as they were not eligible for the normal employer contribution scheme, and because of their often low income levels. In the Netherlands, the WIK Scheme for unemployed artists in the

Netherlands recognises artists as a profession, does not force artists into inappropriate work and helps to support them while they attempt to launch their careers. It also allows artists to earn while receiving support, which further aids their economic position (McAndrew, 2002).

#### 4.3.6. Both freelancers and self-employed at risk of lack of training and stress

Figure 17 below shows the working conditions of freelancers and self-employed people with employees, in comparison to full-time, permanent employees. The results are less positive for freelancers and self-employed with employees in the area of psycho-social demands, but more positive in terms of job security and satisfaction with working conditions. In the case of self-employed with employees, there is much greater satisfaction with career opportunities, pay and overall working conditions. On five indicators, self-employed people with employees score more highly than those on full-time and permanent contracts, so the picture is somewhat mixed.

Figure 17: Working conditions of self-employment in Europe



Source: EWCS 2010, weighted results, own calculation.

#### 4.3.7. Literature review: involuntary and 'bogus' self-employment at highest risk of precariousness

The literature on self-employment is mainly focused on involuntary and 'bogus' self-employment. It is true that an important distinction to make is that between 'voluntary' and 'involuntary' self-employment; whether one is self-employed by choice or necessity. The latter of these breaks down again into whether individuals have been forced into self-employment or are in a working arrangement that is in the grey area between being employed or self-employed (Kautonen et al, 2010), also commonly known as 'bogus' self-employment. In both cases, self-employment is correlated with increased levels of risk, insecurity, and irregular or long working hours. Kautonen et al go on to outline

how best to regulate quasi or 'bogus' self-employment (that is, the grey area between employment and being self-employed), and suggest Germany's 1990s approach of tightening up rules around 'employment relationships' and the UK's approach of classing the quasi or 'bogus' self-employed as 'workers', both of which increase employment rights and job security when one is in this position.

Empirical research has been conducted into voluntary and involuntary self-employment (Gasparini et al, 2000), which found that while 12 % of employees work 50+ hours per week, amongst the self-employed this figure was almost 50 %. Sectorally, self-employed people most commonly work either in private services or agriculture on one-person or family farms, both of which can be precarious and affected by wider economic trends quite markedly. The same research suggested that one person in five suggested that they would prefer to be self-employed than dependent despite this lack of security, showing a clear wish for it amongst a reasonable proportion of the population.

This interest in self-employment has been assessed at a supranational level (Huijgen, 1999). The study uncovered a similar profile of the average self-employed person sectorally, demographically, and in terms of hours, but interestingly also found that only 11 % of self-employed workers would rather have employee status. The main determinant of self-employment was enjoyment of work, which was ranked higher than pay and social motives.

Eurofound (2001, p. 1) conducted research to create a snapshot of the typical self-employed worker, and created the following:

'The self-employed worker is typically male, older than other kinds of atypical workers, and working in unfavourable ergonomic conditions. These workers experience less psycho-social work demands than dependent workers, but conversely lack social support. They tend to work non-standard hours, but not shift work. In general they have more control over time and autonomy, but less task flexibility and less training. They are likely to be managers (a significant number of self-employed defined themselves as 'managers') and occupied in skilled trades. They are mainly represented in sectors like agriculture, service and sales, and catering.'

'Bogus' self-employment is a situation in which an individual is nominally self-employed but in reality works for much of the time for one employer in a relationship that is, in all but name, a dependent employment relationship. In some countries, such as the UK, there is a difference in terms of labour rights, between those classed as workers and those classed as employees. Individuals who are working in such a way that could be classed as 'bogus' self-employment would be classed as workers even though they are acting as employees. Employers use 'bogus' self-employment as a way of avoiding the payment of social security charges for these individuals, which limits access to benefits that are dependent on social security contributions. This can therefore be characterised as an employer abuse of contractual relations, and these workers are also, compared to employed workers, at a higher risk of precariousness due to a lack of social security and pension coverage and a lack of access to some employment rights.

From a gender perspective, the European Institute for Gender Equality (2015), using data from the EU LFS, found that women are more vulnerable to 'bogus' self-employment than men. It reports that around half of self-employed women do not feel they can freely hire employees (52 %) or make decisions about their business (10 %); as compared to men, with 37 % and 7 %, respectively.

Anderson (2010) examines the phenomenon of 'bogus' self-employment in the construction sector. He examined the case of A8 nationals (from CZ, EE, HU, LV, LT, PL, SK and SI) in

the sector, who were effectively working as dependent employees for an employer, but who had been registered as self-employed. He found that this resulted in diminished employment and social rights and negative implications for health and safety. This is partially due to the fact that, under the Association Agreement of the 1990s, migrants registered as self-employed did not have to pay the large capital sums that were obligatory for employees. This loophole can lead to increased 'bogus' self-employment amongst migrants, increasing precarity amongst their labour.

Table 15: Mapping of self-employment (self-employed with employees and freelancers) against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	<p>Freelancers:</p> <p>✓ Medium risk in some countries, particularly Romania</p>
Social security	<p>Freelancers:</p> <p>✓ Medium risk and high risk for the 'bogus' self-employed. High risk for artistic workers in some countries, such as Germany, where this is a relatively high-profile issue</p>
Labour rights	<p>Freelancers:</p> <p>✓ High risk for the 'bogus' self-employed</p>
Career development and training	<p>Freelancers:</p> <p>✓ Medium risk and high risk for the 'bogus' self-employed.</p> <p>Self-employed with employees:</p> <p>✓ Medium risk</p> <p>Overall, self-employed with employees tend to fare better than freelancers in terms of a range of working conditions</p>
Stress and health	<p>Freelancers:</p> <p>✓ Medium risk in some countries, particularly Lithuania, Portugal and Romania</p> <p>Self-employed with employees:</p> <p>✓ Medium risk in some countries, especially Cyprus.</p>

#### 4.4. Fixed-term contracts

The share of fixed-term contracts (excluding apprenticeships and trainees) of total employment is at average about 7 % in Europe and has not changed significantly in most countries. We assess the risk of precariousness for those on fixed-term contracts to be of a medium level. Lack of job security is a key risk for those on fixed-term contracts. Fixed-term work is also at risk of lower pay than permanent work and a lack of access to employment rights: the majority of workers' rights and protection in the EU have been built around standard contracts.



In terms of the duration of fixed-term contracts, at EU level, a quarter are between seven and 12 months, with just over 20 % up to three months. This may indicate that fixed-term contracts are not being used as a stepping stone to more permanent forms of contracting.

Nevertheless, there is quite a difference in contract design between countries. Short-term contracts (up to three months) are predominant in Spain, Lithuania, Latvia, Belgium, Estonia and Hungary. A duration of more than two years on the other hand is very likely in Austria, Cyprus and Germany.

In terms of the health of workers on fixed-term contracts, the evidence is mixed. Specific features of their non-standard contractual arrangements, compounded with heightened feelings of work-related and financial insecurity, may have significant effects on their health, although other studies have found that there is no association with adverse health effects.

A strong correlation persists between temporary, non-standard employment contracts and low skilled work, with those working in low skills jobs less likely to benefit from training opportunities.

There is a mixed picture concerning how far fixed-term work can provide a stepping-stone into more permanent forms of employment.

The majority of seasonal work is low skilled, in sectors such as agriculture, and as such seasonal work is also, by nature, low paid.

#### 4.4.1. Introduction

This section examines contracts that are time-limited (with the exception of temporary agency work, which is explored in the next section). It explores the extent and trend relating to fixed-term employment, before looking at the available data and literature that documents the main risks associated with this form of working.

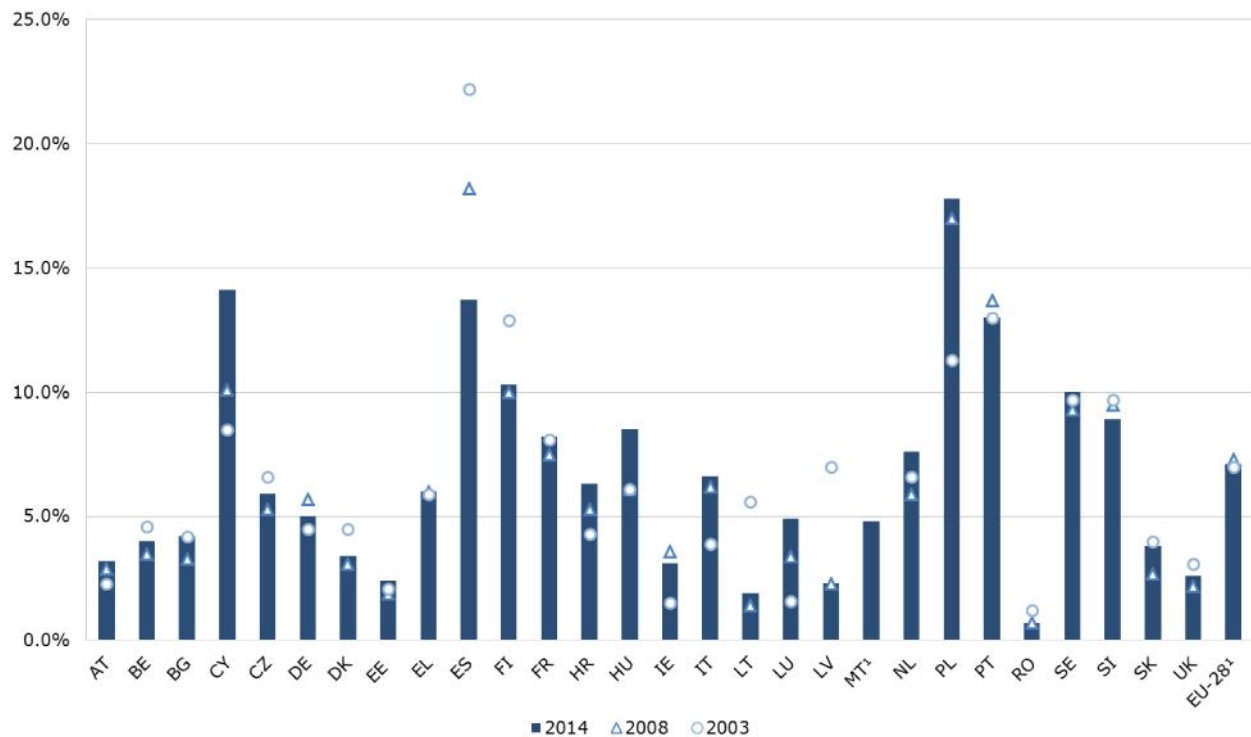
Table 16: Advantages and disadvantages of fixed-term contracts

Advantages	Disadvantages
Flexibility in the organisation of working time	Lower levels of job security from time-limited contracts
Work-life balance	Lower income
Stepping stone into employment and to permanent positions	Lack of control over duration of contracts

#### 4.4.2. Fixed-term employment accounts for around 7 % of EU employment

The share of fixed-term employment (excluding apprenticeships and trainees) of total employment is at average about 7 % in Europe and has not changed significantly in most countries. In 2014 fixed-term employment reached 13 to 17 % in Portugal, Spain, Cyprus and Poland where there have been the most remarkable changes over time: increase in Cyprus and Poland and a decrease in Spain.

Figure 18: Share of fixed-term employment in Europe 2003, 2008 and 2014



Source: EU-LFS 2003, 2008, 2014, excluding apprenticeships and training, weighted results, own calculation.

No data available for Malta in 2008 and 2003.

Eurofound (2015b) has carried out an over-arching study on the incidence of temporary forms of employment in the EU<sup>6</sup>, finding that temporary work grew by 25 % in the EU27 between 2001 and 2012, compared with 7 % in the case of permanent employment. It notes that both temporary and permanent employment levels fell at similar rates between 2008 and 2012 in the EU, but the number of temporary contracts increased and the number of permanent contracts decreased in many European countries during this period.

#### 4.4.3. Wide variety in the length of fixed-term contracts

Table 17 shows the distribution of fixed-term employees for each country and the European average by the classified duration of the contracts. In some countries the number of missing information is very high such as in the Netherlands, in the United Kingdom and Ireland. Despite the fact that the EU-LFS is a harmonised dataset with harmonised questions some differences in the questionnaires remain that are neglected in the scientific use files of the harmonised data, e.g. the duration of the contract is not asked if the person only works on a seasonal or casual basis.

At EU level, a quarter of fixed-term contracts are between seven and 12 months, with just over 20 % up to three months. This may indicate that fixed-term contracts are not being used as a stepping stone to more permanent forms of contracting.

Nevertheless, there is quite a difference in contract design between the countries. Short-term contracts (up to three months) are predominant in Spain, Lithuania, Latvia, Belgium,

<sup>6</sup> Based on the following definition: Employees with temporary contracts are those who declare themselves as having a fixed-term employment contractor a job which will terminate if certain objective criteria are met, such as completion of an assignment or return of the employee who was temporarily replaced.

Estonia and Hungary. A duration of more than two years on the other hand is very likely in Austria, Cyprus and Germany.

Table 17: Duration of fixed-term contracts in Europe 2014 (based on all fixed-term workers incl. temporary agency work, marginal part-time, apprenticeships and trainees)

Country	duration of fixed-term contracts in months						
	no answer	up to 3	4 to 6	7 to 12	13 to 24	25 or more	Total
Austria	(.)	11.3	13.6	22.8	7.9	44.4	100.0
Belgium	(.)	35.2	15.8	30.8	6.8	11.5	100.0
Bulgaria	(8.1)	15.2	43.3	30.2	(.)	(.)	100.0
Cyprus	(.)	4.3	17.3	33.3	4.9	40.3	100.0
Czech Republic	(.)	6.2	11.4	42.7	20.1	19.5	100.0
Germany	2.6	3.7	12.0	28.1	14.3	39.3	100.0
Denmark	6.8	11.6	13.6	22.3	17.9	27.7	100.0
Estonia	(.)	34.8	28.0	14.5	(11.0)	(7,1)	100.0
Spain	2.8	58.5	16.4	16.3	1.2	4.8	100.0
Finland	1.6	27.7	19.9	28.6	13.2	8.9	100.0
France	16.7	26.6	11.5	21.8	14.2	9.2	100.0
Greece	(.)	15.5	33.2	27.0	7.6	16.8	100.0
Croatia	(.)	29.2	28.6	21.6	(3.0)	17.5	100.0
Hungary	(.)	33.4	30.8	27.8	4.6	3.4	100.0
Ireland	49.3	7.7	6.9	14.7	7.7	13.7	100.0
Italy	7.7	19.2	22.3	32.2	4.4	14.3	100.0
Lithuania	(.)	52.6	25.3	(.)	(.)	(.)	100.0
Luxembourg	6.9	12.8	17.1	26.4	15.5	21.4	100.0
Latvia	(.)	37.9	36.4	14.7	(.)	(.)	100.0
Malta	(.)	16.2	28.6	34.1	(7.0)	14.1	100.0
Netherlands	62.1	5.7	4.0	23.6	2.3	2.2	100.0
Poland	(.)	17.0	12.9	28.9	18.4	22.8	100.0
Portugal	14.4	14.6	24.7	36.8	3.7	5.9	100.0
Romania	(.)	17.8	22.1	47.8	(8.3)	(.)	100.0
Sweden	15.1	28.8	14.2	14.5	12.4	15.0	100.0
Slovenia	(.)	26.7	16.3	33.1	12.8	11.1	100.0
Slovakia	(.)	24.2	32.4	31.4	8.1	3.5	100.0
United Kingdom	41.5	9.5	8.8	16.0	14.1	10.2	100.0
EU-28	11.3	21.4	14.6	25.0	10.5	17.1	100.0

Source: EU-LFS 2014, weighted results, own calculation. Note: (.) data not reliable, () data less reliable. Share of missing information >10 % in FR, PT and SE, >40 % in IE, UK and NL.

#### 4.4.4. Fixed-term workers experience much lower job security and satisfaction with working conditions and pay

Workers on fixed-term types of contract are at a higher risk of precariousness from a range of factors, such as working conditions, job security and lack of control over the duration of their contracts than those on permanent contracts. These risks are even higher in the case of temporary agency workers (see section 4.5 below).

According to data from the European Working Conditions Survey 2010 and our own calculations (see Box 2 above for our methodology), the working conditions of fixed-term workers are far below the EU-28 average with respect to job security due to the limitation of their contracts, although this ratio is stable in most countries (see Table 18 below). This stands out as one of the key results of this method of data analysis. This was the case for a total of 21 countries, and especially the Czech Republic and Lithuania (highlighted in dark red). No country experienced higher than average job security in the case of fixed-term workers. The results in this table relate to individual countries, rather than giving an EU average figure.

Further, the share of low pay is also higher in 10 countries, and especially Luxembourg, and satisfaction with payment is lower than average in eight countries, especially Hungary and Lithuania. Satisfaction with working conditions is also lower in nine countries, especially Latvia and Lithuania.

There is rather a mixed picture in terms of career opportunities, with positive perceptions in six countries, and especially the UK, and negative perceptions in five countries.

By country, Latvia has seven indicators that are all below average, and some significantly so, whereas France and Hungary have six each.

Table 18: Dimensions of working conditions – fixed-term contracts (average deviation from overall EU-28 average). Subjective and objective indicators of precariousness

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Austria*	-0.16	0.12	-0.48	-0.23	-0.31	0.30	0.08	-0.04	0.16	0.21
Belgium	0.09	0.01	0.23	-0.31	0.10	0.16	-0.80	0.00	-0.06	0.25
Bulgaria	-0.23	-0.54	-0.49	0.15	0.32	-0.20	-0.95	-0.42	-0.25	0.08
Cyprus*	-0.09	0.23	-0.30	-0.01	-0.16	0.32	0.06	0.40	0.36	0.39
Czech Republic	-0.47	0.25	-0.33	0.04	-0.01	-0.16	-1.15	-0.22	-0.56	-0.07
Denmark	0.77	0.24	-0.57	0.17	0.27	0.67	-0.32	0.21	0.37	0.65
Estonia	-0.46	0.01	-0.34	-0.25	0.03	-0.20	-1.09	-0.28	-0.37	-0.74
Finland	0.52	0.31	-0.02	-0.16	0.46	0.32	-0.84	0.01	0.06	-0.02
France	-0.06	-0.36	-0.13	-0.42	0.06	-0.38	-0.90	-0.39	-0.44	0.02
Germany	-0.16	-0.03	-0.56	0.16	-0.15	0.14	-0.33	-0.15	0.04	0.13
Greece	-0.08	-0.11	-0.10	-0.07	-0.13	-0.20	-0.72	-0.31	-0.35	0.55
Hungary	-0.07	-0.26	-0.56	-0.15	-0.29	-0.35	-0.84	-0.88	-0.33	-0.45
Ireland	0.44	0.47	0.04	-0.15	0.17	0.41	-0.22	0.12	0.30	0.62
Italy	-0.17	0.06	-0.14	-0.25	0.23	-0.15	-0.52	-0.21	-0.17	0.15
Latvia	-0.43	-0.18	-0.39	-0.30	-0.03	-0.39	-0.92	-0.57	-0.68	-1.00
Lithuania	-0.52	-0.23	-0.03	-0.26	0.18	-0.52	-1.38	-0.69	-1.23	-0.41
Luxembourg	0.02	0.01	-0.74	0.16	-0.13	0.49	-0.36	0.50	0.05	0.05
Malta	-0.18	0.12	-0.21	-0.14	0.11	0.47	-0.29	0.02	-0.23	0.26

	Objective			Rather objective		Subjective				
	work council	training received	share of low pay (low)	physical demands (low)	psycho-social demands (low)	career opportunities	job security	satisfaction with pay	satisfaction with working conditions	general health
Netherlands	0.02	0.19	-0.18	0.41	0.35	0.21	-0.35	0.22	0.11	-0.10
Poland	-0.44	0.11	-0.37	0.16	0.01	0.17	-0.63	0.00	-0.11	0.02
Portugal	-0.63	0.03	-0.07	-0.59	0.13	-0.04	-0.84	-0.56	-0.31	-0.19
Romania*	0.04	-0.30	-0.30	-0.28	0.06	-0.29		-0.38	0.09	-0.39
Slovakia	0.05	-0.18	-0.02	0.04	-0.02	-0.38	-0.58	-0.45	-0.53	-0.26
Slovenia	-0.33	0.31	-0.17	-0.18	0.45	0.14	-0.86	-0.18	-0.26	0.01
Spain	-0.21	-0.19	-0.25	-0.27	0.15	-0.13	-1.05	0.00	-0.33	0.04
Sweden*	0.35	0.25	0.07	0.04	0.28	0.06	-0.90	0.18	0.21	-0.05
United Kingdom	0.10	0.36	0.07	0.14	-0.18	0.71	-0.17	0.45	0.25	0.10
Total	-0.16	-0.02	-0.25	-0.09	0.05	0.01	-0.67	-0.12	-0.15	0.04

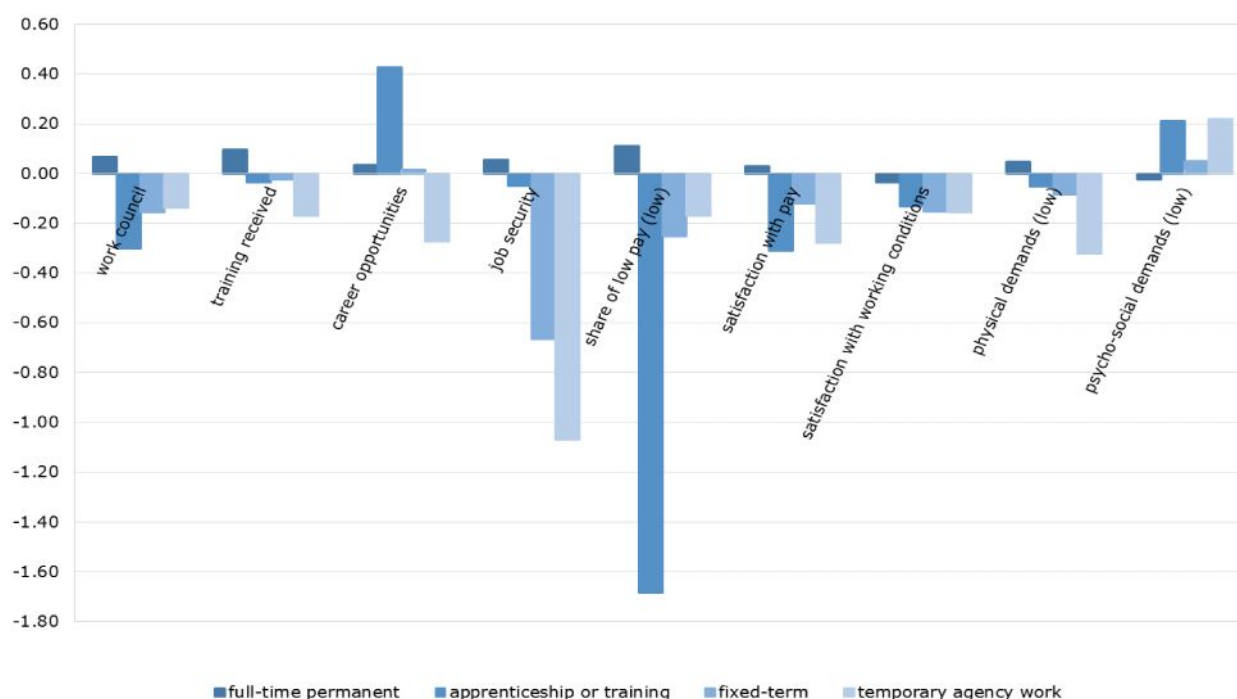
Source: EWCS 2010, weighted results, own calculation.

Note: less reliable due to low number of cases (\*), unreliable due to less than 30 cases (.)

Negative, outside 75 %		Positive, within 50 %
Negative, outside 50 %		Positive, outside 50 %
Negative, within 50 %		Positive, outside 75 %
Inner 25 %		

Figure 19 shows the European average of working conditions for fixed-term workers, temporary agency workers and apprenticeships/trainees – full-time employees are also shown for comparison. It is clear from this figure that the working conditions of those on fixed-term and temporary agency contracts are below those for full-time permanent workers in the case of virtually all working conditions: presence of a works council, training, career opportunities, job security, share of low pay, satisfaction with pay and working conditions, and physical demands. However, those on fixed-term and temporary agency contracts reported lower psycho-social demands than full-time permanent workers. It should be noted that the career prospects of apprentices and trainees are above average and their pay is below average, but this is, of course, unproblematic, as training is being acquired – it would not be usual for apprentices to work on full pay.

Figure 19: Working conditions of temporary work in Europe



Source: EWCS 2010, weighted results, own calculation.

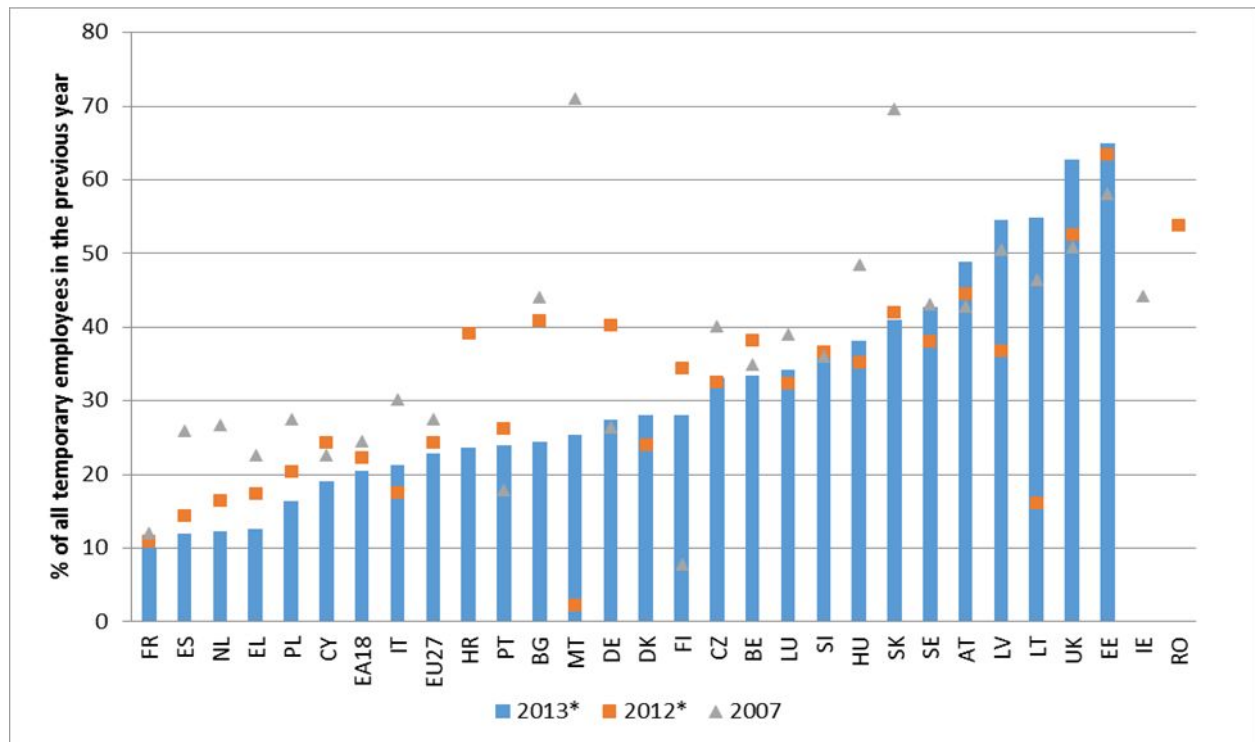
#### 4.4.5. Decrease in transition rates from temporary to permanent employment

One indicator of risk of precariousness is the transition rate from atypical contracts to standard contracts. In relation to temporary types of work, the debate has centred on whether this can be seen as a stepping stone into the regular labour market or whether individuals become trapped in atypical employment, or more readily find themselves unemployed, and therefore at greater risk of precariousness. This is not an easy question to answer and much will depend on individual circumstances and wishes.

Transition rates from temporary forms of work to open-ended work vary considerably by EU Member State, as shown by Figure 20 below. The EU average in 2013 was 22.8 % of temporary employees transiting to a permanent job within a year, a figure that has decreased compared with the 27.3 % recorded in 2007. By country, the Member State with the highest transition rate is Estonia (65 %), followed by the UK (62.7 %), Lithuania (54.9 %) and Latvia (54.6 %). The countries with the lowest transition rates are France (10 %), Spain (12 %), Netherlands (12.3 %) and Greece (12.6 %).



Figure 20: Transitions from temporary employment to permanent employment: share of temporary employees in year  $t$  who transit to a permanent job in year  $t+1$

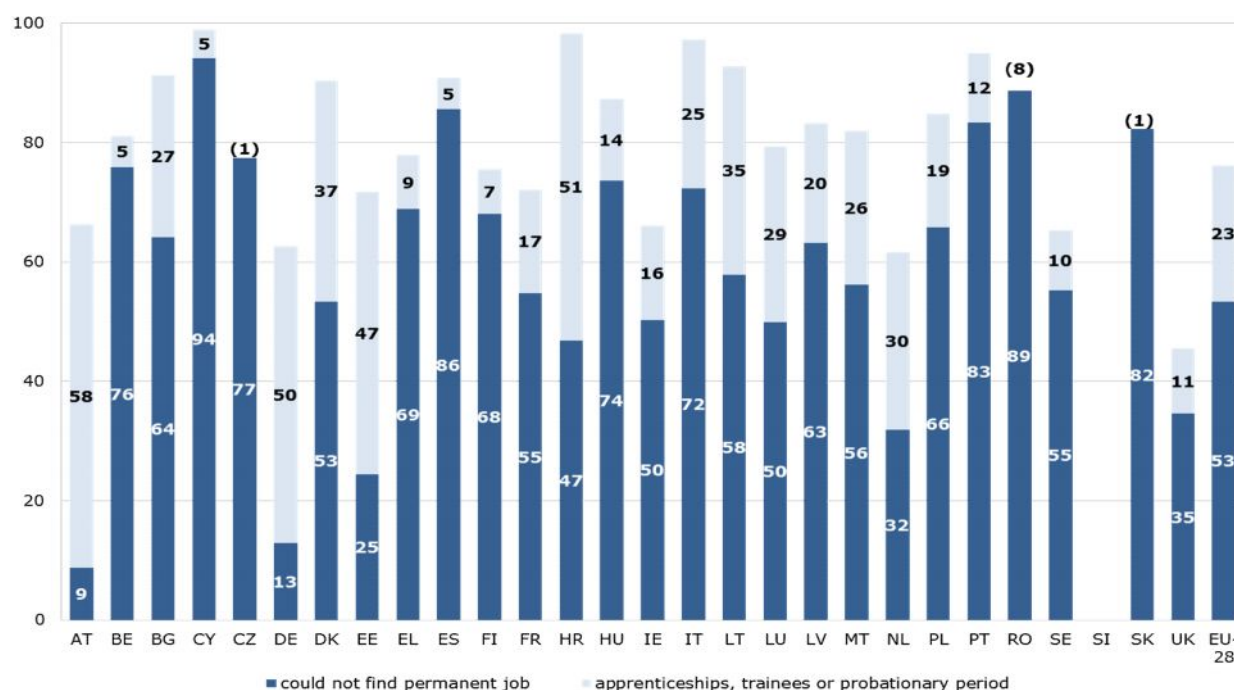


Source: Employment and Social Developments in Europe, 2016. Note: AT, BE, ES and FI are for 2014; all others are for 2013.

#### 4.4.6. Half of all fixed-term workers would prefer a permanent contract

The reason for working fixed-term, when taking into account all contracts that are not of permanent duration, include apprenticeships and trainee contracts, probationary periods, limitations of permanent jobs on the labour market, personal reasons and other such as seasonal or casual work etc. Figure 21 shows the share of employees who are working involuntarily on a fixed-term basis (as they could not find a permanent job) and the share of apprenticeships, trainees and those who are working fixed-term due to probationary periods based on all fixed-term employees incl. temporary agency work and marginal part-time work. Just over half of fixed-term workers in Europe would prefer a permanent contract (53 %). The share of involuntary fixed-term employment is much higher in most of the countries (for example, 94 % in Cyprus and 89 % in Romania) and extremely low in some countries such as Austria (9 %), Germany (13 %), Estonia (25 %), where apprenticeships and trainees account for half of all fixed-term workers. The remaining percentages that sum up to 100 are those who either do not want a permanent job or have other reasons.

Figure 21: Share of involuntary fixed-term employment in Europe 2014



Source: EU-LFS 2014, weighted results, own calculation.

Note: data not available for SI, data less reliable for share of apprenticeships, trainees and probationary period for CZ, RO and SK.

#### 4.4.7. Risks of precariousness of fixed-term contracts include job security, low income, health risks and transitions

From the literature on fixed-term contracts, a number of risks of precariousness emerge, confirming the findings of the data analysis with regard to risks relating to job security, working conditions and pay. The literature also uncovered some risks associated with health and higher risks of stress.

For example, Dias da Silva and Turrini (2015) examined wage differences between open-ended and fixed-term contracts in EU Member States using data from the European Structure of Earnings Survey. They found that workers on open-ended contracts earn on average about 15 % more than workers on fixed-term contracts with similar observable characteristics. 'Overall, the results are consistent with the view that the emergence of the permanent wage premium is consistent with the fact that temporary contracts are used as a screening device for new recruits, since a high permanent contract wage premium is observed especially among prime-age and senior workers, which are more likely to benefit from higher seniority premia than newly-recruited peers on temporary contracts. Several pieces of evidence are supportive of the view that the permanent contract wage premium can be the result of higher bargaining power enjoyed by permanent workers. The premium is indeed lower for the most substitutable workers such as the low skilled and those performing elementary tasks.'

Eurofound (2015b) found that, on average, temporary employees in 19 Member States earn wages that are 19 % lower than those of permanent employees. It notes that, when controlling for other factors that determine pay (such as educational attainment and economic sector), the European average for the adjusted wage gap disfavouring temporary employees falls to 6 %. This adjusted wage gap exists in all countries except the three Baltic States and Romania, where the gap

is positive. The gap exists even among short-tenured employees across most countries, indicating that the lower wages for temporary employees are not only due to their shorter job tenures. It also found that that lower wages for temporary employees are due to both pay differentials within and between companies, supporting the dual market theory stating that temporary employees are more likely to work in companies paying relatively lower wages. Further, temporary workers are at greater risk of in-work poverty than those with permanent contracts (see Figure 10).

Broughton et al (2010) examined a range of flexible forms of work, including very short fixed term contracts of less than six months in duration. This study found that the majority of workers' rights and protection in the EU have been built around standard contracts. For example, in the UK and Ireland, the right to claim for unfair dismissal is only available for individuals who have worked for their employer for over a year. This research also found risk of precarity in terms of low income: in Austria, for example, workers who are on short-fixed term contracts have a higher than average risk of belonging to a household that is below the 'at risk of poverty' threshold. It was also reported in this study that a paradox exists with respect to work-related health problems for those employed on short fixed-term contracts. Since the duration of work for these individuals is shorter, we might expect fewer health problems to be reported. However, given the nature of their work and certain characteristics related to their working environments, the opposite may also be true. Indeed, specific features of their non-standard contractual arrangements, compounded with heightened feelings of work-related and financial insecurity, may have significant effects on worker health. Further, research from the UK, carried out by the Department for Business Innovation and Skills (BIS), found that workers in insecure jobs were more likely to suffer from mental health problems (Dunstan and Anderson, 2008).

Bardasi and Francesconi (2003) use logistic regression models to analyse a panel of almost 7 000 men and women from the first 10 waves of the British Household Panel Survey (BHPS) 1991-2000. They find that atypical forms of employment are not associated with adverse health for men or women, when measuring health and employment at the same time and after controlling for background characteristics. However, they do find that seasonal workers and those employed in other forms of casual work have lower levels of job satisfaction. After accounting for issues of selection, they found that atypical forms of employment appear to have no impact on mental or physical health.

In Finland, research (Broughton et al, 2010) has reported that 42 % of employees on fixed-term contracts felt that this was stressful; a further 56 % of these workers said that it was difficult to plan for the future. Nevertheless, around 50 % of the employees in this research also stated that, for them, a fixed-term contract was linked to a positive feeling of freedom. Also in Finland, a greater proportion of workers on fixed-term contracts (46 %) than those in permanent employment (39 %) regarded their work as 'very important'. 'One concern may be that atypical contracts do not provide the right incentives for employers to invest in the long-term professional development of their employees. However, in Norway, it was reported that 70 % of those on atypical contracts said that their job provided them with good opportunities for skills development. Further, 80 % of these workers reported that they had an opportunity to use their knowledge and skills in their job, which is only slightly lower than the percentage for the general working population (90 %). However, a strong correlation persists between temporary, non-standard employment contracts and low skilled work, with those working in low skills jobs less likely to benefit from training opportunities'.

#### 4.4.8. Mixed picture on transitions

The literature confirms the data analysis findings that transition rates from temporary to permanent contracts are decreasing. The literature also uncovers other trends, such as transitions out of employment and the circumstances in which fixed-term contracts can be stepping stones into permanent employment, and for whom.

The ILO (2015) finds that for some countries (Denmark, Italy and the Netherlands), holding a temporary job significantly increases the probability of moving into permanent employment. In other countries, workers in temporary employment tend to remain in this type of contract or alternate between periods of unemployment and periods of temporary work (e.g. temporary agency workers in Germany and Sweden). It also found that, with some exceptions (e.g. temporary agency workers in Portugal), workers in non-standard forms of employment earn less than workers in regular employment, while social security coverage might be lower (e.g. project- or task-based workers in Italy) and access to training tends to be more restricted (e.g. Spain).

Eurofound (2015b) found that transition rates out of employment are higher among temporary than among permanent employees across all countries and that this gap widened notably from the onset of the crisis. It found that transition rates from temporary to permanent contracts for the EU as a whole declined from 28 % between 2005 and 2006 to 20 % between 2011 and 2012. The rate in the latter period was below 20 % in France, the Netherlands, Spain, Greece, Italy and Poland, all of which are countries characterised by relatively high temporary employment rates, again suggesting labour market segmentation.

Eichhorst (2014) also examined transitions from fixed-term contracts into more regular forms of work in EU countries, and found that the picture was mixed. On the positive side, he found that fixed-term contracts can increase job opportunities for those entering the labour market, thus reducing unemployment. Further, fixed-term contracts enable the employer to screen workers in an environment of high levels of protection against dismissal. He also found that under specific conditions, fixed-term contracts can be effective stepping stones to permanent employment, especially if combined with training. However, he also found a number of negative associations with fixed-term contracts. For example, the liberalisation of fixed-term contracts can lead to a dualisation of the labour market in systems characterised by strict employment protection, as employers will be unwilling to hire on a permanent basis. Further, fixed-term contracts can be associated with low-productivity jobs and therefore with low pay. Finally, in labour markets that are severely segmented, fixed-term contracts are associated with alternating periods of temporary employment and phases of unemployment, and therefore do not act as a stepping stone to permanent employment. He concludes that: 'There is no consistent evidence about whether fixed-term contracts are a stepping stone to permanent employment or a dead end. The role of temporary jobs depends on the institutional and economic environment. Fixed-term contracts can be pathways from unemployment to employment in particular for labour market entrants such as young people, but their potential as a stepping stone to permanent employment is undercut if an area of temporary jobs with high turnover emerges, contributing to a severely segmented labour market'.

Vogel (2003) notes that, particularly in the banking and financial sector, these forms of work can be used to test the skills of new employees in a kind of probationary period. As there is high employment protection in Germany, using fixed term contracts allows German employers to lower the barriers to hiring new employees, which is helpful during times of economic uncertainty. Data from the German Institute of Employment Research (IAB) indicates that there has been a rise in the number of fixed-term contracts being converted into permanent ones. In 2009, 30 % of all fixed term

contracts were converted into permanent positions and this figure increased to 39 % by 2012.

Box 5: Illustrative example: evolution of fixed-term contracts of very short duration in France

Overall, the most prevalent contract type in France has always been the standard open-ended contract, constituting in the private sector 86.4 % of all the waged labour contracts (Acosse Stat, 2015). Moreover, this rate has been stable for almost thirty years. The rate of fixed term contracts has increased slightly by 3 % since 2000, mainly at the expense of temporary agency work (COE, 2014).

However, this apparent stability in the evolution of contract types on the French labour market masks some important differences between long- and short-term fixed contracts. As shown in the figure below, the number of fixed term contracts (FTC) of less than one month rose sharply before the crisis of 2008 and has continued to increase at a fast pace after 2010.

Among the FTCs of less than one month, those of less than one week have increased in particular, and this may therefore largely explain the rise in FTCs of less than one month: between 2000 and 2012, FTCs of less than one week increased by 120 % while FTCs of less than one month but more than one week has increased by 36.8 % (IDEA Consult, 2015).

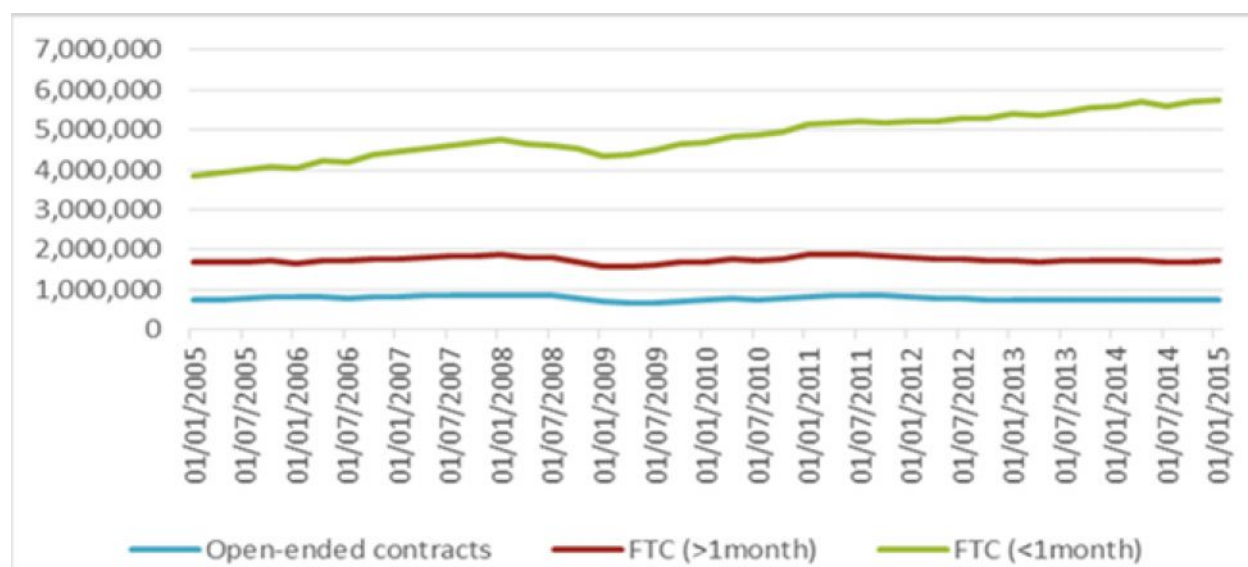
The majority of new employment contracts in 2014 were fixed term contracts, accounting for 84.2 % of all the new contracts signed in 2014, a rate that is the highest in fifteen years (DARES, 2014b).

The difference of this evolution with temporary agency work is remarkable; compared to 2000, the number of newly signed contracts under TAW had increased by 20 % in 2014 while for the same period the number of FTC (of less than one month) had increased by 146 % (COE, 2014).

When we take a look at the career paths and the in- and out flux of FTC this trend is confirmed; only 21 % of former holders of a fixed term contract have open ended contracts after three years, a number that is fairly low compared to 37 % in other European countries (OECD, 2015). This shows that in France FTC is often used as a distinct work form, rather than an intermediate stage awaiting more stable open-ended contracts in a professional career.

Source: French case study.

Figure 22: Evolution of open-ended contracts, FTC of less than one month and FTC of more than one month in France, 2005-2015



Source: IDEA Consult based on data from Acoess Stat 2015.

**Box 6: Illustrative example: risk of precariousness of civil law contracts in Poland**

Civil law contracts are work arrangements which are not regulated in the Labour Code and therefore do not provide any protection or rights to employees that are guaranteed by the Labour Code. For these reasons, coupled with lower taxation, they are attractive for employers. Two types of civil-law contracts are most frequently used in Poland: a contract of mandate (*umowa zlecenie*); and a contract to perform a specified task (*umowa o dzieło*). A contract to perform specified tasks is not subject to any social security contributions (SSC) (not even health insurance), but it is subject to income tax. The level of tax varies and in 2015 it effectively ranged from 6.3 % to 14.1 % of the total labour cost (for gross pay between the minimum wage of PLN 1 750 and PLN 15 000 per month).

Contracts of mandate provide greater social security coverage for individuals. By the end of 2015, if a contract of mandate was an individual's sole access to social insurance, the employer had to pay all SSC, which in the case of the contract of mandate amounted to 33.3 to 37.6 % of the total labour cost (in the same wage bracket). However, employers have often tried to reduce tax levels, using the possibility that a worker who had another entitlement to social insurance, i.e. from an employment contract or from another contract of mandate, was not obliged to pay any SSC from the contract in question. Thus, a worker earning the minimum wage from an employment contract and additional income from a contract of mandate would be subject to tax of between 27.6 and 35.7 %. Moreover, some groups, e.g. students aged less than 27 years, are exempted from paying SSC. Finally, the minimum wage is not binding for either type of civil law contract. As a result, the wages of civil law contract workers are relatively low. Furthermore, persons working under civil law contracts are not entitled to paid leave, sick leave, severance pay or maternity leaves (unless they paid voluntarily the sickness contributions, obligatory for those on labour code contracts). Likewise, there are no guaranteed notice periods, although it is possible to agree notice periods. The Civil Code does not regulate the number of subsequent civil contracts, therefore individuals may be trapped in such types of work for a long period of time.

Source: Polish case study.



#### 4.4.9. Casual and seasonal work

In terms of the nature of the workforce, seasonal workers are more likely to be young people and those in full-time education, who engage in, for example, fruit or vegetable picking in order to earn money during holidays. However, seasonal workers can also be people who earn their living through this type of work, following the availability of work around as needed.

Seasonal work has a strong sectoral dimension, being prevalent in sectors such as agriculture and tourism. It is sometimes hard to distinguish between fixed contract work and seasonal work as not all countries make such a distinction. Further, many of the issues that are relevant to seasonal work overlap with those that are relevant to the use of fixed-term contracts. For example, it can be argued that seasonal work can give young and unemployed people invaluable work experience and act as a stepping stone into full time employment. However, the majority of seasonal work is low skilled, in sectors such as agriculture and tourism, and as such seasonal work is also, by nature, low paid. Broughton et al (2010) found that many seasonal workers are classed as persons on 'very short' fixed-term contracts, as national statistics in most countries do not differentiate between very short fixed-term work and casual/seasonal work. Seasonal work has a strong sectoral dimension. For example, in countries with a large agriculture sector (Italy, Poland, Spain). Other sectors of the economy where seasonal work and short fixed-term work can be found include textiles, education and construction.

Casual work is closely related to seasonal work and the workers engaged in this type of work are faced with some of the same risks of precarity as those engaged in seasonal work. There is also a strong link to zero hours contracts in countries such as the UK and Ireland. There is no legal definition of a casual worker and so they can be classed as employees, workers or self-employed people. Casual working is also found in docklands work in some EU Member States. In Denmark, labourers can be hired on a casual daily basis in the Port of Esbjerg, although this practice is dying out. In France, casual workers are employed in agriculture and tourism and in entertainment and the audiovisual sector (Broughton et al, 2010).

Evidence from the UK (Forde et al, 2008), shows that in terms of the profile of the seasonal workforce in the UK, 55 % of seasonal/casual staff are female. A large proportion are very young, between 16 and 19, at 42 % and 24 % are between 20 and 24. This means that the workforce is relatively young, engaged in summer jobs and Christmas jobs, with little knowledge of working environments and potentially relatively easy to exploit. Whilst fewer individuals working in seasonal jobs hold degrees than those in permanent or agency work (14 % hold degrees), this is most likely explained because a large proportion of people working in this sector are below the age of a typical graduate.

Those who carry out seasonal and casual work are at a relatively high risk of precariousness, particularly in terms of pay and working hours. Further, this form of working may be linked to informal or undeclared work. Seasonal and casual workers may be engaged in low-paid sectors and occupations, such as agriculture. They may have unpredictable, low levels, or irregular working hours. Further, if they do not have a formal contract, they are more likely not to have access to certain types of employment rights and social security coverage. The quality of work that they carry out may be low and they are less likely than many other types of workers to be covered by trade union representation, due to the fact that they may not be linked to any one workplace and even if they are, they do not form part of the core workforce.



Table 19: Mapping of fixed-term contracts against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ Medium risk of lower earnings levels for those on fixed-term contracts. High risk in the case of casual and seasonal work
Social security	✓ High risk in the case of casual and seasonal work
Labour rights	✓ High risk for casual and seasonal work. Medium risk in some countries, such as the UK and Ireland, where certain rights are dependent on length of service.

#### 4.5. Temporary agency work

Temporary agency work plays a minor role in all European countries with an average 1.5 % of total employment. In the Netherlands and Slovenia the share is twice as much, while it is very low in Greece, at 0.2 %. There is a very slight downward trend between 2008 and 2014 at EU level, although there is a significant downward trend in Slovenia, Latvia and Spain. A common feature of temporary agency work is that it often relies on particular labour market groups, such as young workers, and especially for jobs with low training costs.

There is evidence of a lack of trade union organisation for agency workers. Research also suggests that agency workers may have limited knowledge of their rights or the means to apply them.

There is a risk of precariousness in terms of earnings for temporary agency workers if they receive lower wages than comparable workers in the user firm in order to balance the fees paid to the temporary employment agency.

Agency workers are generally perceived as temporary labour, even if they work in a user company for a long time, and consequently frequently do not profit from a range of company benefits.

There is some evidence that temporary agency work can potentially act as the first step for unemployed individuals making their way back into the labour market and on to permanent work, in some circumstances, including for immigrants, although transition rates are low on the whole.

##### 4.5.1. Introduction

Temporary agency work is distinct from employment on fixed-term contracts in that at its heart is a triangular relationship between user company, worker and temporary agency. Similar to fixed-term work, however, there is a debate in some EU Member States and at European level about the risk of precariousness of this form of work. We assess the risk of precariousness for temporary agency workers to be of a relatively medium/high level. The risks of precariousness of this form of working mirror those of fixed-term contracts (see above) but many aspects of risk are greater, due to this triangular relationship between agency, worker and user company. Temporary agency workers' contracts are limited in time, as are fixed-term contracts, which means that workers may not have access to employment rights that are associated with length of service. Temporary agency workers may have limited access to trade union representation and may also be engaged in working hours that are irregular and/or unreliable. There may also be some quality of work issues, depending on the nature of the work undertaken. However, as with part-time working, this way of working may suit some individuals, depending on their life situation.

According to the European Commission (European Commission, 2014c), the occupational groups most commonly hired through temporary employment agencies are plant and machine operators and assemblers, those in elementary occupations and craft and related trades workers. There is also a high incidence of temporary agency workers who are young and relatively low-skilled, in manufacturing and other industries.

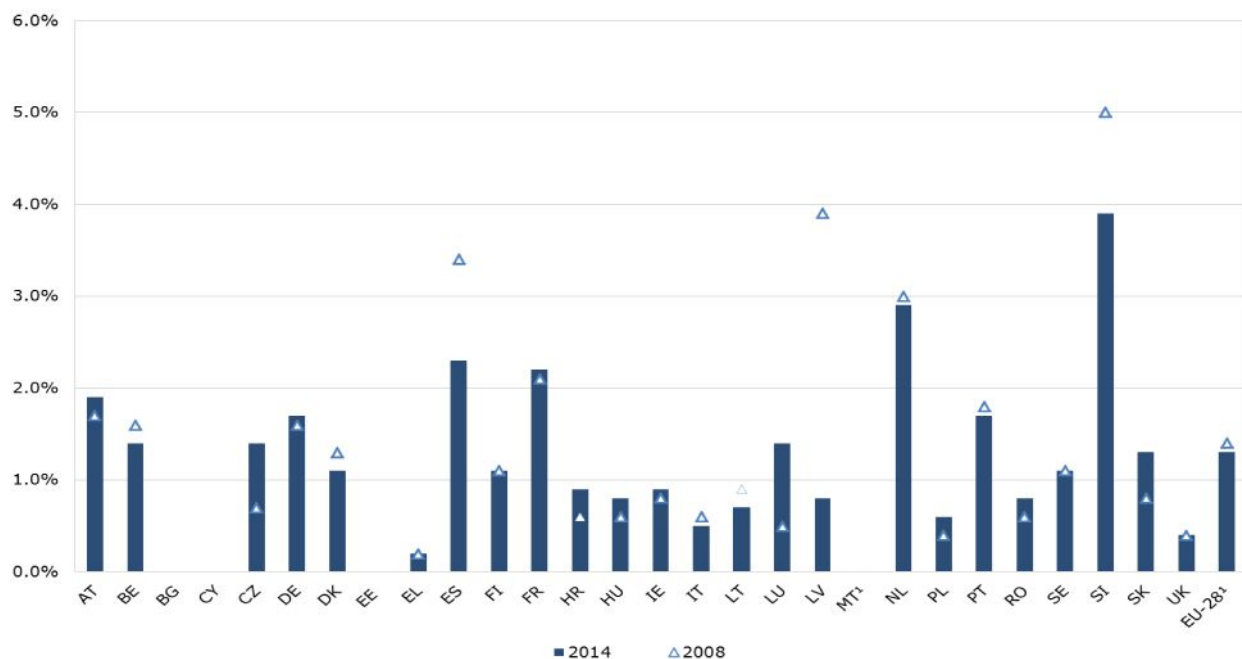
Table 20: Advantages and disadvantages of temporary agency work

Advantages	Disadvantages
Flexibility in when and when not to work	Risk of lower earnings levels
Favours work-life balance	Lack of access to trade union representation
Can provide a taster of a specific workplace/sector	Lack of access to training and career progression
Some evidence that temporary work can in some circumstances act as a stepping stone	Higher job insecurity due to the flexible nature of the contracts

#### 4.5.2. Temporary agency work accounts for around 1.5 % of EU employment

Temporary agency work plays a minor role in all European countries, with on average 1.5 % of total employment. In the Netherlands and Slovenia the share is twice as great. The variation among all other countries is rather small, as is the growth over time since 2008. In some countries, such as Latvia, the share of temporary agency workers fell significantly between 2008 and 2014. Significant drops were also seen in Spain and Slovenia. There has been noticeable growth in the incidence of temporary agency work between 2008 and 2014 in the Czech Republic, Slovakia, Romania and Luxembourg. In some countries, however, there is no reliable data on temporary agency work.

Figure 23: Share of temporary agency work in Europe 2008 and 2014



Source: EU-LFS 2008, 2014, weighted results, own calculation. Note: no information for 2003, no information for BG and CY, data for EE and MR unreliable, data in 2008 for LT and HR less reliable. No data for Malta in 2008.

#### 4.5.3. Risk of precariousness of temporary agency work include lower income, lack of training and advancement and lack of transition

Eurofound (2008a) notes that temporary agency work is an increasing and important sector in Europe, the growth of which is driven by a combination of demand-side and supply-side factors. User companies are also making recourse to temporary agency work for reasons of cost and flexibility. It notes that a common feature of temporary agency work is that it often relies on particular labour market groups, such as young workers, and especially for jobs with low training costs. Nevertheless, as the European Vacancy and Recruitment Report 2014 (European Commission, 2014c) shows, the majority of hirings through temporary agencies are for manual and unskilled workers, which means that filling short-term vacancies as they arise, without the need to train for specific tasks or operations, is the most common role of temporary employment agencies. There is, however, a debate concerning the obligations of temporary employment agencies to train their staff. The social partners at EU level and in individual Member States are active in trying to promote the training needs of temporary employment agency workers (Eurofound, 2008a).

In terms of regulation of temporary agency work, Eurofound (2008a) notes that most of the EU15 Member States, with the exception of the UK, have some kind of sector-level bargaining in place for employees in this sector, whereas this is largely absent in the EU12, i.e. in Eastern Europe: 'A key problem in the regulation of the sector by the social partners is not just the weak tradition of sectoral-level bargaining, but a lack of trade union organisation for agency workers ... Research also suggests that agency workers may have limited knowledge of their rights or the means to apply them. This makes the mechanisms of regulatory enforcement – which most countries pursue through sector-specific licencing arrangements plus monitoring by labour inspection agencies – all the more important'.

The European Parliament (2015d) notes in a study that there is a 'clear risk of precariousness' in terms of income for temporary agency workers if they receive lower wages than comparable workers in the user firm in order to balance the fees paid to the temporary employment agency. It notes further that agency workers are generally perceived as temporary labour, even if they work in a user company for a long time, and consequently frequently do not profit from benefits such as extra time for training and education, inclusion in occupational pension schemes, prolonged leave for health or family issues which are dependent on a 'waiting period'. They are also at times excluded from using social facilities such as canteens, sport facilities or employer child care institutions.

There is also a debate on whether temporary agency work can act as a stepping stone into more regular and permanent forms of employment. Those in favour argue that this form of employment offers experience and contact with employers, acting as a pathway to more secure employment, particularly for low-skilled individuals. Broughton et al (2010) note that agency work can potentially act as the first step for many unemployed individuals making their way back into the labour market and in to permanent work.

Voss et al (2013) found that temporary agency work facilitates transitions from temporary to permanent work, but only under specific conditions: results from relevant studies differed according to methodology and the profiles of temporary agency workers in areas such as individual employability.

Houseman (2014) argues that in some cases, temporary agency work may act as a stepping stone to other parts of the labour market, although these instances are limited to groups such as immigrants, giving them an opportunity to demonstrate their ability.

Further, unemployed people with few alternatives may be able to use temporary agency work to improve their employment prospects and earnings in the short term. Also, temporary agency work may serve as a pathway to higher-paying jobs in sectors such as manufacturing. However, she states that overall, temporary agency work is usually associated with lower earnings and less stable employment than the regular labour market. Further, she believes that temporary agency work is in general not a stepping stone to open-ended contracts and does not improve employment rates and earnings in the medium and long term. She also notes that for some workers, temporary agency work may actually hamper their ability to make the transition to a regular job.

There is some evidence that agency staff often face unequal treatment by employers and may be denied access to facilities or the same pay as permanent members of staff. For example, Broughton et al (2010) showed that in Belgium, studies have shown that only a third of temporary agency workers received paid training, compared with three quarters of employees on open-ended contracts. The 2007 Labour Force Survey in the UK shows that only 8 % of temporary agency worker respondents had received job-related training during the previous four weeks, compared with 16 % of all employees. Further, 61 % of temporary agency workers had never been offered training by their employer compared with 30 % of all employees.

Please note that there is no European-level data on the subsequent forms of contracting studied here and so the following sections are based on literature review only.

#### 4.5.4. Outsourced or subcontracted work increasing in prevalence

Outsourcing is a driver that has a strong impact on employment relations as it externalises work and triggers more fragmented employment relationships, with the effect that the contracted service providers or agencies hire increasingly on the basis of temporary and often less well-paid contracts. An area of non-standard employment that is increasing in prevalence around the EU and there is a strong overlap with temporary agency work. The definition of outsourcing and subcontracting are largely congruous. O'Connor and Ireland (2008, p. 12) define outsourcing as 'the delegation of non-core operations or jobs from internal production to an external entity (such as a subcontractor) that specialises in that operation' and acknowledge that it is commonly carried out for financial or quality reasons, or to relieve organisational pressures. Within the practice of outsourcing, there can be a variety of employment relationships, such as contracts with individuals as freelancers or self-employed operators, contracts with temporary employment agencies, which provide staff to work on outsourced projects, or contracts with subcontracted companies which use their own employees to carry out the work. Outsourcing most commonly occurs in cleaning and construction, where cheaper labour can be sourced from other organisations, often through employing migrant labour. There is also considerable overlap with temporary agency work, as outsourced functions are often carried out by workers hired by temporary employment agencies.

A study of subcontracting in the context of precarious work has been carried out at European level (McKay et al, 2012). It notes that a key cause of precariousness in subcontracted work is the disassociation of the employer and the agency worker, meaning employment relationships can be easily changed at short notice. McKay et al found anecdotal evidence from trade unions around Europe of the use of subcontracted work as a way of weakening employment relations in this manner, although employers were more positive about the effects outsourcing had on hiring, provided there was some level of quality assurance when staff were recruited.

This perceived weakening of employment relations can be seen as part of the wider trend of informalisation of work, weakening the protections of employees (Arnold and Bongiovi,

2011). This is largely due to the insecurity of temporary contracts, with temporary staff often not entitled to the same rights as permanent staff, and more prone to having loopholes around their employment status exploited. Subcontracting as an action is a decision taken by an employer, so largely the power of the relationships rests between them and the contractor rather than the employee. Bernhardt (2014) finds three major insights into subcontracting, giving an assessment of the state of play;

1. 'Contracting out is not always a strategy to cut wages'; motivations include cost saving, union avoidance, greater economies of scale, access to more efficient technology, and reduced monitoring and transaction costs.
2. 'The impact of subcontracting on job quality is not inherently negative, and subcontracted work is not inherently contingent'; although the employment relationship through subcontracting is 'fissured', there is evidence of the benefit of flexibility and easing labour market access.
3. 'Subcontracting is not unidirectional or always in the direction of fragmentation, and increasingly, new functions are subcontracted from the outset'; essentially, the increased prevalence of subcontracting has led to a normalisation of temporary work, changing industrial relations more generally.

As well as the cleaning and construction sectors, there is an increasing prevalence for services and ICT to be outsourced for cost reasons. Eurofound (2004) found this to be most common in the UK, sourcing services and IT services from the Commonwealth countries. The sectors most affected by this, computing and other business activities, represent a total of 7.6 % of EU employment at risk if wages are driven down by outsourcing. This sector is interesting, as it continues to grow robustly, largely due to shifts to increasingly IT-driven business solutions and the need for services such as translation in an increasingly globalised economy. Eurofound also found that offshore outsourcing does not tend to result in an overall reduction of jobs at a particular workforce; rather it changes the character and skillset of a workforce naturally through existing turnover.

This can be compared and contrasted with the construction sector (Houwerzijl and Peters, 2008), as construction has a longer history of outsourcing and slightly better developed legislation around it. As of 2008, eight EU Member States (Austria, Belgium, Finland, France, Germany, Italy, the Netherlands and Spain) had implemented some degree of liability for contractors and a chain of responsibility in the sector. All eight except Belgium have measures in place to regulate the reliability of subcontractors and agencies, and guarantees for wages, taxes, and social security contributions. However, implementation of these safeguards has been difficult due to language barriers, a lack of legislative information, difficulties in proving abuses, and problems in cross-border judicial proceedings. The lack of coordination of national level social security contributions also creates a loophole in terms of where to pay contributions. All stated that encouraging dialogue between social partners and national authorities, which is a strong element of employment relations, can diminish in-work precarity. The Posted Workers Enforcement Directive, which comes into force in June 2016 in Member States, aims to address the issue of liability in subcontracting in the construction sector.

There has been an increasing emphasis on corporate social responsibility in the wake of the financial crisis, and this is evident in subcontracting practices around Europe. In this realm, corporate social responsibility incorporates how temporary staff can have stronger employments rights and not be discriminated due to their work status (Eurofound, 2003), and this is still in its early stages as corporate social responsibility develops into a more clearly defined set of structures and becomes normalised. Given that the actions of contractors and companies alike are both vital in establishing a responsible corporatism

(Segal et al, 2003); a link between these actors and ethical outcomes could have dramatic impacts in improving working conditions.

There is also a debate on what the outsourcing of some parts of the public sector in European countries means for its employees. Bordogna and Pedersini (2012) note that outsourcing weakens trade union influence and collective bargaining coverage for these employees. Mori (2014) also discusses the implications of public sector outsourcing specifically for employment and working conditions, finding wide divergence in outsourcing in health care and local government between the UK and Denmark, the two countries studied. In the UK, she found increased insecurity, growing flexibility, worsening of work terms and conditions and weakening of union bargaining roles. In Denmark, labour and working conditions remained generally more sheltered, partly due to the strong voice of unions during competitive tendering processes.

Table 21: Mapping of temporary agency work against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ Medium/high risk (European Parliament 2015d)
Labour rights	✓ Medium/high risk, particularly in the case of outsourcing in sectors such as cleaning, catering, services and ICT
Career development and training	✓ Medium risk in low-skilled jobs and for young people. Limited opportunity for transition to permanent jobs
Low level of collective rights	✓ Medium risk in countries where collective bargaining does not cover the temporary work sector and where trade union density is low

#### 4.6. New forms of work

New forms of work are emerging in the EU economy, driven by new technology and digitalisation and there are implications of this in terms of risk of precariousness. One of the most high-profile areas of change is the minicab sector, which has seen the emergence of companies such as Uber, which use new technology to coordinate drivers and passengers. Drivers can be exposed to risk of precariousness in terms of unilateral employer changes to terms and conditions. However, there is a lack of data on these issues and disagreement on the impact of technology-driven innovation on the labour market and risk of precariousness. The European Parliament states that there is a need for independent analyses of the labour impacts of transportation network companies and that government responses to the regulation of these companies should deal, among other things, with employment issues.

Other new forms of work include: ICT-based mobile work, in which a worker operates from various locations outside the premises of their employer, supported by new technology. These workers can benefit from flexibility, autonomy and empowerment, but there is also a danger of work intensification, increased stress and a blurring of the boundaries between working life and non-working life; voucher-based work, whereby an employer purchases a voucher from a third party, to be used as payment for a service from a worker, rather than cash. Risk factors include social and professional isolation, some job insecurity and lower access to career development. However, workers have the opportunity to move from the informal to the formal labour market, enabling them to benefit from improved social protection and sometimes higher levels of pay; and crowd employment,



which uses an online platform to enable organisations or individuals to access a group of organisations or individuals to solve specific problems or to provide specific services or products. Risk factors include low pay, pay insecurity and lack of access to in-house company benefits or training and development provision. However, these workers enjoy a high level of autonomy and flexibility and have the opportunity to learn new skills.

As the economy changes, new types of work start to emerge, each of which bear their own potential risks of precariousness. This is particularly the case for forms of work that are enabled by new technology and digitalisation. There are no EU-wide figures as yet for the types of work that are being enabled by new technology, although it is expected that these types of working will increase over the coming decade, due the continuing development of new technology.

#### 4.6.1. Technological change and new employment relationships

New technology can have an impact on the risk of precariousness in some sectors. The current parlance calls this the 'gig' economy, i.e. the trading of individual tasks and commissions (or 'gigs') online, which is associated with the growth of self-employed, freelancers, and micro-entrepreneurs working either full- or part-time.

The most high-profile case of this is the minicab sector, which has been shaken up by the arrival of Uber, which uses new technology to coordinate drivers and passengers. Rogers (2015), writing about Uber operations in the US, notes that the company contributes to precariousness by often acting unilaterally towards its drivers and changing terms and conditions at will. Drivers are self-employed and therefore bear a greater risk in terms of ensuring working hours and pay, and paying social contributions. There have been some lawsuits in the USA in which Uber drivers have tried to claim that they are employees and therefore entitled to a range of benefits including fuel and insurance.

Uber moved into the UK in 2012 and now operates in Italy, Sweden, Germany, Spain, Hungary and Finland (Eurofound, 2016). The battles around definitions of the employment relationship continue in Europe: in Spain, the Labour Inspectorate ruled in 2015 that Uber drivers were employees rather than self-employed drivers, a decision that Uber is appealing. Eurofound notes that wider concerns have been expressed by the social partners, based on a view that poorly defined and ill-regulated platforms promote the underground economy which is associated with precariousness, insecurity and poor-quality jobs.

However, although there is much media reporting of Uber and Airbnb, the Guardian (2015) argues that the effects of the gig economy may be overstated, as it is difficult to create a viable picture, given the current lack of data on this issue. It argues that there is a choice for employers: 'The competitive pressure from some digital platforms gives conventional businesses a choice – they could try to cut the wages, conditions, and hours of their workforce or they could go for better marketing, more flexibility and choice, and upskilling the workforce to improve efficiency'.

Nevertheless, Degryse (2016) argues that digitalisation and globalisation do have serious implications for the labour markets and industrial relations and social dialogue systems of the future: 'These platforms and their crowdworkers represent a severe disruption to the organisation of national labour markets that have been in place in some cases for many decades with their regulations, their social dialogue, their social rights financed by their social contributions and their taxes'. (Degryse, 2016, p. 50)

Valsamis et al (2015) argue that digitalisation affords workers the flexibility to work anytime and anywhere, which has positive consequences for those seeking more flexible



working arrangements and those who have limited mobility. However, this type of working can also have some negative side effects such as work intensification and stress caused by the obligation to be available at all times. The social security coverage for these types of workers is also not always clear.

The European Parliament (2015c) states that there is a need for independent analyses of the labour impacts of transportation network companies (TNCs) such as Uber and that government responses to the regulation of these companies should deal, among other things, with employment issues.

#### 4.6.2. Other new forms of employment growing

Eurofound (2015) analyses a range of new forms of employment, such as ICT-based mobile work, voucher-based work, portfolio work, crowd employment and collaborative employment. The study is a mapping exercise, based on research contributions of a network of national correspondents in EU Member States. In terms of impact on employment conditions, its main findings are:

- ICT-based mobile work is characterised by the worker operating from various possible locations outside the premises of their employer, supported by modern technologies such as laptops and tablet computers. This is different from traditional teleworking as it is more mobile and less 'place-bound'. The study finds that those working in this way can benefit from flexibility, autonomy and empowerment, but there is also a danger of work intensification and increased stress. In addition to longer working hours and a blurring of the boundaries between working life and non-working life. Further, in some cases, health and safety protection responsibility may be passed from the employer to the individual.
- Voucher-based work is a form of employment whereby an employer purchases a voucher from a third party, usually a government or government-related body, to be used as payment for a service from a worker, rather than cash. Often the services provided are specific tasks or fixed-term assignments. This type of work is often used to help move workers out of the informal economy. The study finds that there can be social and professional isolation and some job insecurity, in addition to lower access to factors such as career development. However, it also offers workers the opportunity to move from the informal to the formal labour market, enables them to benefit from improved social protection and in some cases higher levels of pay.
- Crowd employment is defined by the study as an employment form that uses an online platform to enable organisations or individuals to access an indefinite and unknown group of other organisations or individuals to solve specific problems or to provide specific services or products, in exchange for payment. It would seem that pay for these types of workers is typically low and in addition there is a considerable amount of pay insecurity, as access to work is not continuous or regular, and work is not always paid for. The study found examples of employers paying only if they are satisfied with the results, which leaves workers vulnerable to the whims of employers. They also do not have access to in-house company benefits or training and development provision. However, these workers enjoy a high level of autonomy and flexibility and have the opportunity to learn new skills through learning by doing.

#### 4.7. Posted work

There were 1.92 million postings in Europe in 2014. In absolute terms, the three main sending Member States were Poland, Germany and France. The three main receiving Member States were Germany, France and Belgium.

The position of posted workers in the labour market is particular, as they find themselves between the regulatory framework of the host country and that of the country in which they normally work. European regulation provides a floor for some minimum employment standards for these workers. However, there are legal loopholes that can be exploited in implementation, which can lead to risk of precariousness. We assess the overall risk of precariousness to be medium/high for these workers. Precarious employment practices are concentrated in certain occupations and sectors, such as construction, rather than spread throughout the economy, and as a result, even relatively small numbers of incoming precarious workers may disrupt employment conditions locally.

Potential abuses and difficulties associated with posted workers can be divided into legal, administrative (monitoring) and enforcement (sanctioning) issues.

There is a link with bogus self-employment. Further, legal loopholes have resulted in the creation of letter box companies in order to evade tax and social security. Posted workers are potentially at risk of precariousness if they are posted by employers who are making use of legal loopholes, which may result in lower levels of pay and disadvantageous terms and conditions.

Posted workers are often in a vulnerable situation due to language barriers, social isolation and lack of information on their rights.

##### 4.7.1. Introduction

Posted workers can be at great risk of precariousness and general exploitation if they are subject to abuses of the regulations governing posted work and the issue of posted work is closely linked to social dumping in EU debates. The risk of precariousness around posted work arises from abuse of the practice: for example, posted workers may be at risk of low wages if employers do not comply with the provisions of the EU Posted Workers Directive. Employers might also make wage deductions for travel and accommodation. Similarly, posted workers might not know their employment rights and therefore be unaware that their rights are being breached. They might also be in a precarious position in terms of social security coverage and entitlement, as they may be in danger of falling between two national regimes, which would have implications for future social benefits and pensions entitlement. Similarly, the fact of moving between countries to work makes it less likely that posted workers would be covered by trade union representation, certainly in any active way in terms of advice, guidance and support.

Table 22: Advantages and disadvantages of posted work

Advantages	Disadvantages
Postings between countries can enhance skills and experience	Risk of limited access to social security if workers fall between two regimes
Postings can enable individuals to work in another country if they are finding it hard to find work in their own country	Vulnerability if individuals are working for an organisation that is exploiting legal loopholes
	Risks of isolation, not knowing one's rights

#### 4.7.2. Posted work increasing by 8.5 % in the EU

It is difficult to measure the precise extent of posted work in the EU, as some postings can be informal and data therefore difficult to collect. The European Commission has data based on the number of portable documents A1 (PD A1) issued by the EU Member States and EFTA countries during 2014, which gives some idea of the number of postings in the EU during that year (European Commission, 2014b). However, it notes that the number of portable documents A1 issued or received cannot be considered to be a precise figure concerning the actual number of postings or other workers in cross-border situations. According to these figures, in 2014, 1.92 million PDs A1 were issued by Member States. Of these, around 1.45 million were related to postings to one specific Member State. The remainder were applicable to persons active in two or more Member States.

Compared to 2013, the overall number of postings increased by 8.5 %, although 13 Member States decreased the number of postings. Of all the posted workers, around 8 % were self-employed, stable when compared with the previous year.

In absolute terms, the three main sending Member States were Poland (266 745 PDs A1 issued), Germany (232 776 PDs A1 issued) and France (119 727 PDs A1 issued) and the three main receiving Member States were Germany (414 220 PDs A1 received), France (190 848 PDs A1 received) and Belgium (159 753 PDs A1 received). In relative terms (as a percentage of the total number of employed persons) Luxembourg (20.7 %) and Slovenia (11.5 %) were the main sending Member States and Luxembourg (9.0 %), Belgium (3.6 %) and Austria (2.5 %) were the three main receiving Member States.

On average 43.7 % of the PDs A1 were issued to posted workers providing services in the construction sector of the receiving Member State. A total of 32.9 % of the forms were issued for activities in the service sector. However, the Commission notes that the distribution of economic activity varies among the sending EU-15 and EU-13 Member States. On average, 70.2 % of workers posted by one of the EU-13 Member States work in the industry sector, compared to 53.4 % of the workers posted by one of the EU-15 Member States. On average, an equivalent of 0.7 % of the total employed population is posted to another Member State. The Commission notes that although this gives the impression of a rather marginal impact of posting on national labour markets, in some Member States, and within these Member States some specific sectors, in particular the construction sector, are in relative terms confronted with a 'significantly high percentage of outgoing and incoming posted workers' (European Commission, 2014b, p. 8.).

#### 4.7.3. Risk of precariousness arising from abuses

Pedersini and Pallini (2010) note that there is a substantial lack of information across the EU concerning the prevalence of posted workers, a fact that the European Commission tried to address in its 2007 Communication on Posting of workers in the framework of the provision of services: Maximising its benefits and potential while guaranteeing the protection of workers (COM (2007) 304 final). In its Communication, the Commission stressed that 'there are no precise figures or estimates of posted workers in the EU' (p. 3). Pedersini and Pallini stated in 2010 that 'the overall situation does not seem to have changed substantially in this respect'.

Posted workers in the European Union are protected by the Posted Workers Directive (EU Directive 96/71/EC), which applies minimum employment protections to posted workers, including in the area of pay: minimum standards as defined by law or national practice of Member States, which may mean collectively-agreed minimum rates or statutory minima. Other areas of protection include maximum working time and minimum rest periods, minimum paid annual leave and regulations governing temporary agency work, health and safety and equal treatment. However, as the Posting of Workers Directive is concerned with

applying minimum protections to posted workers, a key debate has developed around the definition and limits of such core protections and particularly the question of whether they encompass the entire set of the national labour protection regimes (Pedersini and Pallini). Maslauskaite (2014) notes that regulatory loopholes can allow companies to abuse posted workers and engage in unfair competition leading to social 'race-to-the-bottom' between the Member States. 'Consequently, even though the phenomenon of posting between member states is very limited in scope, it represents wider public concern about the future socio-economic equilibrium and the overall legitimacy of the EU'.

Pedersini and Pallini stress that even if the issue of posted workers appears to be topical at European level, it attracts significant attention only in a small number of countries. Not surprisingly, a public debate exists in those countries directly affected by the ECJ rulings, and sometimes in those sharing important institutional features with these countries, or where there have been industrial disputes over the use of posted workers. These debates usually focus on the role that industrial relations and notably collective bargaining can play in regulating working and employment conditions of posted workers. Overall, the position of posted workers in the labour market is particular, as they find themselves between the regulatory framework of the host country and that of the country they habitually work in. 'The issue at stake is how to combine or balance these two sets of rules and regulatory frameworks with a view to guaranteeing – simultaneously – freedom of service provision and the protection of the workers involved, as well as a level playing field for domestic and foreign companies.'

The European Parliament (2015d) notes in a study that the interpretation and specification of the economic freedoms by EU legislators and the Court of Justice has created avenues for subjecting workers moving abroad to precarious employment practices. In particular, it states that because posted workers enjoy no right to be treated equally with workers in the host state, they frequently find themselves in low-waged work, in particular when moving as posted agency workers. Further, it finds that these precarious employment practices are concentrated in certain occupations and sectors, such as construction, rather than spread throughout the economy, and as a result, even relatively small numbers of incoming precarious workers may disrupt employment conditions locally.

Overall, however, there is only limited public debate on the issue of posted workers, although trade unions have been active at EU and national level in terms of trying to limit social dumping. In particular, the ETUC has asked for clarification of the supremacy of trade union and worker rights over economic freedoms. Trade unions are also demanding the introduction in the Lisbon Treaty of a 'social progress clause' to strengthen the social dimension of the European Union. They also stress the importance of more effective monitoring and sanctioning of illegal practices regarding posting of workers, such as through the creation of a dedicated European network to survey and monitor the employment and working conditions of posted workers.

The European Commission (2011) examined the economic and social effects related to the posting of workers, concluding that in terms of working conditions and the personal situation of posted workers, there were diverging effects, depending on the profile of the worker and the type of work performed. It found in particular that problems related to precarious and illegal working conditions, health and safety risks, underutilisation of rights and disruption of family life were still in evidence and, in its opinion, required further attention from all relevant stakeholders.

Maslauskaite divides the potential abuses and difficulties associated with posted workers into legal, administrative (monitoring) and enforcement (sanctioning) issues. In terms of legal issues, she notes that the lack of clear distinction between the right of establishment

and the right to provide services leaves room for abuse. Similarly, the 'limited period' of posting is a loose concept, which does not specify the length of posting, the number of times a worker can be posted or the proportion between the working time at home and in the host country. Administrative issues include poor monitoring and information exchange between countries. Enforcement issues include lack of appropriate national sanctions and lack of international coordination.

Legal loopholes have resulted in the creation of letter box companies, in order to evade tax and social security. Maslauskaitė cites examples of French companies contracting an Irish agency, which then posted Polish workers through its Cypriot subsidiary. Such schemes make posting companies very difficult to track and to hold accountable.

'Bogus' self-employment is another mode of abuse, whereby temporary work agencies or other posting companies place workers who voluntarily or forcedly assume the statute of a self-employed person, while in reality, there is a link of subordination. This trend is particularly on the rise in construction industry where 'bogus' self-employed workers are often paid lower than minimum wage. Solidar (2010) notes that 'the posting of workers is a delicate issue, even more in the last decade since business practices increasingly make recourse to it in addition to outsourcing and subcontracting, taking advantage of differences in labour cost amongst European countries'.

Further, posted workers are often in a vulnerable situation due to language barriers, social isolation and lack of information on their rights. 'Such workers are easy prey for dishonest posting companies that do not respect the hard-core requirements foreseen in the Directive and impose miserable working conditions. Moreover, illicit practices such as deducting exaggerated amounts for lodging, food and transportation from wages are common. Many posting employers have also declared bankruptcy and left their workers without pay; as contractors are currently not held directly liable, the employees have no means to redress' (Maslauskaitė, 2014).

Posted workers are therefore potentially at risk of precariousness if they are posted by employers who are making use of legal loopholes, which may result in lower levels of pay and disadvantageous terms and conditions. The enactment of the Enforcement Directive will serve, it is hoped, to lessen the risk of precariousness of posted workers by tightening up on reporting requirements, increasing employer liability and increasing sanctions.

Table 23: Mapping of posted work against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ High risk in the case of abusive practices
Social security	✓ High risk. Posted workers more common in some sectors, such as construction
Labour rights	✓ Medium/high risk, particularly in the case of a lack of awareness of rights
Career development and training	✓ High risk, particularly for more vulnerable workers and in the case of low-paid, low-skilled work
Low level of collective rights	✓ High risk: limited parity with host country workers

#### 4.8. Zero hours contracts/on-call work

The highest prevalence of zero hours working is found in the UK and Austria (about 5 % of the workforce), followed by Estonia and the Czech Republic (around 2.6 %), and Malta and Norway (approximately 1 %). These figures are taken from national data as there is no pan-European collection of data on zero hours working. Zero hours contracts are not recognised by law in Belgium, Bulgaria, Lithuania and Luxembourg.

We assess the risk of precariousness for those workers to be relatively high, but depending on the individual and their circumstances: risk is higher if individuals need minimum levels of working hours and income. Zero hours contracts have no guaranteed minimum hours of work. Although zero hours contracts usually stipulate that zero hours workers are entitled to decline work, UK studies have found that in practice individuals often feel pressurised to accept any work they are offered so that they have no real choice.

A key concern over zero hours contracts in the UK has arisen as employees working on such contracts are not entitled to the same employment rights as those with more traditional contracts

Variability of earnings under zero hours contracts throws into doubt an individual's ability to claim various social security benefits.

##### 4.8.1. Introduction

Zero hours contracts exhibit all of the indicators that we have identified as precarious. There is a risk of low pay, linked to a lack of guaranteed working hours. This means that there is also a risk of low levels of working hours and irregular and unreliable working patterns sit at the very heart of these types of contract. The social security position of workers on these types of contracts may be precarious in that they may not, due to low levels of working hours and pay, be able to build up adequate entitlement to social security benefits. These types of contracts are prevalent in the retail and hospitality industries and therefore the type of work offered may be of low quality in terms of prospects, control over job content and autonomy. These workers may also be at high risk of lack of coverage by trade union representation, partly due to the type of sector in which they work and partly due to the fact that they are not always present at the workplace.

Table 24: Advantages and disadvantages of zero hours contracts

Advantages	Disadvantages
Freedom to arrange work organisation to suit the individual's lifestyle	No guaranteed minimum hours, making it difficult to plan
Flexibility in the number of hours worked	Variability of earnings: knock-on effect on social security benefits

##### 4.8.2. Limited prevalence of zero hours contracts

Broughton et al (2010) found that, in European comparison, data on zero hours or on-call working tend to vary significantly between the countries. There was no data at all in 10 countries, while in four (Belgium, Bulgaria, Lithuania and Luxembourg) zero hours working is not recognised by law. The highest prevalence of zero hours contracts was in the UK and Austria (about 5 % of the workforce), followed by Estonia and the Czech Republic (around 2.6 %), and Malta and Norway (around 1 %). In Finland, while there is no official information in this respect, two surveys commissioned by the country's trade unions highlight that four to 8 % of respondents are involved in on-call work. In Italy, where zero



hours/on-call contracts have been formalised and allowed through 2003 legislation, 0.7 % of all employment is considered to be under this form of contract.

In sectoral terms, zero hours contracts are widespread in the retail industry in Austria and the UK. In the UK, employers use workers on zero hours contracts to cope with peaks and troughs in demand and to cover long opening hours. In Ireland, zero hours contracts predominate in the retail as well as domestic care.

#### 4.8.3. No guaranteed minimum hours leads to lack of financial stability and security

There is no legal definition of a zero hours contract (ZHC). It is a general term that is used to describe a range of contracts, which are legal providing that both employer and employee freely agree to the terms outlined within the contract. Eurofound defines a zero hours contract as follows in its European Industrial Relations Dictionary:

Zero hours contracts are a form of flexible working that specify no minimum number of working hours a week. While the employee may sign an agreement to be available for work as and when required, the employer is not necessarily obliged to give the worker any work and the employee is not obliged to accept the work offered. The employee is expected to be on call and receives compensation only for hours worked.

A common element among these atypical contracts, however, is that there are no guaranteed minimum hours. Zero hours contracts also often encompass on-call work. Data provided by the UK Office for National Statistics (ONS) shows that the prevalence of these casual contracts has risen in recent years, being exacerbated to some extent by the recent recession, such that there were 250 000 zero hours contracts in use in the UK in 2013. The rise in the use of zero hour contracts is often justified in that they allow the UK to achieve a more flexible and effective labour market. However, those who engage in this form of employment are often at the margins of the labour force and there is a concern that such contracts do not offer financial security and stability.

According to the ONS, zero hours workers are more likely to be women, in full-time education and aged under 25. These workers are also predominantly concentrated into low-paying work. Indeed a 2015 report from the UK House of Commons shows that 20 % of people on a zero hours contract are in full-time education compared to 3 % of other people in employment. Furthermore, of those individuals employed on ZHCs, 54 % are women; this is compared 47 % of women making up the rest of the work force (ONS, 2015). Also, 34 % of people reporting to be on a ZHC were between 16 and 24 years of age and 64 % were working part-time. Therefore, the use of ZHCs can potentially allow employers to exploit those who are already among the most vulnerable in society.

Employers argue that the use of zero hours contracts allows them to have quicker response rates with regards to fluctuations in demand for services, giving them greater flexibility over their workforce, particularly in sectors such as tourism and hospitality. Employers may also use ZHCs to avoid paying fixed overheads.

The 2015 ONS report, *Employee Contracts that do not Guarantee a Minimum Number of Hours*, uses data from the Labour Force Survey (LFS), a survey of individuals in households, which shows the number of people who report that they are on a zero hours contract in their main employment. The latest estimate from the ONS on the number of individuals in the UK employed on zero hours contracts is 744 000 for April to June 2015, representing 2.4 % of the labour market. This has increased since last year when the figure for April to June 2014 stood at 624 000, or 2 % of people in employment. There remains some concern, however, over the reporting of these values. This increase since 2014 may simply reflect a greater awareness of these types of employment contracts given the media attention they have received. On the other hand, 744 000 may significantly underestimate



the number of these contracts in use in 2015. Given that respondents were only asked to report their contract type for their main job, it may be the case that individuals may have more than one ZHC.

A key concern over zero hours contracts in the UK has arisen as employees working on such contracts are not entitled to the same employment rights as those with more traditional contracts. This is the case even if a part-time worker on a zero hours contract works full-time hours most of the year. For example, while holiday pay should be included for zero hours employees, sick pay, maternity pay or bonuses are often not. Hence critics are worried that these contracts are being used as a means of avoiding employer responsibility, as those on zero hours contracts are considered as having 'worker' status rather than being employees – 'workers' having fewer employment rights than employees. Furthermore, the Chartered Institute of Personnel and Development (CIPD) cautioned that employers may also manipulate the use of such contracts by using them as a management tool and so offering more hours to favoured employees.

For those employed under such working conditions, this offers little leverage and employees are often placed in vulnerable positions. Given that zero hour employees have no guarantee of work, they work only when needed, are often given little notice as to when they are needed at work and are only paid for the hours they do. Although zero hours contracts usually stipulate that zero hours workers are entitled to decline work, in practice individuals often feel pressurised to accept any work they are offered so that they have no real choice. An underlying fear among those working on zero hour contracts is that to decline work may mean that they are offered less work in future, given that there are no legal repercussions for employers.

Furthermore, given the demographic of zero hours workers, the stress of being employed under such precarious conditions puts a burden on individuals who are already working in low paid forms of employment, as they may be denied work at any time for any reason. The ONS found that employees on zero hours contracts worked an average of 25 hours a week. However, approximately 40 % of those on zero hours contracts wanted to work more hours - mostly in their current job, rather than in a different or additional job. Research by the UK Resolution Foundation (2013) revealed that zero hours contract workers earn lower gross weekly pay than those who are not. The recent CIPD survey also found that half of all zero hours contract workers earn less than GBP 15 000 per year compared with just 6 % of all employees. Hence, ZHC workers are working less and thus earning less than they would ideally prefer. Rather than offering employees and workers a flexible working environment, ZHCs may actually exacerbate the situation of under-employment and place additional unnecessary stress on workers who may, for example, have to organise care for their children or elderly relatives with little notice in order to work.

The uncertainty brought about by these contractual arrangements may have further financial consequences with regards to benefit claimants. The variability of earnings throws into doubt an individual's ability to claim various social security benefits.

Although it is often assumed that those working in zero hours contracts hold temporary positions, according to the UK Work Foundation (Brinkley, 2013) two thirds of those on ZHCs said it was their permanent job.

It is worth noting, however, that, even within the same sector and among workplaces of similar sizes, the use of zero hours contracts varies. This suggests that the use of these contracts is not an inevitable by-product of a changing economic environment but the result of particular business models and/or imperatives. Some organisations choose not to

use them, while others make extensive use of them, despite facing similar operating environments.

Table 25: Mapping of zero hours contracts against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ Medium/high risk in some countries, such as Austria, Netherlands and the UK, and in certain sectors, such as retail and hospitality
Social security	✓ High risk of limited coverage due to irregular and short working hours
Labour rights	✓ High risk of limited coverage by labour legislation, especially if labour risks are linked to length of service

#### 4.9. Internships

Some 46 % of 18 to 35-year-olds have completed at least one internship. Internships are often unpaid, leading to income precariousness. Even where internships are remunerated, payment is typically much lower than the minimum wage of the country.

There are also risks associated with internships in terms of the quality of the placements and the danger of young people getting trapped in lengthy cycles of unpaid internships.

Internships are increasingly becoming an important route of entry to many professions; however opportunities are often not advertised and are often secured using personal contacts or networking, which creates major disadvantages for those who do not have access to these points of entry

Due to the low cost of interns, some employers are reported to use unpaid interns in place of paid, permanent employees. This reduces the number of paid positions available to other jobseekers and in some circumstances has led to workers on temporary contracts being replaced by cheaper interns.

##### 4.9.1. Introduction

Young workers around Europe are increasingly employed on internship or traineeship contracts. As young people find it difficult to gain entrance into the labour market, these types of contracts are viewed as a way of providing young people with work experience and enabling them to gain a foothold in a particular occupation or sector, or with a certain employer, allowing them to move on into the wider labour market. However, there are concerns that these types of contracts can be abused: individuals working on these contracts may be paid very low wages, or no wages at all. Low wages or no wages can also have implications for social security coverage. Young people may also not be aware of their employment rights and therefore at risk of abuse, in areas such as long working hours, breaks and general organisation of working time. They are also less likely than older workers on different types of contracts to be covered by trade union representation, as young people are less likely in general to join a trade union, especially if they are only temporarily present in a workplace. There is also a risk that job quality may be low, in terms of control over the content, organisation of work and the types of tasks required to be carried out. There are also concerns that those on internship and traineeship contracts are not being offered adequate levels of training, but rather being used as a cheaper form of labour. This has an impact on career prospects and career development.

An internship, as stated by the 'European Quality Charter on Internships and Apprenticeships', can be defined as either:

1. Part of higher education that brings credit points where interns have a student status, access to services like student loans, student housing, health insurance, scholarships etc.
2. Taking place outside formal education (also after graduation) that does not bring credit points for the diploma. Some of these internships do not have a legal status or may even be considered illegal.
3. Any other form of similar work experience that is offered to young people as a work based learning opportunity (European Youth Forum, 2014).

Table 26: Advantages and disadvantages of internships

Advantages	Disadvantages
Can help young people to gain work experience and develop skills	Interns can be vulnerable in terms of employment rights, salary and social security coverage, if they are not viewed as being in an employment relationship
Can help young people to develop contacts with employers	Danger of getting trapped in cycles of internships
Can provide a space in which an individual can test whether they are happy with the employer	Some internships are unpaid
Can lead to a permanent position with the employer	

#### 4.9.2. Almost half of young people have completed an internship

Internships have become common forms of work experience across Europe, and according to the 2013 Eurobarometer survey, some 46 % of 18 to 35-year-olds have completed at least one internship (European Parliament, 2015). Such internships can provide valuable opportunities for young people to bridge the gap between education and employment (OECD, 2015a) and Member States are increasingly promoting internships as an effective tool in tackling rising youth unemployment (European Commission, 2012a). Quality placements can help young people to improve their employability by developing practical, work-relevant skills and experience in their chosen career, particularly as employers continue to place a premium on work experience (OECD, 2015a). For some, internships may also lead to a permanent position with an employer, with the 2013 Eurobarometer Survey revealing that 27 % of interns were offered an employment contract at the end of their internship, with national figures ranging from 18 % in the Czech Republic to 56 % in Slovenia and Latvia (European Parliament, 2013). Most interns found the work experience valuable in terms of finding onwards employment or benefiting from a mentor during the placement (OECD, 2014).

However, in many Member States, an internship is not viewed in law as an employment relationship and consequently interns in many European countries are not protected in terms of their rights to a salary, the payment of social security contributions or indemnity for sickness which presents risks for the young person (European Parliament, 2015a). Member States have therefore been attempting to implement certain safeguards and minimum standards in the face of mounting criticism and negative publicity surrounding internships (European Commission, 2012a).

A number of Member States have attempted to encourage employers to establish or expand internship programmes through the use of financial incentives (e.g. France, Austria, Italy etc). For example, in Austria, the Aktion +6000 aims at enabling the 'internship generation' to obtain regular employment through offering companies a half year subsidy of 50 % of the individual's wages when employing a young person who has completed their training (European Commission, 2012a).

#### 4.9.3. Risks of low-quality internships and lack of transitions

There are risks associated with internships in terms of the quality of the placements and the danger of young people getting trapped in lengthy cycles of unpaid internships. For example, in France, an 'internship generation' is referred to – those young people who have completed numerous internships and yet still cannot find paid employment (Ibid.). It is estimated that half of all people who went through higher education in France, obtaining a Masters qualification or above, have completed three or more internships. Consequently, steps have been taken in France to regulate minimum pay, maximum duration and the social security coverage of internships (OECD, 2015a). Such regulation, however, runs the risk of reducing the internship opportunities on offer for graduates.

Another risk associated with internships is that internships are often unpaid. According to data from the 'European Interns Day' Initiative, some 59 % of the 4.5 million internships undertaken by graduates and students in Europe are unpaid (European Parliament, 2015). In countries such as the UK, more than one in three graduate interns are unpaid (Sutton Trust, 2014); and in Germany, 40 % of graduate interns are unpaid (European Parliament, 2011). Even where internships are remunerated, payment is typically much lower than the minimum wage of the country (OECD, 2015). For example, in France, the remuneration of interns was found to be at most a third of the monthly minimum wage, prior to internship regulation (now French interns receive a minimum of 500€ per month (if the traineeship lasts more than three months); in Ireland interns are paid up to 80 % of the minimum wage and in Spain students and recent graduates are considered differently – there is no legal requirement to pay students, whilst graduates can claim 60 % of the minimum wage (Bernard et al, 2015). This lack of remuneration can also 'exacerbate inequalities between youth' (OECD, 2015) as some young people do not have the financial means to undertake unpaid placements, especially if the internship requires relocation (OECD, 2015a).

The issue of internship remuneration is of critical importance as it raises questions of fairness, equity of access and social mobility (Orlando et al, 2012). Evidence from the UK TUC and Intern Aware (a campaign focusing on promoting fair access to the internship system) indicated that unpaid internships discriminate against young people from less advantaged backgrounds who cannot afford to work for free, and who are therefore excluded from gaining access to certain professions and sectors (Orlando et al, 2012). Moreover, evidence from the UK Panel on Fair Access to the Professions found that internships are increasingly becoming an important route of entry to many professions; however opportunities are often not advertised and are often secured using personal contacts or networking, which creates major disadvantages for those who do not have access to these points of entry (Ibid.).

Due to the low cost of interns, some employers are reported to use these unpaid interns in place of paid, permanent employees. This reduces the number of paid positions available to other jobseekers and in some circumstances has led to workers on temporary contracts being replaced by cheaper interns.

Table 27: The role of internships after education

	Share of respondents who had internships after education		Share of respondents who:		Share of respondents who:	
	One internship (%)	More than one internship (%)	Received financial compensation for internship (%)	Could turn to a mentor who could explain how to do the work (%)	Consider the training was/will be helpful for finding a regular job (%)	Offered an employment contract at end of the internship (%)
EU 28	22	11	46	91	71	27
AT	18	21	64	93	66	22
BE	15	8	38	94	83	28
CZ	21	4	70	86	71	18
DE	18	20	39	95	65	25
DK	10	5	69	93	81	22
EE	7	4	62	95	75	40
EL	34	8	38	80	78	25
ES	56	11	29	79	83	33
FI	10	7	70	90	80	33
FR	9	10	42	89	66	27
HU	14	8	45	90	80	36
IE	44	9	75	93	85	33
IT	35	7	53	89	70	25
LV	11	10	67	90	78	56
LU	14	7	44	92	80	28
NL	5	7	32	91	77	32
PL	31	5	30	88	55	25
PT	43	13	58	96	83	25
SI	64	4	69	95	79	56
SK	23	15	64	88	80	34
SE	17	10	61	94	73	33
UK	19	9	68	94	78	28

Source: OECD, 2015.

Indeed, the European Parliament resolution of 6 July 2010 recognised this problem: 'whereas employers seem to be using traineeships and internships more frequently to replace regular employment, thereby exploiting the obstacles to entering the labour market faced by young people; whereas such forms of exploitation of young people need to be addressed and effectively eradicated by Member States' (European Parliament resolution of 6 July 2010. European Parliament, 2010).

Evidence from countries such as the UK upholds this concern, with a survey of 218 UK employers conducted by YouGov on behalf of Internocracy<sup>7</sup> found that 17 % of UK businesses had taken on interns to use as a cheap source of labour (Orlando et al, 2012).

The quality of some internships is also a concern. In June 2010, the European Parliament published the report 'Promoting Youth Access to the Labour Market, Strengthening Trainee, Internship and Apprenticeship Status', which looked at the quality-related issues of internships/traineeships across the EU, whilst also recognising the valuable role which such work placements can play in enhancing a young person's employability (European Commission, 2012a). In order for internships to provide a valuable learning experience and a 'gateway' to a quality job (OECD, 2014) the placements must be well-structured and monitored to ensure that the intended learning outcomes are achieved, rather than internships simply providing employers with cheap labour to carry out low-skilled work (OECD, 2015a). Internships, particularly those not linked to education programmes, are also typically poorly regulated. The 2013 Eurobarometer Survey reported that there is not always an internship agreement in place regulating the placement in terms of its objectives; learning content and outcomes; and terms and conditions of the placement; and where an agreement was found to be in place, this was explicitly not an employment contract (OECD, 2015a). Similarly, data from the 'European Interns Day' Initiative found that 40 % of interns work without any type of contract in place; which is of particular concern if they were to sustain a work-related injury (European Parliament, 2015).

The European Commission has also put into place a Quality Framework for Traineeships, aimed at helping trainees to acquire high-quality work experience under safe and fair conditions, and to increase their chances of finding a good quality job<sup>8</sup>. The Framework calls on Member States to ensure that national law or practice respects a set of principles regarding traineeships and to adapt their legislation where necessary. The Commission intends to monitor the implementation of the Quality Framework in all Member States.

Table 28: Mapping of internships against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ High risk, especially in the case of unpaid internships
Social security	✓ High risk: if wages are low or internships are unpaid, social security coverage will be limited
Labour rights	✓ Medium/high risk: young people in internships are less likely to be union members or to be aware of their employment rights
Career development and training	✓ Medium risk. In some cases, interns can become trapped in a cycle of low-value internships

<sup>7</sup> A social enterprise that develops work experience schemes for employers.

<sup>8</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/lisa/141424.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lisa/141424.pdf).



#### 4.10. Informal or undeclared work

Quantification of informal and undeclared work is difficult as undeclared work is almost wholly undocumented. However, according to a Eurobarometer survey carried out in 2013, 4 % of people said that they had carried out undeclared work over the preceding 12 months. However, the level varies significantly between EU Member States, from 11 % in Estonia, Latvia and the Netherlands, 9 % in Denmark, 8 % in Lithuania and 7 % in Croatia, Slovenia and Sweden, to only 2 % in Cyprus, Germany, Ireland, Italy and Portugal, and 1 % in Malta.

We assess the risk of precariousness for those performing informal or undeclared work to be of a relatively high level. Undeclared work is often associated with precarity due to the fact that workers do not pay into tax and social security funds and are therefore not eligible for coverage by social security systems, resulting in a lack of entitlement to benefits and pensions.

The absence of a written contract indicates both informality and precarity.

Women are disproportionately affected by informal and undeclared work, particularly migrant women in sectors such as healthcare and cleaning. Domestic workers, engaged in tasks such as childcare, care of the elderly or housekeeping, are at greater risk of working on the basis of an informal relationship.

The strongest safeguards against informal and undeclared work appear to be strong welfare regimes which are favourable towards migrant work. In most countries, sanctions against this informal and undeclared work have been increasing, although loopholes are still prevalent. Increasing the influence of stakeholders and social partners could help to tackle undeclared work.

##### 4.10.1. Introduction

In its Communication *Stepping up the fight against undeclared work* (COM/2007/0628), the European Commission defines undeclared work as:

Any paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory system of Member States.

There are a range of types of undeclared work, which also vary according to Member State, in terms of regulatory and tax framework and national culture and norms. Overall, there is evidence that the informal sector has been growing in recent years (Quinlan, 2012).

Workers engaged in this type of working have a relatively high risk of precariousness. They are at risk of low pay, depending on the type of work in which they engage. One of the main risks of precarity, however, is the fact that they are not paying tax or social charges, which means that they will not be entitled to social security coverage. A lack of formal contract will also mean that they are at risk of precarity by not being covered by employment rights. There is also a greater probability that they will not be covered by trade union representation, as the work they carry out is informal and undeclared. Depending on the type of work they do, there is also a risk of precariousness through low job quality and irregular working patterns, particularly if their working time is not subject to labour legislation. Workers engaged in this type of work are 'under the radar' in terms of employment rights in general, including pay levels, and are therefore at greater risk of exploitation.



Table 29: Advantages and disadvantages of informal or undeclared work

Advantages	Disadvantages
Flexible source of work and income	Lack of social security coverage
Individuals can save if not contributing to social security and tax	Lack of formal contract, which means that there is a risk that such workers will not be covered by employment legislation

#### 4.10.2. 4 % of people in the EU admit to carrying out undeclared work

Overall, according to a Eurobarometer survey carried out in 2013, 4 % of people said that they had carried out undeclared work over the past 12 months. However, the level varies significantly between EU Member States, from 11 % in Estonia, Latvia and the Netherlands, 9 % in Denmark, 8 % in Lithuania and 7 % in Croatia, Slovenia and Sweden, to only 2 % in Cyprus, Germany, Ireland, Italy and Portugal, and 1 % in Malta.

In addition, there are different contexts and circumstances that cause different types of undeclared, informal work. These are outlined by Pfau-Effinger (2009) who suggests that undeclared work is subject to change, with modernisation changing the types of undeclared work available. There is a decrease in undeclared work as prosperity increases, although types of undeclared work adapt and due to their nature are hard to measure.

Benach et al (2013) quantified as best as possible the prevalence of informal work in Europe. They estimated that 5 % of employees across Europe did not have an employment contract, the majority of who were made up of younger workers, older women, shop and sales workers, unskilled workers, employees in the agricultural sector and employees in very small organisations. Many report lower satisfaction, lower ability to stay in employment, and worse health and well-being. Largely, efforts to combat undeclared work have been unsuccessful (Biletta and Meixner, 2005), which can have a negative effect on the economy overall and diminish workers' rights.

There is evidence that the incidence of precarious informal work varies by gender, sector, and organisation. Women are disproportionately affected by informal and undeclared work, particularly migrant women in sectors such as healthcare and cleaning where this type of work is more commonplace (Menéndez et al, 2007). A study of care work in Germany found that it is mainly migrant women taking this kind of informal work, with loopholes about being registered as self-employed used as a way of exploiting this kind of labour (Lutz et al, 2010). Hard figures and quantification are as mentioned difficult to acquire due to undeclared work being almost wholly undocumented, but there is evidence of where the work takes place and a suggestion that as a trend it will continue to grow.

On a sectoral basis, the European Parliament (2015b) notes that domestic workers, engaged in tasks such as childcare, care of the elderly or housekeeping, are at greater risk of working on the basis of an informal relationship. It quotes figures stating that in 2010 the share of informal work in the market for personal services was 70 % in Italy and Spain; 50 % in the United Kingdom; 45 % in Germany; 40 % in the Netherlands; 30 % in France and Belgium; and 15 % in Sweden. It notes that 'Due to the 'invisible' and sometimes illegal nature of their job, domestic workers are often confronted by problems such as low pay, irregular residence and employment conditions, no social security or benefits, no access to childcare facilities for their own children and limited time off work ... Despite initiatives in several European Union Member States, domestic workers are not always offered protection by national labour laws, and opportunities for 'decent work' can be limited' (European Parliament, 2015b, p. 1).

Table 30: Typology of undeclared work (Pfau-Effinger 2009)

	Description	Supply side motive	Demand side motive
Poverty escape	Based on dependent employment (or precarious forms of self-employment) as main income basis of the workers Used by firms and private households	Strategy of workers to escape poverty who are restricted from entering regular employment that is based on income above the poverty line	Cost-saving strategy of firms seeking undeclared work for tasks that require relatively low skills Strategy of affluent households to get affordable support for the dual-earner arrangement
Moonlighting	Self-employment as side job in addition to standard employment Mainly private households as contractors, in some parts also small businesses	Fulfilment of 'luxury-item' wishes without paying taxes and social security contributions	Cost-saving strategy of private households and firms as reaction to craftsmen or professionals seeking side job
Solidarity Based	Mutual support in social networks, based on money or payment in kind	Support given to others in social networks, more than the monetary gain Low degree of acceptance of the obligation to pay taxes for support in social networks	Get help from others within social network

#### 4.10.3. Lack of tax and social insurance coverage and risk of poor working conditions

Undeclared work is often associated with precarity due to the fact that workers do not pay into tax and social security funds and are therefore not eligible for coverage by social security systems, resulting in a lack of entitlement to benefits and pensions.

Workers engaged in undeclared work are also more likely to suffer disadvantageous working conditions, suffer from a lack of training and career progression, and general employment protection. The absence of a written contract indicates both informality and precarity.

#### 4.10.4. Deterrence and compliance approach to mitigating the risks

According to Pfau-Effinger (2009), in terms of precarity, the strongest safeguards appear to be in strong welfare regimes which are favourable towards migrant work especially, and in most countries sanctions against this type of work have been strengthening, although loopholes are still prevalent.

There has been much written about the best ways of tackling undeclared work. The European Commission's Employment Guideline No. 9 on undeclared work, July 2003 states that:

'Member states should develop and implement broad actions and measures to eliminate undeclared work, which combine simplification of the business environment, removing disincentives and providing appropriate incentives in the tax and benefits system, improved law enforcement and the application of sanctions.'

Eurofound (2013) identified two broad possible approaches to tackling undeclared work:

- A focus on deterrence by improving detection or increasing penalties.
- Encouraging compliance by preventing people from taking up undeclared work, enabling the legitimisation of previously undeclared work and changing attitudes.

Eurofound found that the majority of Member States have been focusing on the deterrence approach, although prevention measures have become more common since the European Commission's 2003 Guideline.

Williams (2008) advocates creating a 'knowledge bank' of policies around undeclared work and its management, which would provide evidence of measures that have been effective in tackling undeclared work. To some end, Eurofound has taken steps to address this through the establishment of a policy database at the national level<sup>9</sup>. McKay et al (2012) also suggest measures to tackle informal work, such as a more flexible labour market, stricter enforcement of legal minimum wages, and altering the tax system in order to encourage the formalisation of working relationships and ensuring that all workers were automatically considered full employees. There should also be diversity in methods used; in 2010 90 % of EEA countries had some kind of measures to curb undeclared work, but the policy responses all tended to be quite narrow, focussing on simple compliance and targeted tax incentives (Williams et al, 2013). An example of this innovation could be increasing the influence of stakeholders and social partners, with Eurofound (2013) suggesting incorporation of NGOs and third sector organisations as being beneficial to improving working conditions for the most marginalised groups.

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<sup>9</sup> <http://www.eurofound.europa.eu/observatories/emcc/case-studies/tackling-undeclared-work-in-europe>.

In the European Union, the Senior Labour Inspectors Committee (SLIC) aims to coordinate and enhance labour inspection between EU Member States. In addition, the European Commission proposed in 2014 the setting up of a European Platform to improve cooperation at EU level to prevent and deter undeclared work. The aim is to bring together national enforcement bodies involved in the fight against undeclared work, strengthen cross-border cooperation and develop common principles and guidelines for inspections relating to undeclared work. The Council and the European Parliament agreed on a Decision in 2015 to create the Platform on Undeclared Work. It was formally adopted by the Council on 24 February 2016 and will start work in 2016.

Table 31: Mapping of informal or undeclared work against indicators of precariousness, based on the literature and statistical analysis in this section

Low pay and in-work poverty	✓ Medium risk, and more likely in sectors such as care and domestic services, where pay is likely to be low
Social security	✓ High risk as informal work will not be coverage by social security
Labour rights	✓ High risk: informal and undeclared workers are unlikely to be aware of their rights and may not be covered by some employment legislation
Career development and training	✓ High risk: employers unlikely to invest in workers performing informal and undeclared work
Low level of collective rights	✓ High risk: these workers are unlikely to be covered by collective bargaining or trade union representation

#### 4.11. Forced labour

While not the main focus of our research, those engaged in forced labour are at very great risk of vulnerability and precariousness, by dint of their situation and the nature of their employment. The ILO defines forced labour as follows:

Forced labour refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities (ILO, 2014).

Forced labour is not the same as, for example, sub-standard or exploitative working conditions. A range of indicators can be used to detect whether a situation is in fact forced labour, such as restrictions on workers' freedom of movement, withholding pay or identity documents, physical or sexual violence, threats and intimidation or fraudulent debt.

The ILO notes that forced labour takes a range of forms, including debt bondage, trafficking and other forms of modern slavery. The ILO notes further that:

- Almost 21 million people are victims of forced labour – 11.4 million women and girls and 9.5 million men and boys.
- Almost 19 million victims are exploited by private individuals or enterprises and over 2 million by the state or rebel groups.

- Of those exploited by individuals or enterprises, 4.5 million are victims of forced sexual exploitation.
- Forced labour in the private economy generates US\$ 150 billion in illegal profits per year.
- Domestic work, agriculture, construction, manufacturing and entertainment are among the sectors most concerned.
- Migrant workers and indigenous people are particularly vulnerable to forced labour. (ILO website).

Victims are frequently drawn from minority or socially excluded groups, as is the case in many parts of South Asia, Africa and Latin America. Many are migrant workers or poor seasonal workers, moving from rural to urban areas, or travelling significant distances in the search for work. The ILO notes that the sectors that appear to be most vulnerable to forced labour practices are agriculture, domestic work, construction and manufacturing.

The ILO (ILO, 2012) estimates that there are 880 000 forced labourers in European Union Member States, 270 000 (30 %) of whom are estimated to be victims of forced sexual exploitation, and 610 000 (70 %) are estimated to be victims of forced labour exploitation. The ILO finds that the majority of cases of forced labour exploitation reported in EU Member States involve EU citizens who have moved from one Member State to another. They work predominantly in domestic work, agriculture, manufacturing and construction.

The European Union Agency for Fundamental Rights (European Agency for Fundamental Rights, 2015) has carried out research recently into labour exploitation in the EU, noting that a number of actions need to be taken in order to prevent the undermining of labour standards in the EU. These include strengthening the legal framework, improving monitoring, encouraging victims to report abuses, enhancing prevention and creating a climate of zero tolerance for severe labour exploitation.

## 5. POLICY INTERVENTIONS AT EU LEVEL

Labour market regulation is held to be a key factor affecting risk of labour market precariousness. Labour markets that afford protection to workers in the areas of working conditions, protection against discrimination and dismissal, access to social rights and to collective rights are likely. There is a comprehensive framework of EU legislation in place that seeks to curb the risk of precariousness of certain types of employment relationship. This takes the form of Directives in areas such as working time, temporary agency work, part-time work, fixed-term contracts and posted workers. Evaluations show that the effectiveness of these Directives is generally judged to be good, although there are concerns about enforcement and implementation in Member States, particularly in the case of the posted workers Directive, which is currently under review. While all EU Member States implement these Directives, some go beyond these minimum standards, usually due to a particular issue that has a high profile in a specific Member State.

Other EU initiatives that have relevance for the risk of precariousness include the EU's Europe 2020 strategy, the European Semester Process, and the Mutual Learning Programme. The focus of these initiatives is on themes such as segmentation of the labour market and quality of work.

In addition to legislation, the social partners at European level have concluded agreements that form the basis of much EU regulation in the area of atypical work. Trade unions tend to focus on reducing risk of precariousness, while employers tend to focus on reducing unemployment and increasing skills levels.

The previous sections have examined in detail different types of employment relationship and the risks attached to them. In this section, we describe and analyse European, international and national policies strategies that are relevant to precarious work.

Table 32 gives an overview of the type of employment contract and main risks of precariousness.

Table 32: Risk of precariousness by employment type

Employment relationship	Risk of precariousness	Main risk factors
Open-ended permanent contracts	Low	Some risk of low pay and in-work poverty. Some health risks and lack of career progression, particularly in occupations of multiple disadvantage.
Part-time work	Low	Some risk of pay inequality, inadequate social security coverage and lack of career progression.
Marginal and involuntary part-time work	Medium	Risk of low income, inadequate social security coverage and lack of transitions or career progression.
Self-employment	Medium	Involuntary and bogus self-employment carry the risk of inadequate social security coverage, lack of career development, lack of access to labour rights and low pay and in-work poverty.

Employment relationship	Risk of precariousness	Main risk factors
Fixed-term work	Medium	Risk of low pay, inadequate social security coverage and lack of employment rights. This is particularly the case with casual and seasonal work. Risk of becoming trapped in chains of fixed-term contracts.
Temporary agency work	Medium/high	Temporary agency workers can be at risk of low pay, lack of career development, inadequate labour rights and lack of access to collective rights, particularly in countries where collective agreement coverage does not extend to the temporary agency sector. There is also an issue around lack of transition to the regular labour market.
Posted work	Medium/high	Posted workers are at risk of precariousness if they are affected by abusive practices, which place them at risk of low pay, inadequate working conditions, lack of labour rights and lack of access to collective rights.
Zero hours contracts	High	Workers on zero hours contracts are at risk of low pay, inadequate social security coverage and a lack of access to labour rights in those countries where these contracts exist.
Informal or undeclared work	High	Workers engaged in this type of work are at risk of high levels of precariousness due to risk of low income, lack of social security coverage, lack of access to labour rights or collective representation and lack of career progression and training.

The EU-level institutions are responsible for devising and adopting a framework at EU level that governs the various types of employment relationship that could be at risk of precariousness, while ensuring a balance between flexibility and the protection of workers' rights. Member States are responsible for ensuring that this framework is implemented and enforced at national level. Member States are also free to address any specific labour market issues that they believe will, if left unchecked, result in precariousness.

Table 33 below summarises the EU policies that are in place to curb the risk of precariousness by type of employment relationship. In some cases, such as part-time work, temporary agency work, fixed-term contracts, outsourcing and posted work, a European Directive is in place, seeking to curb the risk of precariousness by means of equal treatment with workers on standard contracts, or guaranteeing a number of employment rights and protections. This type of regulatory approach provides a solid framework of protection which is then implemented at national level. The effectiveness of this approach depends, of course, on implementation at national level and, equally importantly, monitoring on the ground at national level to ensure enforcement and compliance. This has been an issue most notably in the case of the posted workers Directive.



In the case of other types of working, such as self-employment, zero hours working and internships, an EU ‘soft law’ type of approach is being used, consisting of good practice sharing and non-binding recommendations from the European Commission to Member States. This is enshrined in processes such as the European Semester and the EU’s Mutual Learning Programme. This process has the disadvantage of being non-binding, but these programmes play an active contribution in knowledge-sharing and the dissemination of good practice and discussion on how to ensure that the risk of precariousness is mitigated as far as possible. In the case of informal and undeclared work, as well as the ‘soft law’ options described above, the Senior Labour Inspectors Committee (SLIC) and the European Platform on undeclared work aim to ensure enforcement and compliance with labour and social security legislation.

Table 33: EU policies to mitigate risk of precariousness by type of employment relationship

Type of employment relationship	EU policies to mitigate risk of precariousness
Part-time work	Part-time work Directive. European Semester process. EU Mutual learning programme.
Self-employment	European Semester process. EU Mutual learning programme.
Temporary agency work	Temporary agency work Directive. European Semester process. EU Mutual learning programme.
Fixed-term contracts	Fixed-term contracts Directive. European Semester process. EU Mutual learning programme.
Outsourced or subcontracted work	Acquired rights Directive. European Semester process. EU Mutual learning programme.
Posted work	Posted work Directive and the posted workers Enforcement Directive. European Semester process. EU Mutual learning programme.
Zero hours contracts	European Semester process. EU Mutual learning programme.
Internships	European Semester process. EU Mutual learning programme.
Informal or undeclared work	Senior Labour Inspectors Committee (SLIC). European Platform on undeclared work. European Semester process. EU Mutual learning programme.

### 5.1. Key Directives provide EU framework to curb risk of precariousness

The EU institutions are aware of the debates around risk of precarity and policymakers are keen to ensure that the jobs created in the EU are of good quality. EU legislation, in the form of Directives, governs forms of work that are deemed to be at a higher risk of precariousness, such as fixed-term contracts, part-time work, temporary agency work, working time and posted work, as follows:

- Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP. This Directive offers protection to workers on fixed-term contracts. In particular, it seeks to ensure equal treatment of workers on fixed-term contracts and to prevent abuse

arising from the use of successive employment contracts or relationships of this type.

- Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC. This Directive aims to ensure that part-time workers receive comparable treatment to full time staff on open-ended contracts. It is based on the EU-level cross-sector social partners' agreement that sets out to remove unjustified discrimination of part-time workers and improve the quality of part-time work. It also aims to help develop part-time work on a voluntary basis and allow employees and employers to organise working time in a way which suits both parties' needs.
- Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work. This Directive lays down the principle of non-discrimination, regarding essential conditions of work and of employment, between temporary workers and workers who are recruited by the user company.
- Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time. This Directive sets out maximum weekly working hours for workers, in addition to minimum rest periods and rest breaks. There are a number of derogations, however, and Member States can choose to allow individuals to opt out of the maximum 48-hour working week. Maximum working time can also be averaged out over a reference period.
- Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services. Plus the posted workers enforcement Directive: Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System ('the IMI Regulation'). In order to guarantee the employment rights of workers being posted from one EU Member State to another, this Directive aims to ensure that these workers enjoy a range of minimum social rights as applied to workers in the host country. The Enforcement Directive aims to tighten up coordination and reporting between Member States.

This framework provides a level of protection of the employment rights of workers employed on these types of contracts, and, in the case of the working time Directive, places limits on working time.

However, McKay et al (2012) note that various forms of non-standard employment relationships have increased in recent years, with the result that some workers now find themselves excluded from welfare benefits or employment protection. 'This has both major and long-term consequences for European labour law, as legislative models have been framed around the concept of the standard contract and has resulted in the exclusion of increasing numbers of Europe's workers because their employment relationship does not fit the standard' (McKay et al, 2012 p. 5).

The idea that the EU legislative framework may not be covering all types of work that are at risk of precariousness led the European Commission to look in more detail at non-standard forms of employment contracts in its 2006 Green Paper on modernising labour law. In this, it noted that 'the drive for flexibility in the labour market has given rise to increasingly diverse contractual forms of employment, which can differ significantly from

the standard contractual model in terms of the degree of employment and income security and the relative stability of the associated working and living conditions' (European Commission, 2006 p. 3) and that there may be a need for legislation to adapt to promote flexibility combined with employment security and reduce labour market segmentation. It notes further that: 'since the early 1990s, reform of national employment protection legislation has focused on easing existing regulation to facilitate more contractual diversity. Reforms tended to increase flexibility "on the margins", i.e. introducing more flexible forms of employment with lesser protection against dismissal to promote the entry of newcomers and disadvantaged job-seekers to the labour market and to allow those who wanted to have more choice over their employment. The outcome has given rise to increasingly segmented labour markets' (European Commission, 2006, p. 5).

The framework of legislation at EU level is comprehensive and aims at curbing the risk of precariousness of different forms of employment contract and ensuring a balance between flexibility/freedom to provide services and employment rights. However, there are issues around the implementation of Directives in some Member States, particularly, for example, in the case of the posted workers Directive, and issues around labour market inspection and regulation in order to curb abusive practices. There are also issues around the implementation of the temporary agency work Directive in terms of the so-called Swedish derogation, which permits differential treatment with user company workers.

#### 5.1.1. Assessment of Directives

The European Commission has undergone impact assessments of the Directives set out above in order to assess whether they are having the desired effect. The main results are contained in Table 34 below. Overall the assessment is that the Directives in place have been implemented correctly in Member States, but there are some concerns about effectiveness, due to implementation at national level. This is particularly the case with Directives governing working time, temporary agency work and posted workers.

From the stakeholder interviews, the representative of the ETUC stated that, in her view, the fixed-term work Directive has had the most significant impact on precarious employment:

'The fixed-term work directive: this used to be one of the most precarious forms of work, but by introducing maximum periods in which you can be hired on fixed-term basis and the principle of equal treatment, the level of precariousness of these contracts has diminished sharply. This Directive has had a significant impact.'

She also stressed that the temporary agency work Directive has also had an impact as it is now possible for temporary agency workers to meet thresholds towards social benefits as easily as workers on open-ended contracts.

Representatives of BusinessEurope stressed that the EU does not need any more EU-wide regulation on new forms of work: 'We only need it at national level. The non-discrimination principle is already installed on EU level, and that is the basis protection for these new forms of work. What is sometimes lacking is the enforcement of these rules'.

Specifically on posted workers, BusinessEurope believes that postings should be encouraged, as this increases free movement of labour and services in Europe, but that enforcement should be improved. It believes that the Enforcement Directive will help in this regard.

Table 34: Key European Directives and assessment of impact and effectiveness

Directive	Assessment	Effectiveness*	Comments*
Fixed-term contracts Directive 1999/70/EC	The Commission has reviewed implementation of this Directive in Member States. In the EU15, it found that Member States had transposed the Directive, but there were some issues around the process of transposition and the content of some of the transposition measures (European Commission 2006a and 2008)	Generally good.	There are issues around exemptions for certain categories of worker and the definition of a comparable permanent worker in some countries. Other issues include difficulties in transforming fixed-term contracts into permanent contracts in the public sector in Greece and Italy.
Part-time work Directive 97/81/EC	The European Commission (2003) states that Member States have correctly implemented the provisions of this Directive	Good.	There are some small issues around definitions and the principle of non-discrimination. Some Member States have chosen to use provisions allowing equal treatment to be conditional upon length of service, earnings or time worked.

Directive	Assessment	Effectiveness*	Comments*
Temporary agency work Directive 2008/104/EC	The European Commission (2014a) reviewed the implementation and concluded that its provisions have been correctly implemented and applied. However, it also feels that its implementation has not served to improve the situation of temporary agency workers. For example, it states that the use of derogations to the principle of equal treatment may, in some cases 'have led to a situation where the application of the Directive has no real effects upon the improvement of the protection of temporary agency workers'.	Generally good, with some concerns about derogations from the principle of equal treatment.	The Commission will continue to monitor the implementation of this Directive and possibly include recommendations to Member States in the country-specific measures produced under the European Semester process.
Working time Directive 2003/88/EC	The Commission consulted the EU-level social partners in 2010 on revision of the Directive. However, the social partners could not agree on a joint revision. The main sticking points are the opt-out from the maximum 48-hour week and the definition of on-call working. The Commission is now conducting its own impact assessment of the Directive.	Partial. Concerns about on-call working and individuals' freedom not to opt out of the 48-hour maximum working week.	The Commission will, after the impact assessment, decide whether to carry out a focused review, concentrating on the opt-out and on-call working, or whether to undertake a more comprehensive review of the Directive.
Posted workers Directive 96/71/EC	European Commission studies have identified some issues with the implementation of the original 1996 Directive that could lead to social dumping. These include inadequate controls, information gathering and	Partial – in need of improvement	It was felt that while the content of the Directive was good, the implementation across the EU was uneven, leaving some workers open to abuse. The Enforcement Directive aimed to ensure better implementation. This Directive will be further evaluated via the Labour Mobility Package,

Directive	Assessment	Effectiveness*	Comments*
Posted workers Enforcement Directive 2014/67/EU	coordination between Member States.  Not yet implemented in EU Member States	Not yet implemented in EU Member States.	currently awaited.  It is hoped that provisions relating to more uniform implementation, enhanced administrative cooperation and joint liability in the case of subcontracting in the construction industry will improve the effectiveness of EU legislation governing posted workers.

\* Based on the Commission documents indicated in the sources below.

Sources: Report from the Commission services on the implementation of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (2003). Implementation Report. Directive 96/71/EC concerning posting of workers in the framework of the provision of services. New Member States (2007). Report by the Commission services on the implementation of COUNCIL Directive 1999/70/EC OF 28 JUNE 1999 concerning the Framework Agreement on Fixed-term Work concluded by ETUC, UNICE and CEEP (EU-15) SEC(2006) 1074. Commission staff working document. National legislation transposing Directive 1999/70/EC on fixed-term work in the EU10. SEC(2008) 2485. Report by the Commission's services on the implementation of Council Directive 97/81/EC of 17 December 1997 concerning the framework agreement on part-time work concluded by UNICE, CEEP and the ETUC (2003). Implementation Report. Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC. New Member States (2007). Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the application of directive 2008/104/EC on temporary agency work. COM(2014) 176 final. Communication COM (2010) 801: Reviewing the Working Time Directive (second-phase consultation) of the social partners at European level. COM (2010) 802: Report on the implementation by Member States of the Working Time Directive. SEC (2010) 1611: Detailed report on the implementation by Member States of the Working Time Directive.



## 5.2. Other EU-level initiatives

In addition to the legislative framework put into place by Directives, the European Commission has undertaken a range of initiatives aimed at reducing the risk of precariousness for workers in certain types of employment relationship.

In general, the European Union has a range of policy initiatives designed to boost job creation in Europe, encompassed within its Europe 2020 strategy. While not directly targeted at precarious work, they nevertheless touch on this issue in some way, either directly or indirectly.

### 5.2.1. Europe 2020 strategy has implications for precariousness in employment

Europe 2020 is the European Union's 10-year jobs and growth strategy. It was launched in 2010 to create the conditions for smart, sustainable and inclusive growth.

Five headline targets have been agreed for the EU to achieve by the end of 2020. These cover employment; research and development; climate/energy; education; social inclusion and poverty reduction. Europe 2020 also calls on Member States to reduce labour market segmentation in order to implement national flexicurity pathways.

Progress towards the Europe 2020 targets is encouraged and monitored throughout the European Semester (see below). In 2014, the Commission issued an analysis of progress towards the Europe 2020 targets (European Commission, 2014). The target on poverty and exclusion was to lift at least 20 million people out of poverty by 2020. This is relevant in terms of households with very low work intensity, defined as households in which the adults worked less than 20 % of their total work potential during the past year.

### 5.2.2. European Semester process offers recommendations to Member States

The EU's European Semester process is an annual cycle of economic policy coordination within the EU. Under this, the European Commission undertakes an annual detailed analysis of EU Member States' plans of budgetary, macroeconomic and structural reforms and provides them with recommendations for the next 12 to 18 months. In 2015, it decided to streamline the process and include a stronger focus on employment and social performance. While not specifically focused on issues connected with precarious work, the European Semester process nevertheless has some relevance here.

In its 2015 country-specific recommendations to EU Member States (European Commission 2015c), the Commission noted that 'rigid rules on dismissals and lengthy labour disputes can impede new hirings on open ended contracts, restrict professional mobility and encourage the excessive use of temporary contracts'. The Commission does recognise that progress has been made in some Member States, but notes also that much remains to be done. In Poland, for example, the share of temporary employment contracts is the highest in the EU, while the transition rate from temporary to permanent employment is low. Further, rigid dismissal provisions, long judicial proceedings as well as other burdens for employers foster the use of fixed-term and atypical employment contracts.

### 5.2.3. Mutual learning share good practice on curbing risk of precariousness

The EU's Mutual Learning Programme (MLP), which operates under the European Employment Strategy (EES) aims to support, coordinate and encourage mutual learning between EU Member States in order to assist progress towards the goals of the European Employment Strategy. It also aims to encourage mutual learning opportunities, resulting in policy influence at the EU and national levels, and to disseminate the results of the MLP and their contribution to the European Employment Strategy to wider audiences. It focuses on a number of employment policy areas, of which some are relevant to precarious work. For



example, a Peer Review meeting was held in the Netherlands in October 2015, focusing on how to promote work to work transitions and sustainable labour relations. Among other issues, it examined how the switch from (long-standing) temporary to permanent contracts can be stimulated and how to prevent employees on successive temporary contracts from suffering disadvantage in terms of access to social protection, training and other benefits.

For details, see Box 7 below.

Box 7: Good practice example: labour market transitions in the Netherlands

The Peer Review meeting held in October 2015 found that the Dutch labour market is characterised by differentiated levels of protection for temporary and permanent contracts, with permanent workers enjoying greater protection, and high levels of precarity on the secondary labour market, with low transitions of temporary workers to permanent contracts. In order to address this, the Netherlands undertook a fundamental reform in 2015 with its Work and Security Act (WSA). The aim of the reform was to improve the position of temporary (fixed-term contract) workers on the labour market by giving them better protection and better perspectives for permanent employment so as to improve their employability. The reform had four main elements: a change in dismissal law, making dismissals easier and fairer; an increase in the protection of workers on fixed-term contracts by reducing the maximum duration of fixed-term contracts from three years to two; the introduction of a transition allowance, given to all employees with a minimum of two years' service whose contract is terminated by the employer, regardless of the reason, as long as the employee is not at fault; and a reform of unemployment benefits, changing the definition of 'suitable work' and stating that any job is now deemed suitable after six months instead of one year. Full evaluation of these reforms cannot yet be made as it is too soon after they have been put into place. However, delegates from other EU Member States discussed this issue in the light of their own labour market arrangements.

Success factors and lessons learned

Strong legal underpinning, based on the flexicurity principles of balancing flexibility and security.

Source: Dutch case study

#### 5.2.4. Social partner initiatives at EU level form basis of EU Directives

The social partners at EU level have been active in the debates surrounding precarious work. Historically, the cross-sector EU-level social partners negotiated the agreements that formed the basis for the EU Directives on part-time work, fixed-term contracts and temporary agency work.

In the temporary agency work sector, the EU-level social partners (Eurociett and Uni-Europa) commissioned a study looking at whether temporary agency work acted as a stepping stone to other parts of the labour market (Voss et al, 2013). This study found that temporary agency work facilitates transitions from temporary to permanent work under certain conditions, with results from relevant studies differing according to methodology and the profiles of temporary agency workers in areas such as individual employability.

#### 5.2.5. Trade unions active in trying to curb risks

Trade unions at EU level have been active in trying to identify and curb the risk of precarity in work. The European Trade Union Confederation (ETUC) takes the issue of precarious work and the potential risk to workers very seriously. An ETUC representative noted in an interview for this study that precariousness takes a lot of different forms; one can also be confronted with precariousness under an open-ended permanent contract, e.g. someone

with a permanent contract but without access to adequate training. In general, she believes that there should be an evolution in the mindset of companies towards employees as value to the company and that incentives that reward companies and that value HR and people-minded policies should be created.

She also stressed the importance of trade union representation: 'Studies indicate that a collectively agreed contract will provide you with better conditions than an individually negotiated contract (you can only negotiate on the contract at a time when you are the most vulnerable, that is when you actually want the job). Unions are therefore very important to negotiate standards of contracts at company level'.

She also noted that increased competition and stakeholder value have served in recent years as drivers for the growth of precariousness. This would include practices such as short-term management decisions based on cost efficiency management that does not reward aspects such as employee loyalty, and a drive to increase profits for shareholders, which can contribute to dehumanising employment relationships.

At cross-sector level, a consortium of five EU-level sectoral trade unions (EFFAT, IndustriAll, EPSU, UNI-Europa and the EFBWW are currently undertaking a project on precarious work, which will include an overview of good practices on new forms of work and possible gaps in trade union coverage. The project is entitled 'Europe: End Precarious Work Now! – Decent Work and Equal Treatment for All'. An initial meeting took place in October 2015. The aim of the project is to focus on the need to establish a harmonised Europe-wide framework of labour and social legislation with binding minimum standards for all, to avoid social dumping and unfair competition, and to ensure decent work and equal treatment for all workers.

Trade union initiatives at sector level include a charter on precarious work (EFFAT 2009), produced by the European Federation of Food, Agriculture and Tourism Trade Union (EFFAT). The charter identifies those engaged in temporary and seasonal work, those on fixed-term or part-time contracts, migrant and 'bogus' self-employed workers, subcontracted employees and clandestine workers as at greater risk of precarity in food and agriculture than workers on other types of contract.

#### 5.2.6. Employers focus on reducing unemployment and increasing skills

Employers at EU level tend to take the view that the risk of precariousness is something that can be influenced by a combination of factors, not all of which are work-related. The representatives of BusinessEurope interviewed for this study noted that issues such as a lack of career mobility can lead to a precarious situation for a worker, as this may mean that they are not able to use and explore their skills and talents. They noted further, however, that the policy focus should be on combating unemployment:

'The most precarious situation is unemployment and that is where policy should focus. Reducing unemployment is far more challenging and should be at the centre of protection. Our lack of global competitiveness in Europe causes low employment rates, not the lack of social protection, so we should aim to improve our competitiveness in order to be more social, i.e. more inclusive with less unemployment. We should try to find a balance with employment policies between competitiveness and social protection.'

They added that non-standard forms of work are necessary for both employers and workers, as long as some regulation is provided to protect individuals and make it possible for them to explore their goals.

There can be a tension between regulating a sector or occupation in order to prevent abuses, but ensuring not to overregulate and thus drive employment practices to more

precarious forms of work. BusinessEurope representatives interviewed for this study spoke in favour of policies that distribute the risks of becoming unemployed more equally between occupations and different parts of the labour market. They believe that Member States should adapt their employment protection legislation in order to redistribute these risks among the active population, rather than having groups of people who are very well protected and others who are less protected. They noted that country-specific recommendations, part of the European Semester process, can play a role in these reforms.

The Eurociett representative interviewed for this study also spoke of regulation as a driver of risk of precariousness, noting that if standard fixed-term contracts are highly regulated, for example, companies and the labour market will look for other forms of flexibility: '(Over) regulating fixed term contracts (TAW and others) has also directly led to the increase of other forms of work. The harder you try to limit and constrain the use of some work forms, the faster new forms emerge; flexibility will always be sought'.

### 5.3. International initiatives also focus on mitigating precariousness risk

The International Labour Organisation (ILO) has drawn up a number of Conventions that are relevant to work at risk of precariousness. ILO Conventions are binding on those Member States that ratify them. There are challenges around both ratification and monitoring of implementation. In 1995, the ILO launched a campaign to achieve universal ratifications of eight Conventions seen as fundamental, covering: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

These principles are also covered in the ILO's Declaration on Fundamental Principles and Rights at Work (1998). The ILO states that there are currently over 1,200 ratifications of these conventions, representing 86 % of the possible number of ratifications.

Relevant Conventions are principally:

- The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), which states that workers' and employers' organisations should have the right to establish and join federations and confederations and any such organisation, federation or confederation shall have the right to affiliate with international organisations of workers and employers.
- The Right to Organise and Collective Bargaining Convention, 1949 (No. 98), which states that workers should shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment.
- The Equal Remuneration Convention, 1951 (No. 100), which sets out the principle of equal remuneration for men and women workers for work of equal value.
- The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), which sets out the principle of non-discrimination on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, based on any distinction, exclusion or preference which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.
- Two Conventions on Forced Labour (No. 29 adopted in 1930 and No. 105 adopted in 1957). The first Convention defines forced labour. The second adds a specific obligation for States never to impose forced labour as a means of political coercion or education, punishment for expressing political views or participating in strikes, mobilising labour for economic development, labour discipline or for racial,

social, national or religious discrimination. Both Conventions have been ratified more or less universally, which means that almost all countries are legally obliged to respect their provisions and regularly report on their implementation.

- The Part-Time Work Convention, 1994 (No. 175). This Convention guarantees a number of employment and social security rights in comparison with full-time workers.
- The Home Work Convention, 1996 (No. 177). This Convention provides for equality of treatment for homeworkers with regard to the homeworkers' right to establish or join organisations of their own choosing and to participate in the activities of such organisations; protection against discrimination in employment and occupation; protection in the field of occupational safety and health; remuneration; statutory social security protection; access to training; minimum age for admission to employment or work; and maternity protection.
- The Minimum Age Convention, 1973 (No. 138), which sets a minimum age of not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years.

The ILO has also done much to promote the concept of decent work. Its decent work agenda is based on four pillars: employment creation; social protection; rights at work; and social dialogue. At the UN General Assembly in September 2015, decent work and its four pillars became integral elements of the new 2030 Agenda for Sustainable Development. In addition, key aspects of decent work are embedded in the targets of many of the goals of the UN's new development vision.

Demaret (2013) argues that although the new forms of precarious work that characterise some areas of today's labour market were not in existence when many of these Conventions were adopted, ILO Conventions cover all workers unless explicitly specified. He also states that 'relatively few cases involving non-observance of ratified Conventions as may have directly affected precarious workers in particular have been brought to the attention of the ILO supervisory bodies, with the notable exception of a number of complaints alleging violation of freedom of association'. He believes that while existing international labour standards do offer some protection to all workers, including those in precarious situations, they 'fail to sufficiently protect workers against precariousness as such'. He suggests a number of areas for reflection by the ILO and policymakers, such as: reaffirming the principle that open-ended contracts should be the rule; developing criteria for the determination of the employment relationship, including the notion of 'joint employer' responsibilities in the case of triangular relationships; establishing a legal presumption of the existence of an employment relationship; regulating the use of fixed-term contracts or resort to agency work; establishing the principle of equal treatment with workers in permanent jobs; prohibiting the resorting to fixed-term contracts or agency work for particularly dangerous occupations; establishing a special salary bonus for precarious workers as a percentage of their remuneration; allowing workers to choose where they want to exercise their collective bargaining rights at any given time; extending the scope of collective agreements through legislation, so as to ensure that all workers at the user enterprise, including those in precarious situations, are covered; establishing systems of licencing and certification for employment agencies and subcontracting companies; and prohibiting the resorting to fixed-term contracts, subcontracting or agency work to replace permanent jobs or workers on strike.

The ILO 1998 Declaration on Fundamental Rights and Principles at Work is based on four basic rights, which have implications for work at risk of precariousness:

1. freedom of association and the effective recognition of the right to collective bargaining;

2. the elimination of all forms of forced or compulsory labour;
3. the effective abolition of child labour; and
4. the elimination of discrimination in respect of employment and occupation.

It would seem, therefore, that the ILO Conventions and other provisions in place that aim to ensure labour rights provide a solid framework for those countries that ratify these provisions. Weaknesses could include the fact that they are not valid in countries that have not ratified them and that they need monitoring to ensure that they are keeping pace with the rapid changes that have taken place in the regulation of employment at national level, certainly in Europe, over the past 30 years. Implementation, by means of national labour inspection bodies, is also important.

#### 5.4. National provisions implement EU and international framework

All Member States are obliged to transpose EU Directives into national law. Some implement the minimum requirements, whereas others go further than the EU minimum standards set by the Directives. In some EU Member States, such as Denmark, labour market regulation is traditionally by collective agreement rather than legislation. However, some EU legislation that is relevant to precarious work has been transposed into law, based on social partner negotiations. For details, see Box 8 below.

Box 8: Regulation of precarious working in Denmark. Collective agreement and legislation

To improve working conditions and equal treatment of workers several EU directives have been implemented into Danish legislation. Usually, collective agreements are the instrument to set working norms but there exist some forms of legislation that protect employees who are not covered by collective agreements, such as regulation of maximum working hours. For example, the Act on Working Time covers employees not working under a collective agreement and determines working time and rules for overtime work. The part-time Act (2001) aims to improve the quality of part-time work, to ensure the same income protection and to give a worker the possibility to switch from full-time to part-time work more easily. The social partners played a key role in negotiations on the features of the law and afterwards it has been translated into legislation. There is also legislation on temporary work, fixed-term contracts and posted work.

Source: Danish case study

##### 5.4.1. National legislation goes beyond EU regulation

Table 35 below gives examples of national legislative provisions aimed at curbing the risk of precariousness in employment. These provisions generally go beyond the requirements of EU legislation on a range of issues, and are usually a reaction to a specific issue that is deemed to have warranted attention in a specific Member State. For example, in France, it was felt that legislation regulating internships needed to be put into place in order to ensure that internships were better regulated. Some Member States – Lithuania and the Netherlands – have put into place legislation designed to combat undeclared work, illegal working and bogus self-employment. Others have focused on fixed-term contracts and temporary agency work. For details, see Table 35 below.

Table 35: Examples of relevant legislation from the eight case study countries

Country	Topic	Legislation	Comments
France	Posted workers	Legislation on the 'fight against unfair social competition' was enacted on 10 July 2014 to implement Directive 2014/67/EU	The new law imposes stronger controls over the conditions for posting workers abroad, by forcing French companies to verify that their foreign service-providers have fulfilled all of their obligations under French law and by holding them jointly responsible.
France	Fixed-term contracts	Labour Code	<p>Installation of a 'precarious indemnity' ('l'indemnité de fin de contrat or 'prime de précarité'); a fine that employers are to pay at the end of a fixed term contract to the employee to compensate for his loss of stability. This indemnity amounts to 10 % of the total gross remuneration paid to the employee. However, several exclusions to this duty have been provided for by legislation.</p> <p>Since August 2015, fixed term contracts can be renewed for a maximum of two subsequent periods only if that does not surpass the maximum period of 18 months<sup>10</sup>. For the same function, no two successive FTCs can be concluded: a minimum period of one third of the duration of the former contract should separate the end of the former FTC and the start of a new FTC (the so-called 'délai de carence').</p>
France	Internships	Cherpion Law of July 2011	<p>Under the law, internships:</p> <ul style="list-style-type: none"> <li>Cannot consist of tasks that could be undertaken by a worker in a permanent position in the organisation;</li> <li>Must be established through a tripartite contract between the employer, the intern and their educational establishment;</li> <li>Must offer training to individuals to be integrated into their degree or other training.</li> </ul>

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<sup>10</sup> Before August 2015, le loi Rebsamen allowed a contract to be renewed only once.



Country	Topic	Legislation	Comments
Germany	Temporary agency work	Deregulation legislation in 2003, under the Hartz reforms, and pending re-regulation (2015002F16)	The 2003 reform abolished the maximum assignment period and the ban on the synchronisation between job and assignment.
Germany	Freelance work	The government proposed in autumn 2015 legislation to combat 'abusive' use of contracts for work and labour ('Werkverträge')	The proposed legislation implies a stricter definition of self-employment, assuming a dependent employment situation in many cases if the client requires the provider to work on his premises and at certain times etc. This bill is still under debate.
Lithuania	Temporary agency work	Law on Temporary Agency Work, 2011	The legislation defines temporary working and states that agency workers should be paid the same rate as user company workers (Swedish derogation applies). The activities of temporary work agencies are not restricted by licencing. They are only obliged to inform the State Labour Inspectorate when they commence their activity and must inform the Inspectorate on the number of temporary workers.
Lithuania	Undeclared work	Act on Provision of Services in Agriculture and Forestry using the Service Voucher, 2013	This legislation is aimed at combating undeclared work in the agriculture and forestry sector and has been successful in moving work into the more formal sector and creating permanent positions.
Netherlands	Fixed-term work	Work and Security Act_(Wet werk en zekerheid, 2015)	The aim of this Act is to strengthen the legal status of employees in fixed-term contracts through promoting more early transitions towards open-ended employment contracts. It builds on legislation dating from 1999.
Netherlands	Informal labour market	Act on Combating Spurious Labour contracts Wet Aanpak Schijnconstructies, 1 July 2015)	This legislation aims to combat 'bogus' labour contracts that aim to evade legal minimum standards on wage levels and/or standards in terms and conditions on payments in collective agreements. The law set out a regulative method in which every link in a chain of contracting labour, lending or dispatching work, has become responsible for payments according to law and collective bargaining, including the payments of taxes and social security.



Country	Topic	Legislation	Comments
Poland	Fixed-term work	Amendment to the Labour Code, to come into force on 22 February 2016	Tightening up of the provision stating that the employer can sign no more than three fixed-term contracts with the same employee. The total duration of fixed-term contracts signed with the employee cannot exceed 33 months, plus a three-month trial period.
Poland	Temporary agency work	Amendment to the Labour Code, to come into force on 22 February 2016	Harmonisation of notice periods for temporary and open-ended contracts.
United Kingdom	Zero hours contracts	The Exclusivity Terms in Zero Hours Regulations 2015	This legislation prevents employers from enforcing 'exclusivity clauses' in a zero hours contract. An exclusivity clause would be where an employer restricts workers from working for other employers. This legislation was passed in response to concerns about possible abuse of workers on zero hours contracts.
Spain	Labour market reforms	Law 3/2012 on urgent measures to reform the labour market	This legislation aimed to reduce unemployment overall. It aimed to achieve this by reducing the high rate of fixed-term contracts, reducing the number of employees trapped in a chain of temporary contracts, and increasing internal flexibility within companies.

Source: Country case studies.

#### 5.4.2. National strategies and initiatives to contain the risk of precariousness

In addition to legislation implementing EU regulation, there are a wide range of activities and initiatives that have been undertaken at the level of the Member State that are aimed at curbing the risk of precariousness that arises from a range of types of employment relationship. Some national strategies aim to reduce insecurity in the labour market in general rather than focusing on any specific form of contracting; for example, the Dutch legislation on combating spurious forms of contracting. For details, see Box 9 below.

Box 9: Good practice example: Dutch Act on Combating Spurious Labour contracts (Wet Aanpak Schijnconstructies, 2015)

In 2015, new legislation was passed, aiming to combat bogus labour contracts that aim to evade legal minimum standards on wage levels and/or standards in terms and conditions on payments in collective agreements (Wet Aanpak Schijnconstructies, 1 July 2015). This Act sets out a regulative method in which every link in a chain of contracting labour, lending or dispatching work, has become responsible for payments according to law and collective bargaining, including the payments of taxes and social security. The Act aims to:

- Preventing unfair competition between companies (creating and guaranteeing a same level playing field).
- Strengthening the legal status of employees and paying workers at least the legal standards and levels agreed in collective agreements. The government wants to prevent displacement, underpaid work and exploitation of workers.
- Promoting payments of taxes and premiums in the Netherlands instead of in other Member States.

Bogus labour constructs and complex chains of contracting and dispatching work that aim to evade the law and collective agreements, are often used in sectors of agriculture, construction industry and transport. These constructs are more spread out to workers from other EU Member States that work in the Netherlands.

The Labour Inspectorate of the Ministry of Social Affairs in the Netherlands, together with the social partners in the temporary agency sector, are given an important role in the implementation of this law.

Success factors and lessons learned

Involvement of the social partners, in cooperation with the government, in implementation. Legal backing in the form of legislation. Awareness of a sectoral focus. However, large efforts would be needed to eliminate illegal working altogether.

Source: Dutch case study

Other selected national initiatives are grouped below according to type of employment relationship.

##### a. Part-time work

As we have seen, part-time work in itself is at relatively low risk of precariousness. However, marginal part-time work and involuntary part-time work carry a higher risk of precariousness. In Germany, the introduction of 'Minijobs' has done much to increase employment in a flexible manner, although there have been criticisms of these contracts, leading to some reforms.

## Box 10: Illustrative example: marginal part-time work in Germany

Marginal part-time work ('geringfügige Beschäftigung' or 'Minijob') is a specific feature of the German labour market (see Eichhorst et al, 2012) and has been successful in boosting employment creation in a flexible way. Since the mid-2000s there have been about seven million Minijobs in Germany. It is based on long-standing legislation that, however, was modified several times over the last 20 years or so to stimulate a flexible type of part-time work with low hours. The general principle is that marginal part-time workers are exempt from regular income taxation and full employee social security contributions if they earn less a certain threshold. Since the latest reform of 2013 maximum earnings are EUR 450 gross per month, and this reform stipulated that employees have to contribute to public pension insurance with an option to leave. Employers, on the other side, have to pay contributions to pension and sickness as well as occupational accident insurance and a small lump sum tax. In formal terms the employer contribution rate is slightly higher than in case of regular employment. The specific arrangement of marginal part-time work holds both for exclusive marginal part-time work and for second jobs carried out under this arrangement.

Since the 2013 reform there is no working time limit. As a consequence hourly wages dropped, making marginal part-time work the type of employment with the lowest hourly wages and crowding out regular part-time or full-time work in some sectors (Hohendanner and Stegmaier 2012; Jaehrling and Wagner, 2015). This is also partly due to the fact that employers, even if formally bound by a collective agreement in some cases, tend to apply lower gross wages to marginal employees. Furthermore, part-time workers are often not entitled to overtime bonuses, which makes it easy to exploit them.

Source: German case study

Job-sharing is also a form of part-time work and can work well if the right partner can be found. Box 11 below gives an example from the UK, where job-sharing is well embedded.

## Box 11: Good practice example: Job-sharing in the UK

Job-sharing is well embedded in the UK and is now an integral part of how the UK labour force's time is organised. The availability and take-up of job-sharing is not as widespread as that for some other flexible working practices, such as part-time working, but it is still an important option, particularly in public sector organisations. A survey carried out by the UK government (Department for Business, Innovation and Skills, BIS), the Fourth Work-Life Balance Employer Survey, published in December 2014, found that 54 % of employers were offering job-sharing, however, actual take-up of job-sharing, according to the 2014 survey, was only 12 %. Within the public sector, job-sharing is most commonly to be found in universities, schools, local government and central government. In the UK, some organisations, particularly large national employers, use job share registers so that workers can advertise details of their role and request a job share (Wheatley, 2013).

## Success factors and lessons learned

Informal and flexible arrangements. However, limited largely to the public sector and perhaps now a little superseded by other forms of working. Difficulties in finding an appropriate partner.

**b. Fixed-term contracts**

Although there is EU-level legislation governing fixed-term contracts, some Member States have targeted these types of contracts in particular. For example, in the Netherlands,

legislation dating from 2015 focuses on providing more rights to workers on these contracts. For details, see Box 12 below.

Box 12: Good practice example. Reducing insecurity: Work and Security Act 2015 in the Netherlands

The Dutch Work and Security Act (Wet werk en zekerheid, 2015) has been put into place in response to the growing numbers and the intensified degree of employment insecurity of workers employed in fixed term contracts in the Netherlands. The first implementations of the Work and Security Act began in January 2015. Formally, this Act aims to strengthen the legal status of employees on fixed term contracts through promoting more early transitions onto open-ended employment contracts. In this way, the legislator aims to continue the approach from 1999 (Wet Flexibiliteit en Zekerheid, 1999). Because of the disappointing results of the 'stepping-stone' mechanism from temporary towards permanent employment contracts, the current government (a coalition between Liberals and Social-democrats) wanted to introduce more restrictions on the use of flexible employment contracts. Thus, in 2015, the legislator further strengthened the following conditions in the employers' use of fixed-term employment contracts:

- Ñ The maximum period for successive fixed-term employment contracts with the same employer is reduced from three (1999) to two years (2015).
- Ñ The period of three months (1999) within which a contract is regarded as consecutive is extended to six months (2015).
- Ñ Derogation in a Collective Labour Agreement from the provisions on succession of fixed-term employment contracts (as facilitated in 1999) is made more difficult and more conditioned (2015).
- Ñ workers after two years of being employed on fixed term contract(s) with the same employer are no longer excluded from the severance payments (2/3 monthly salary by year of job tenure).

#### Success factors and lessons learned

The new Work and Security Act is quite controversial among politicians and academics. In fact, the legislator just strengthened some of the conditions, but continued the methods and instruments that were introduced in the 1999 legislation. This Act was evaluated twice in the 2000s under the authority of the Ministry of Social Affairs and Employment in the Netherlands. The second evaluation (Knegt et al, 2007) in particular was critical. Paradoxically, the main labour market consequences of this whole package of legislation of flexible labour seems to be the political and juridical acceptance of atypical contracts. The legislation of 1999 has evidently promoted the flexibility of companies, but it is far from evident that this has also promoted employment security among workers in fixed term contracts. Although the legislation on Flexibility and Security can be interpreted as an innovative labour market policy with high involvement of the social partners, it can be concluded that was not that effective in its aim of promoting security for flexible workers (Tros and Wilthagen, 2013). With the new Act in 2015, one could conclude that the increased unattractiveness of fixed-term employment contracts will not lead to the intended growth of open ended employment contracts, but towards the opposite direction: leading to more use of other flexible labour contracts with even lower standards of payments and terms and conditions of employment.

Source: Dutch case study

### c. Temporary working

There are a range of national initiatives that are designed to help reduce risk of precariousness among the different forms of temporary working. For example, in Italy, in 2008, the Ministry of Labour and Social Policy (Ministero del Lavoro e delle Politiche Sociali, LPS) introduced a scheme to regularise the employment of seasonal workers engaged during the grape harvest.

In Germany, temporary agency work has been deregulated, which has resulted in an increase of this type of employment relationship. Although temporary agency workers in Germany enjoy good coverage by collective agreement, there are some concerns about pay levels and transition rates. For details, see Box 13.

Box 13: Illustrative example: deregulation of temporary agency work in Germany

Temporary agency work has increased in Germany after a significant deregulatory reform in 2003 in the context of the Hartz package. Agency work reached a maximum of around 1 million workers immediately before the 2008 crisis and continues to account for 800-900 000 jobs since then. The 2003 reform abolished the maximum assignment period and the ban on the synchronization between job and assignment. At the same time a general equal pay and equal treatment principle was laid down in legislation. However, deviations from this principle could be agreed upon through collective agreements for the agency work sector, and in fact such agreements were concluded soon after, leading to a virtually full collective agreement coverage of the sector. In contrast to marginal part-time, temporary agency work is also fully covered by social insurance, and most contracts are open-ended, and agency workers are represented by works councils. However, due to creation of sector-specific wage scales, there is a significant wage differential between agency workers and comparable, directly employed staff in user firms, even when controlling for individual characteristics, occupational status and the employment history. Furthermore, given that agency workers are seen as a highly flexible segment of a marginal workforce by most user firms, the prospects of transition to a job outside of the temporary agency work sector are limited. In terms of sector and occupation, agency work is concentrated on elementary occupations in the service sector where no specific skills are needed. Given their marginal status, temporary agency work had to take a large part of the employment adjustment risks in the 2008/09 crisis, in contrast to medium- and high-skilled core workers.

Source: German case study

In the UK, the regulation of temporary agency work has traditionally been relatively deregulated. However, the UK has now introduced legislation to implement the EU temporary agency workers Directive, although the UK government takes advantage of the provision in the Directive allowing derogation from equal treatment with user company workers. For details, see Box 14 below.

Box 14: Illustrative example: temporary agency work in the UK

The UK implemented the EU temporary agency workers Directive by means of the Agency Workers Regulations 2010, which came into force on 1 October 2011. The Agency Workers Regulations give agency workers the entitlement to the same or no less favourable treatment as comparable employees with respect to basic employment and working conditions, if and when they complete a qualifying period of 12 weeks in a particular job.

The Regulations also ensure that, from day one, agency workers are entitled to the same access to facilities as permanent staff members. This includes the use of a staff canteen, childcare facilities, transport and being made aware of job vacancies.

There is, however, a loophole in the Regulations, provided for by the Directive, commonly termed the Swedish Derogation, under which a temporary work agency can offer an agency worker a permanent contract of employment and pay the agency worker between assignments. This means that after 12 weeks with a hirer the agency worker will not be entitled to the same pay as if they had been recruited directly. The agency worker who is covered by this exemption will still be entitled to other new provisions under the regulations, for example annual leave after 12 weeks and rest breaks.

Research into whether the 2010 legislation has had an effect on the number of temporary agency workers in the UK (Forde and Slater, 2014) shows that, according to Labour Force Survey figures, there has been very little change. Although numbers reached a trough during the recession (245 000 in 2009), they have risen steadily since (reaching 320 000 by winter 2012, accounting for 1.27 % of the employed workforce). However, Forde and Slater (2014) found that there may have been some shifts in contractual arrangements since the implementation of this legislation, with 24 000 more workers saying that they were paid by the agency rather than the user company. This is equivalent to 8 % of the temporary agency workforce as at autumn 2012, and indicates that a number of agency workers have been subject to the use of the Swedish derogation. (Source: UK case study)

#### **d. Self-employment**

The increase in workers who do not have 'employee' status in some countries has been met by a corresponding drive to extend social protections to self-employed workers. One example is in Italy (Frade and Darmon, 2005), where self-employed workers can gain status similar to an employee through 'continuous, co-ordinated and mainly personal nature of the work performed', and this manifests itself through clients or employers contributing to a pension and health insurance fund. The authors note that this is a direct response to labour market diversification leading to increases in precarity of employment, and less of a 'job-for-life' normative pattern; indeed, the authors estimate that over 40 % of the workforce in Italy is employed in atypical or non-standard work. In Italy, labour market reforms that came into force in 2016 change regulation governing different forms of economically dependent self-employed work, with the aim of providing dependent self-employed workers with increased levels of social security protection. Workers whose contracts are expiring will also be entitled to income support entitled 'DIS-COLL' (Caponetti, 2015).

In France, the number of self-employed people has increased due to changes in legislation aimed at supporting self-employment. However, there is a recognised need to ensure that bogus self-employment is curbed (see Box 15). In Denmark, there are issues surrounding freelance working, relating to social insurance coverage. For details, see Box 16.

**Box 15:** Good practice example: incentives for self-employment in France

At the end of 2014, there were almost 1 million self-employed people, or auto-entrepreneurs, in France; an increase of 8.6 % (or 78 000) in one year. A major driver behind this is the creation of a specific legislative status of auto-entrepreneur in French law in 2009. According to a study published by INSEE, three out of four auto-entrepreneurs would not have created their business without this new regime ((INSEE, 2012) in Insarauto et al, 2015). Becoming an auto-entrepreneur requires simple registration on Internet. The administrative requirements are mainly quarterly declarations of turnover, again via the Internet. For most freelance entrepreneurs, social contributions and income tax,



proportional to the revenue, are immediately calculated (i.e., a flat tax). This status may be cumulated with a salaried job.

The administrative burden to become an auto-entrepreneur is thus very limited. However, it has had its critics, e.g. artisans who feel that they are facing unfair competition from auto-entrepreneurs. Detractors also claim it has failed in its primary aim, to help small businesses to grow, with only around 5 % of auto-entrepreneur start-ups developing to the extent that they need to change to a different status.

Furthermore, 66 % of the auto-entrepreneurs perform this as a main occupation, while 33 % of the AEs are waged workers that use AE as complementary economic activity.

In some sectors the number of auto-entrepreneurs has increased considerably; in the transport sector the number of economically active auto-entrepreneurs is rising by 25 % per year, in the care sector by 21 % and in the sports and cleaning and facility sector both by 17 % (Acosse stat, 2015). In general, auto-entrepreneur activities are the most concentrated in four sectors; business consultancy, household services, trade and construction (Insarauto et al, 2015).

In terms of numbers of entrepreneurs, the success of the scheme is thus undisputable. However, there is no estimation of the number of 'abuses' or (bogus)-self-employed in this status.

#### Success factors and lessons learned

Targeted initiative; cooperation between employers and the social security system; low administrative burden. Need for more support for auto-entrepreneurs to help them to grow. Need for more support to curb bogus self-employment.

Source: French case study, based on literature review, national statistics and expert assessment

#### Box 16: Illustrative example: self-employment in Denmark

While the total number of self-employed people has remained almost stable over the last two decades, self-employed people without employees constitute a fast-growing segment of the Danish labour market. To a large extent, own-account workers/freelancers are represented in arts, entertainment and creative occupations, i.e. they work as filmmakers, journalists, authors, advertisers or in the media and therefore might be exposed to large earnings fluctuations. Hence, many freelancers are so called combiners, which means that they earn income from different sources. Their earnings might stem from engagement in regular dependent employment, temporary jobs, part-time work and self-employment, sometimes even in parallel in order to insure themselves against income loss. Although self-employed people can be insured under current legislation, the situation calls for improvements in this area. Under the law, self-employed people have to give up their business if they want to be eligible for benefits. This means that journalists are not allowed to practice and authors cannot publish at all. Unfortunately, most recent legislative reform was not able to address this issue, which is why there are also plans for a benefit reform focused on these forms of atypical employment (freelancers and mixed forms of employment).

Source: Danish case study



In Spain, the encouragement of entrepreneurship is being used to try to increase the extent of open-ended employment. However, this is reported to be having limited effect. For details, see Box 17 below.

Box 17: Illustrative example: open-ended contract to support entrepreneurship in Spain

A new type of open-ended employment contract has been introduced in Spain in order to try to increase open-ended employment, although it is reported to be having limited impact.

Law 3/2012 of 6 July 2012 on urgent measures for labour market reform intended to facilitate employment created a new type of open-ended contract which is basically a one-year probationary period which may subsequently be converted into a contract of indefinite duration once that period has elapsed. During this probationary period the employee has no legal protection against dismissal.

This contract also benefits from by tax and social security advantages and, where such a contract is signed with jobseekers registered with the employment office, additional benefits are available.

If the worker is hired on a permanent basis, employers are entitled to further financial benefits in the form of tax and social security contributions, subject to maintaining the employment of the work for at least three years.

However, assessments of the legislation have shown that employers are not using this contract extensively: 85 % of the contracts of this type signed in 2012 and 2013 did not make use of the possibility of tax and employers' social contributions reductions to avoid the constraints regarding maintenance of the contract after the first year on probationary period. (Mercader Uguina, 2014) Moreover, there is no clear evidence about the conversion rates of jobs created using this contract model into permanent employment contracts after the one-year probation period. (Alzaga Ruiz, 2015). However, the government report on the evaluation of the 2012 reforms states that the survival rate is very close to that of other permanent contracts and that according to their estimations they are not systematically terminated once the first year is over. (Spanish Ministry of Employment, 2013)

The total number of permanent contracts to support entrepreneurship signed since the new labour law reform entered into force (from February 2012 to January 2016) is 394 369. These figures are very modest in comparison with the number of temporary contracts signed during the same period. The Spanish labour market experts consulted for this study consider that employers are so far not interested in using this type employment relationship despite the flexibility it provides. The reasons put forward for the moderate success are lack of knowledge about this contract by managers and that it is at odds with the Spanish legal tradition of short probation periods. The unions representatives consulted consider that this contract is of a precarious nature and are campaigning for its elimination.

## e. Internships

National strategies are in general aimed at limiting abuses of internships and providing some guarantees for interns. At European level, the European Quality Charter of Internships and Apprenticeships is an initiative of the European Youth Forum, supported by the European Parliament, which sets out minimum standards for internships to ensure their educational value and to avoid exploitation (European Youth Forum, 2014). It is however a voluntary charter, requiring the sign up of those employers offering internships, rather than an official charter mandated by Parliament.

In France, new legislation has provided more guarantees for interns. For details, see Box 18 below.

Box 18: Good practice example: internships and the ‘Cherpion’ Law in France

The ‘Cherpion’ Law of 28 July 2011 strengthened the legal framework regulating internships in France. This law necessitates: the signing of a tripartite contract (between employer, intern and the educational establishment); limits the duration of internships; establishes a requirement for a break between two interns in the same role; stipulates a monthly payment; provides a compulsory right for the works councils to be informed every quarter of the number of interns; their employment conditions and tasks undertaken; and sets rules on probationary periods for subsequent employment.

However, the use of internships raises concerns in France (Nativel, 2011):

- Ñ In some cases, permanent or fixed-term employment contracts are being replaced by internships, which can be considered as disguised employment offers.
- Ñ Employers do not pay any social security contributions for retirement or sick leave of internships.
- Ñ Many internships do not provide any real education or training. They are sometimes asked to perform menial tasks (photocopying, making coffee, collecting laundry, etc) with no relation with the occupation they seeking to do; or, conversely, being expected to do real work without adequate supervision or training.
- Ñ Interns may be lured by false hopes that the experience will lead to employment, with decent pay and conditions, when in fact few are successful.
- Ñ Internships may lead to direct or indirect costs for the young.

In 2005, a social movement known as Precarious Generation (Génération précaire) was created to bring these abusive practices into the public arena via demonstrations in offices of abusive employers in France. These young people wear white masks as a symbol of their identity being stolen and to show that they have come to form a silent reserve army of labour (Nativel, 2011).

Success factors and lessons learned

Cooperation and coordination between employers, the education system and individual interns; legislative backup and support; involvement of the works council in order to provide monitoring and support. Danger of replacing permanent or fixed-term employment; lack of social security coverage; danger of a lack of education and training; risk of becoming trapped in a cycle of internships.

Source: French case study

#### **f. Undeclared work**

Undeclared work is an issue in many Member States, and most national governments are aware of this as a policy issue. In Lithuania, the government has made the fight against undeclared work a priority. See Box 19 below.

## Box 19: Good practice example: tackling undeclared work in Lithuania

The Lithuanian Government has focused additional effort on fighting the shadow economy, including undeclared work, in recent years. For example, in 2009 the State Labour Inspectorate started a new approach to tackling undeclared work by placing greater emphasis on business consulting, public information and awareness raising. The new approach led to an increased number of alerts about undeclared employment as 2,400 people reported incidents of undeclared work anonymously in 2011 (Blažien, 2013). In addition, according to the representative from the Ministry of Social Security and Labour, several different state institutions (State Labour Inspectorate, Customs and State Tax Inspectorate) started to coordinate their work, which helped to increase undeclared work prevention and detection. Finally, in 2011 mobile standing groups on undeclared work, consisting of State Labour Inspectorate inspectors, were established in the five largest Lithuanian cities. They can launch an inspection in a specific company if they receive an alert on undeclared work.

In addition, the Act on Provision of Services in Agriculture and Forestry using the Service Voucher was passed in 2013. Voucher work is a special case in Lithuania as this type of employment falls under civil law rather than labour law. As a result, voucher workers do not lose their unemployment status and related unemployment benefits, but are covered by health insurance (payable by the employer). The introduction of the voucher system is regarded as a good example of flexible labour relations in Lithuania, despite the fact that voucher work remains a relatively precarious form of employment. According to the representative of the Ministry of Social Security and Labour, vouchers helped to reduce undeclared work in agriculture work significantly. A study by Eurofound found that 22 905 people were hired under the voucher scheme in 2013. Furthermore, 838 permanent jobs were created as some people, who worked under the voucher system, were later employed in regular full-time employment (Eurofound, 2015b).

## Success factors and lessons learned

Targeted sectoral approach; targeted regional approach; deployment of labour inspectors; awareness-raising.

Source: Lithuanian case study

## 5.4.3. National social partner initiatives focus on national issues of concern

The social partners at national level have been active in trying to improve the situation of individuals employed on contracts that are deemed to have a risk of precariousness. Keune (2013) examines trade union strategies in seven EU countries (Denmark, Germany, Spain, Italy, the Netherlands, Slovakia and the UK), aimed at countering precarious employment. He notes that despite the fact that trade unions are often held to be representatives of labour market insiders rather than outsiders, he found that in the countries studied, they had all developed a range of initiatives designed to curb the rising trend of precarious work and improve the working conditions of those engaged in precarious work. These initiatives include collective bargaining, exerting an influence on national policies and legislation through social dialogue or campaigning, litigation, organising precarious workers and organising campaigns to influence public opinion. The balance between these activities depends on the national labour market situation, industrial relations institutions and the resources available to trade unions. For example, he notes that Danish unions have a strong bargaining position, whereas those in Slovakia do not and are therefore more dependent on attempts to influence government policy and legislative reform.

As noted above, the social partners have different strategies and priorities, depending on their national situation and the types of work that are deemed to present the greatest risk

of precariousness in their country. Issues that have received attention recently include internships: in France, for example, where new legislation has been enacted, the social partners have been active in setting up lobby groups and encouraging debate to curb abusive internships. In the UK, trade unions have also been focusing on the fair treatment of interns.

Temporary agency work has also been the focus for social partners in some countries: in the Netherlands, trade unions have been active in trying to counter abuses in the temporary agency work sector. In Germany, the regulation of temporary agency work has also been a focus for trade unions.

The French social partners have also been active in taking a wider view, for example focus on portability of social rights across a worker's entire career.

On a sectoral basis, in the Netherlands, the trade unions have been active in trying to curb 'bogus' self-employment in the postal sector, while in Spain, the sectoral focus has been on industrial cleaning, care, construction and tourism.

In Spain, the role of the social partners and of collective bargaining has been given more flexibility as a result of recent labour market reforms. However, it is reported that the effects of this reform on boosting employment have not been as profound as hoped. For details, see Box 20.

#### Box 20 Good practice example: labour law reform in Spain

The Spanish government adopted Law 3/2012 on urgent measures to reform the labour market in July 2012. This reform included a broad set of changes to labour market institutions, including a trend to centralisation of the collective bargaining system and profound reforms of dismissal costs and procedures.

These reforms had one general objective and a number of particular goals. The main goal was to reduce the unemployment rate. Other objectives were to reform employment protection legislation and the collective bargaining system. In particular:

- Ñ To reduce the high rate of fixed-term employment and subsequently reduce the pronounced segmentation of the Spanish labour market;
- Ñ To improve employment security by reducing the number of employees trapped in a long chain of successive temporary jobs.
- Ñ To increase internal flexibility, to allow employers to quickly adapt to new economic circumstances.

Royal Decree-Law 3/2012 profoundly reformed the system of collective bargaining in Spain. A main aim of the reform was the decentralisation of that system whereby most collective agreements are signed at a sectoral level and only around 10 % of workers are covered by company agreements. The 2012 reform changed the priority rules on collective agreements and established that firm-level agreements should prevail in a broad set of areas (basic wage, supplements, remuneration of overtime and distribution of working hours). The new legislation also increased companies' internal flexibility by widening the possibilities for deviation by company agreements from the terms and conditions contained in the higher-level applicable agreements. Further, the reform allowed the employer to make unilateral changes, in adverse economic situations, to working conditions, including wages and working hours, exceeding the minimum levels established in the collective agreement, without the need for an agreement with workers' representatives.

However, evaluations show that these reforms have not been entirely successful. Firstly, labour market data show that two years after the adoption of the reforms, fixed-term

employment is still used to a large extent as a substitute for internal flexibility. Secondly, internal flexibility hinges to a large extent on the interpretation of the economic, organisational, and technological causes for adjustment of working conditions. The interpretation of the causes is the realm of labour courts which has interpreted the managerial justifications for adjustment very restrictively. According to economists and labour lawyers, this very protective reaction from the courts is limiting the full application of internal flexibility measures. However, the unions consider that the moderate rulings of the social Courts in some cases are just trying to correct the imbalances created by the labour law reforms.

Finally, the reform established a maximum limit of one year for the effectiveness of an agreement after its termination, eliminating the rule of maintenance of the fundamental clauses of the agreement until a new one is reached.

#### Success factors and lessons learned

Legal underpinning; incentives to employers; flexibility in the collective agreement landscape and involvement of employee representatives. However, some issues remain about the interpretation of the law.

Source: Spanish case study

Table 36 below sets out selected social partner actions designed to reduce the risk of precariousness, based on the case studies undertaken for this research.

Box 21 and Box 22 show social partner cooperation in France and Spain, aimed at reducing the risk of precariousness in the labour market overall.

Box 23 gives the main success factors for tackling risk of precariousness, based on the good practice examples. These centre on issues such as proper targeting, the involvement of the social partners and other relevant bodies, proper legal underpinning, and low administrative costs for employers.

Table 36: Selected national social partner actions to reduce risk of precariousness

Country	Sector	Type of contract	Type of initiative
France	National	All	Transferability and/or portability of social rights along life course trajectories.
France	National	Internships	Lobby groups and public debate against the proliferation of internships
Lithuania	National	Labour legislation	Tripartite Council
Lithuania	National	Posted workers	Trade union project aimed at disseminating information about the rights of posted workers, in cooperation with partners from the Baltic region in 2015
Netherlands	Postal	'Bogus' self-employment	Trade union campaign against subcontracting and 'bogus' self-employment in 2013
Netherlands	National	Decent work	Trade union campaign to promote decent work
Netherlands	National	Temporary agency work	Trade union campaigns to counter abuses in the temporary agency work sector
United Kingdom	National	Internships	The TUC and the National Union of Students campaign jointly for the fair treatment of interns
Poland	National	Labour legislation	Tripartite social dialogue council
Germany	National	Temporary agency work	Trade union campaign to re-regulate temporary agency work and contracts for work and labour
Germany	Sectoral	Temporary agency work	Agreements on sectoral surcharges closing pay gaps between agency workers and regular staff in many cases to a large extent
Spain	Industrial cleaning and care sectors	All contracts	Joint mechanisms for workers to certify skills acquired and obtain professional certificates
Spain	Construction and tourism sectors	Discontinuous permanent contracts	Initiative aimed at improving the protection of seasonal workers by regulating discontinuous permanent contracts

Source: Country case studies.

Box 21: The 2013 national interprofessional agreement on competitiveness and securisation of employment in France

This agreement was signed by the three employer organisations (MEDEF, UPA and CGPME) and two of the three main trade unions (CFE-CGT, CFDT and CFTC). It contains several measures aimed at creating an equilibrium between increased flexibility and high protective standards.

It contains measures to secure the professional life spans of workers such as:

- Ñ making unemployment benefits 'rechargeable' for workers that alternate periods of employment with unemployment;
- Ñ creating a personal 'training' credit that follows the waged worker along their professional life span;
- Ñ augmenting the employer's social security contribution for fixed term contracts of less than one month up to 7 % (with numerous exceptions such as e.g. temporary replacement, seasonal work, etc.);
- Ñ generalising access to complementary collective insurance to all waged workers, irrespective of the industry or company size they work in. This came into effect from 1 January 2016.
- Ñ The agreement also contains measures to increase the flexibility of employment and respond to abrupt changes in the economy, such as:
  - Ñ the so-called 'agreements on competitive work' which make it possible for the employer to reduce the hourly cost of work by negotiating with employees on the volume of working hours
  - Ñ the right to use systems of economical dismissal and install social plans from ten economic discharges in thirty days
  - Ñ providing in the possibility of internal mobility for employees
  - Ñ decreasing the risks of being prosecuted by employees in case of economic dismissal.

Source: French case study.

Box 22: The role of Spanish collective bargaining after the labour market reforms

Bipartite social dialogue has made a significant contribution to enhancing the regulatory role of collective bargaining, and more specifically, introducing clauses improving employment security and reducing precariousness. In the sectors of industrial cleaning, temporary agency work, hospitals and care, and construction clauses have been introduced in national-sector collective agreements in line with recommendations laid down in peak inter-confederal agreements for collective bargaining signed since 1997.

Overall, the recent labour market reforms in Spain have had a significant impact on industrial relations and social dialogue. The most important direct effect refers to the capacity of collective bargaining to provide additional protection to workers. The 2012 reform introduced two main elements that limited this role. First, the capacity of the employer to unilaterally modify working conditions of employees as laid out in the collective agreement, as seen in the remarkable increase in the unilateral non-application of collective agreements. Secondly, the non-extension of collective agreements upon expiry



also implies that many workers might not be covered by collective bargaining, and their working conditions will then be regulated by the legal minima established in the Workers' Statute. A report by the tripartite National Advisory Board on Collective Bargaining (CCNC, 2014) showed how there is a diversity of mechanisms used by employers and workers' representatives to negotiate the temporary extension of the collective agreement upon expiry whilst engaging into the negotiation of a new one. Thus there is a commitment by employers and trade unions, especially at sectoral level, to use collective bargaining in order to alleviate some of the most disrupting effects of the non-extension of collective agreements.

Source: Spanish case study.

#### Box 23: Summary of success factors and criteria for good practice

Strong legal underpinning

Involvement of the social partners

Tripartite cooperation in implementation

Cooperation with relevant bodies, such as education and training establishments

Involvement of works councils or trade unions at the workplace

Balancing flexibility and security

Sectoral focus

Targeted initiatives

Low administrative burden for employers

Enforcement by the labour inspectorate

Awareness-raising campaigns

Source: national good practice examples.

#### 5.4.4. The way forward for policy

Finally, Member States come together regularly to discuss issues related to precarious work, within a range of formats. For example, an expert workshop was held under the Mutual Learning Programme in Ljubljana in November 2015, at which strategies and policy lessons on labour market segmentation were discussed. The workshop also discussed the effectiveness of reforms to employment protection legislation, active labour market policies and benefits entitlement. Among its conclusions it noted that there is strong evidence that job insecurity and temporary contracts depress workers' health and wellbeing. It noted that there should be a focus on facilitating the transition from temporary to permanent employment and restricting the abusive use of temporary contracts. It also noted that in some countries, reforms aimed at reducing labour market segmentation have involved social dialogue aimed at developing internal flexibility.

A variety of policy pointers were agreed, under the broad headings of balancing flexibility and job security, promoting internal flexibility, supporting young people and supporting older workers. For more details, see the table below.

Table 37: Policy lessons on labour market segmentation from the Mutual Learning Programme expert workshop in Ljubljana, November 2015

Striking the right balance between flexibility and job security	Promoting internal flexibility	Measures to support young people	Measures to support older workers
Raise social security contributions on temporary contracts and reduce dismissal costs in permanent employment relationships	Develop internal flexibility tools alongside reforms promoting external flexibility to help firms adjust to changing economic circumstances	Develop activation measures for NEETs as well as financial incentives for employers to train and employ young people	Reform state pensions by extending retirement age and rewarding financially older workers who stay longer in employment
Restrict the use of successive temporary contracts and incentivise employers to employ temporary workers on a permanent basis	Intensify social dialogue activities to improve the employability of workers through support for lifelong learning and effective labour mediation.	Establish partnerships between PES, employers, educational institutions as well as youth organisations to address NEETs and to develop preventative measures for at-risk youths.	Develop alternative and flexible work arrangements suited to the needs of both employers and older workers, including pensioners going back to work
Extend unemployment benefit coverage with activation programmes and better job matching services	Modernise collective bargaining in line with companies' needs to promote internal flexibility as an alternative to dismissal.	Coordinate employment policy with education and training policy to maximise returns on investments in skills for the future	Address negative perceptions of older workers by promoting age management in HR and management practices
Implement effective and efficient enforcement mechanisms to tackle unlawful employment relationships focused on 'problem sectors' and EU-wide data sharing.		Develop programmes to enhance the employability of older jobseekers with the involvement of PES, employers and social partners	

Source: Expert workshop report on the Mutual Learning Programme expert workshop on measures to address labour market segmentation, 9 November 2015, Ljubljana.

## 6. CONCLUSIONS

### Defining precarious work

In this study, we have worked with the concept of risk of precariousness, working on the basis of two axes: employment relations and individual risk of precariousness. On the employment relations axis, we have examined a range of different types of contractual arrangements. On the individual risk axis, we have mapped this against in-work poverty and low pay, social security, labour rights, stress and health, career development and training, and low levels of collective rights. Based on our analyses, we would argue that all employment relationships are at some risk of precariousness. However, the level of risk varies. In the case of standard, open-ended contracts and voluntary part-time work, for example, we would argue that the risk is relatively low. In the case of fixed-term work and self-employment, for example, the risk is at more of a medium level, whereas in the case of zero hours contracts, some types of posted work, marginal part-time work and some forms of temporary agency and other temporary work, the risk is higher. Individuals working in an informal or undeclared manner are at the highest risk of precariousness. As we have seen, much depends on the situation of the individual and the type of risk to which they are exposed. We would argue that the risk of in-work poverty (although this is not solely dependent on the income of the individual, but linked to other household factors), lack of social security coverage and lack of access to labour rights are the most serious risks for individuals.

### Standard contracts have a low risk of precariousness

Standard work (open-ended, full-time employment) remains the dominant form of work, accounting for over half of total employment in the EU. However, the share of standard work has fallen in the EU over the past decade, in favour of an increase in more flexible forms of work. Standard forms of work are at a lower risk of precariousness, due to their full-time and open-ended nature. However, they are associated with some risks in terms of low pay, in-work poverty, and poor working conditions in some sectors and occupations. It should be noted, however, that in-work poverty is, however, the result of multiple factors in addition to low earnings.

Some sectors and occupations also exhibit low levels of job quality, increasing the risk of low pay, but also leading to other low quality elements, such as lack of control over job content, lack of autonomy and prospects, low variation of tasks and lack of employee voice. Standard contracts may also be in a workplace that has no trade union representation and therefore individuals will not have access to collective advice, support and guidance, including information on their employment rights. Some standard contracts may also involve irregular working patterns, which can increase the risk of precariousness.

Risk of precariousness also varies by country, with our data showing that the risks of precariousness associated with standard contracts are low pay in Hungary, job security in Lithuania and health in Latvia.

### Marginal and involuntary part-time work at greatest risk of precariousness

Part-time work accounts for around 7 % of employment in the EU although the figure varies considerably between EU Member States. Part-time working is highly gendered and concentrated in female-dominated sectors and occupations such as education, health and care. Marginal part-time work (fewer than 20 hours a week) is increasing, due to increased female workforce participation and specific regulation initiatives, such as the Minijob in Germany. Part-time work can afford significant levels of flexibility and work-life balance opportunities to individuals and act as a way of increasing the female labour market

participation rate. However, part-time work can be at risk of being lower quality than full-time work, with less opportunity for career progression. Some studies also show that part-time working can be correlated with worse overall health. The overall working conditions of part-time employees who have an unlimited contract seem not to be that different from those of full-time workers, but marginal part-time employment is marked by lower levels of job security, fewer career opportunities, less training investment by the employers, a higher share of low pay and in some countries less satisfaction with payment. Involuntary part-time working applies to one out of four part-term employees in Europe. These workers are at greater risk of precariousness due to lower than desired income levels.

### Self-employment is characterised by certain risks, but also autonomy

Self-employment without employees (ie freelancers) is just above 10 % and is stable. Self-employment with at least one employee accounts for 4 % of total employment in Europe. Freelancers on the whole are at a greater risk of precariousness than self-employed people with employees. A further important distinction to make is between those who choose self-employment and those who have not, with the latter often working as 'bogus' self-employed workers.

Freelancers are at greater risk than self-employed people with employees of low pay and in-work poverty, inadequate social security coverage, lack of access to career development and training and risks associated with stress and health issues.

'Bogus' self-employment carries a high risk of precariousness, largely in terms of lack of access to employment rights and lack of access to social security benefits. Women are more vulnerable to 'bogus' self-employment than men. 'Bogus' self-employed workers have the lowest incomes and the greatest household financial difficulty of any category of worker.

### Fixed-term contracts can be stepping stones, but also imply certain risks

Temporary forms of work are traditionally seen as at greater risk of precariousness, largely due to their time-limited nature. Temporary work includes fixed-term contracts, temporary agency work, postings, internships, seasonal and casual work, and job-sharing. Overall, temporary forms of work grew by 25 % in the EU27 between 2001 and 2012, compared with 7 % in the case of open-ended employment. Eurofound finds that workers in temporary forms of employment earn 6 % less than those in open-ended employment relationships. Lower wages for temporary employees are due to both pay differentials within and between companies, supporting the dual market theory stating that temporary employees are more likely to work in companies paying relatively lower wages.

There is mixed evidence on transitions from temporary to open-ended work. Studies find that transitions depend on a number of factors, including the individuals concerned. Immigrants, for example, tend to benefit in particular from the stepping stone effect. According to data from EWCS 2010 and our own calculations, perceptions of job security of temporary workers are far below those for other workers, due to the time limitation of their contracts. Half of all those working on temporary forms of contracts would prefer a permanent contract. In the case specifically of fixed-term contracts, this accounts for around 7 % of total employment in Europe, and this figure is stable.

Fixed-term work is at risk of lower pay than open-ended work and a lack of access to employment rights: the majority of workers' rights and protection in the EU have been built around standard contracts. In terms of the health of workers on fixed-term contracts, the evidence is mixed. There is also a mixed picture concerning how far

fixed-term work can provide a stepping-stone into more permanent forms of employment. A strong correlation persists between temporary, non-standard employment contracts and low skilled work, with those working in low skills jobs less likely to benefit from training opportunities.

### Temporary agency work, outsourcing and posting are particularly flexible types of work but can carry risks of precariousness

Temporary agency work is a high-profile form of employment, but overall plays a minor role in all European countries, accounting for an average of 1.5 % of total employment. A common feature of temporary agency work is that it often relies on particular labour market groups, such as young workers, and especially for jobs with low training costs. There is evidence of a lack of trade union organisation for agency workers. Research also suggests that agency workers may have limited knowledge of their rights or the means to apply them. There is also a risk of precariousness in terms of earnings for temporary agency workers if they receive lower wages than comparable workers in the user firm in order to balance the fees paid to the temporary employment agency.

There is some evidence that temporary agency work can potentially act as the first step for many unemployed individuals making their way back into the labour market and on to permanent work, in some circumstances.

Outsourced work also carries a risk of precariousness. It is most commonly found in cleaning and construction, and there is also considerable overlap with temporary agency work, as outsourced functions are often carried out by workers hired by temporary employment agencies, although other types of employment relationship are possible. There is also an increasing prevalence for services and ICT to be outsourced for cost reasons. Subcontracted and outsourced workers can be vulnerable in terms of payment of wages, contracting issues and employment rights. There are also issues around long cross-border subcontracting chains and the effect that this can have on individual workers, particularly in sectors such as construction.

The position of posted workers in the labour market is particular, as they find themselves between the regulatory framework of the host country and that of the country they habitually work in. Although there has been a lot of regulatory focus on posted workers at EU level in recent years, some posted workers are open to abuse if employers circumvent EU and national legislation. Posted work is concentrated in certain occupations and sectors, such as construction. Posted workers are also often in a vulnerable situation due to language barriers, social isolation and lack of information on their rights.

There is a link between posted work and 'bogus' self-employment. Further, legal loopholes have resulted in the creation of letter box companies in order to evade tax and social security. Posted workers are potentially at risk of precariousness if they are posted by employers who are making use of legal loopholes, which may result in lower levels of pay and disadvantageous terms and conditions.

### Other forms of flexible work exhibit specific features of precariousness

Zero hours contracts are only found in some EU Member States and the highest prevalence is in the UK and Austria (about 5 % of the workforce). Zero hours contracts have no guaranteed minimum hours of work. Although zero hours contracts usually stipulate that zero hours workers are entitled to decline work, in practice individuals often feel pressurised to accept any work they are offered. A key concern over zero hours contracts in the UK has arisen as employees working on such contracts are not entitled to the same employment rights as those with more traditional contracts.

Internships are increasingly becoming an important route of entry to many professions; however, there is evidence that opportunities are often not advertised and are often secured using personal contacts or networking, which creates major disadvantages for those who do not have access to these points of entry. Internships are often unpaid, leading to income precariousness. Even where internships are remunerated, payment is typically much lower than the minimum wage of the country. There are also risks associated with internships in terms of the quality of the placements and the danger of young people getting trapped in lengthy cycles of unpaid internships. Due to the low cost of interns, some employers are reported to use unpaid interns in place of paid, permanent employees.

Informal or undeclared work carries a high risk of precariousness, due to its informal nature. It is difficult to quantify, as it is almost wholly undocumented, although Eurobarometer finds that that 4 % of people had carried out undeclared work in the preceding 12 months. Undeclared work is often associated with precarity due to the fact that workers do not pay into tax and social security funds and are therefore not eligible for coverage by social security systems, resulting in a lack of entitlement to benefits and pensions.

New forms of work, such as crowd employment and work arising from digitalisation, are increasing. Data on these types of work is lacking, but there is thought to be a risk of precariousness through lack of access to labour rights, lack of social security coverage and involuntary self-employment.

### What drives precarious work?

The main drivers of precariousness include the recent financial crisis: austerity measures in many Member States, and particularly the programme countries, have had an effect on job security and have also meant that labour inspection has been scaled back, thus allowing more abuses to go undetected.

The institutional framework, both at EU and at Member State level, can exert an influence on risk of precariousness. This includes factors such as the presence or absence of a statutory national minimum wage, which can affect income levels and in-work poverty, in conjunction with the interaction of tax and social welfare systems. Other factors include active labour market policies and the presence or absence of collective bargaining systems. Regulation is a large part of this: there has been much debate about degree of regulation of labour markets and the effect that this has on employment and quality of employment. Typically, Anglo-Saxon-style labour market regulation, which rests on a model of flexibility, higher levels of employment and a degree of in-work poverty, differs from continental European models of tighter labour market regulation and employment protection. Deregulation of continental European labour markets in order to decrease unemployment has been effective, although evidence suggests that this has created an insider/outsider labour market consisting of different levels of employment protection. Deregulation has had a particular effect on increasing risk of precariousness in certain sectors, such as road transport, postal services and air transport. Flexicurity can be a way of helping to manage the risk of labour market precariousness. The usual example of flexicurity is Denmark, which combines a lightly regulated labour market in terms of dismissal protection, with high welfare payments and lifelong learning, thus ensuring that there is movement in the labour market and workers, once out of a job, can find another relatively easily. This is in contrast to the insider/outsider model, which tends to be characterised by relatively high levels of employment that are at a higher risk of precariousness. However, it should be noted that Denmark has also recently seen a sharp rise in the number of fixed-term contracts, according to our case study research.



Digitalisation can have an impact on the risk of precariousness in some sectors. Recent additions to the labour market are the minicab organisation Uber and the accommodation sector organisation Airbnb, both of which operate through the use of technology. While a small part of the European economy, there has nevertheless been debate about the impact of this way of working on the working conditions of their workers, and debate around whether, in the case of Uber, drivers should be considered to be employees.

### The EU has already implemented a comprehensive package of regulation on non-standard contracts

The European Union has a strong framework of Directives and other policy initiatives that are designed to offer protection to those that are at risk of precariousness in their work. The legal framework, in the form of Directives, has been assessed to be effective on the whole, although work is current being carried out in the area of protecting posted workers. Member States have largely implemented the EU framework satisfactorily. There are nevertheless some concerns about the effectiveness of the working time Directive, the temporary agency work Directive and the posted workers Directive.

Further, as there has been significant growth in a wide range of non-standard forms of employment relationship in recent years, commentators and policymakers are aware that some Europe's workers are now excluded from welfare benefits and/or employment protections. In order to address this, the European Commission published a Green Paper in 2006 looking at how to modernise labour law to meet the challenges of the 21<sup>st</sup> century.

The EU social partners interviewed for this study were broadly happy with the framework of EU legislation as it stands, with the trade union representative highlighting the fixed-term work Directive as particularly effective and employers maintaining that implementation at national level rather than more EU-level legislation should be the focus.

### Remaining challenges for EU policy

The EU has been active in its attempts to reduce the risk of precariousness in different forms of employment relationship. It has a strong and functioning legal framework, which has been implemented in Member States. However, a number of challenges remain, which are further explored in our policy recommendations below. These centre on ensuring the right approach to the regulation of temporary and permanent contracts in the EU and the regulation of temporary agency work and fixed-term contracts.

Undeclared work and 'bogus' self-employment are ongoing challenges for the EU and efforts need to be made to curb these practices, particularly in some sectors that are experiencing severe competition on grounds of cost.

Overall, there needs to be a balance between factors such as flexibility and security, in order to ensure that labour markets and employers can respond flexibly to shifts and demand and circumstances. Further, there needs to be a balance between freedom of movement, freedom to provide services and protection of workers, again to ensure that businesses can respond flexibly to circumstances, while providing workers with the adequate employment protection.

### Research gaps

This study has aimed to give a comprehensive overview of precarious employment, and its patterns, trends and policy strategies in Europe. We have worked on the basis of available data and literature that relates to a range of types of contract, including standard contracts and an assortment of the contracts deemed to be atypical. In some cases, there is insufficient data to map with accuracy the extent of particular types of contracting. This is the case with informal and undeclared work, which by its very nature is difficult to



document. Further, in the case of the newer forms of employment, including digitally-driven forms of working, there is as yet insufficient data available to be able to draw a full and accurate picture, in addition to the fact that these forms of working are changing at a fast pace. More targeted research into these emerging forms of work would be valuable.

#### 6.1. Policy recommendations from this study: A balanced regulatory approach

Based on the findings of this study, we can offer the following recommendations.

Firstly, more effort needs to be made to find ways of reconciling employment security and job quality with flexibility needs in a dynamic labour market that is also characterised by highly different individual and/or sectoral requirements in terms of the availability of flexible jobs.

There needs to be a balanced approach to regulation, avoiding extreme regulatory dualism between standard and non-standard contracts. Within this:

- Mobility towards open-ended contracts should be encouraged.
- Job quality in non-standard jobs should be ensured or improved, but without destroying entry opportunities. For example, some minimum standards should apply to all jobs, in areas such as social protection, minimum wage levels and access to training and development.

These issues have already been addressed to some extent by EU and national regulation. However, a number of unresolved issues remain.

1. There is a divide between temporary and permanent contracts in many EU Member States. If employment protection for open-ended contracts is eased, it may be helpful to think about alternatives to hiring and firing, such as greater levels of flexibility in working time and wages.
2. There may also be a case to look again at regulation of temporary agency work and fixed-term contracts. For example, introducing a risk premium for workers, paid by employers, for workers on fixed-term and temporary agency contracts.
3. There remain issues concerning the circumvention of labour legislation and standards that are applicable to dependent work, in particular using freelance work/self-employment. One way to tackle this would be to improve social insurance coverage in order to reduce the cost advantages of 'bogus' self-employment.
4. In order to combat marginal part-time work and encourage an increase in working hours for those that want to work more, incentives to work longer hours need to be put into place. These could include the abolition of thresholds for entitlement to certain employment rights and full social security coverage. This could also contribute to combating in-work poverty by expanding work intensity in households.

Social dialogue, in those countries where this is active, can help with many of these issues, in particular if operating within legislative requirements from which sectoral deviations are permitted, based on collective agreements. This in turn will give the social partners an incentive to organise.

Further, given the proliferation of potentially precarious forms of employment, it will be necessary for Member States to think about how welfare systems can support individuals who, as a result of having worked in precarious forms of employment, do not have adequate social security and pensions coverage. Given that non-standard forms of employment may become the norm in the future, policymakers at European and national level will need to rethink social protection provision in order to avoid poverty traps, in particular with regards to pensions.

The spread of digitally-driven forms of employment merits further investigation, in particular in terms of the employment status and working conditions of the involved workers. This is a fast-moving area and legislation is therefore not keeping pace.

For some recommendations of possible measures to address risk of precariousness by employment relationship type, see Table 38 below.

Table 38: Possible measures to address risk of precariousness by employment relationship type

Employment relationship	Risk of precariousness	Possible measures to address risk of precariousness
Open-ended permanent contracts	Low	Policy focus on sectors and occupations that are at risk of multiple disadvantage, particularly in terms of being at risk of low pay and in-work poverty.
Part-time work	Low	Encourage employers to ensure that part-time workers are offered the same training and development opportunities as full-time workers and that working conditions are not disadvantaged.
Marginal and involuntary part-time work	Medium	Labour market policy should encourage the transition from involuntary part-time work to full-time work. Policy focus should be on benefit coverage and pay thresholds in the case of marginal part-time work.
Fixed-term work	Medium	Policy focus should be on ensuring equal treatment in the workplace and preventing abuses. Transitions into open-ended contracts should also be encouraged.
Self-employment	Medium	Labour market inspection measures should be targeted at curbing bogus self-employment, possibly focusing on specific sectors where there is a greater prevalence of this.
Temporary agency work	Medium/high	Collective bargaining provides good protection for temporary agency workers in some countries. In countries without this, governments should work with agencies and employers to ensure that the temporary agency work Directive is implemented correctly and that the transition to permanent employment is encouraged.
Posted work	Medium/high	Labour market inspection measures should focus on uncovering abuse of vulnerable workers, targeting key sectors. Policy focus should also ensure that the Posted Workers Enforcement Directive is

Employment relationship	Risk of precariousness	Possible measures to address risk of precariousness
		implemented at national level.
Zero hours contracts	High	In those countries where these contracts are permitted, policy focus should ensure that there is adequate protection for these workers, which may include a minimum hours floor.
Informal or undeclared work	High	Labour market inspection measures should target this type of work. Provision of information to individuals and incentives to formalise work, such as vouchers, may be effective.

## ANNEX: GOOD PRACTICES

Country	Germany
Practice	Sectoral collective agreements covering temporary workers
Type of employment relationship/group of workers	Temporary agency work
Aims	A new wave of sectoral agreements aims to improve the working conditions of agency workers, in sectors such as chemicals and metalworking.
Details	The agreements ensure earnings supplements in order to close the wage gap between agency workers and comparable staff in the user sector in a step-wise manner, depending on the duration of the assignment. In the metal working sector there is also a collective agreement that entitles agency workers to receive an offer for direct employment by the user firm after an assignment period of 24 months.
Impact	These agreements are deemed to have made agency work less precarious in sectors and firms with strong trade unions. Source: German case study
Policy reforms – lessons learned	Success factors: strong system of sectoral collective bargaining; strong tradition of social partner cooperation.
Country	Belgium
Practice	Service vouchers
Type of employment relationship/group of workers	Voucher work
Aims	The aim of this scheme is to create new jobs, particularly for low-skilled workers; to provide an incentive to move from undeclared work to a regular job in economic sectors where undeclared work is common; to offer certain categories of unemployed persons the opportunity to move towards a regular employee status; and to improve the work-life balance of service users by making it easier to outsource domestic work.
Details	The service voucher is a wage cost subsidy for labour-intensive, low-skilled domestic work. All Belgian residents can buy service vouchers in order to purchase domestic help, ranging from housecleaning, laundry and ironing, to sewing, meal preparation, and transport for less mobile people. The activities paid with service vouchers are carried out by employees working for a company that is recognised as a service voucher company. The cost of the voucher is partially tax-deductible.

Impact	Evaluations have shown that this has been a very successful policy. The initial job creation targets were exceeded. Although some issues and challenges remain, this scheme has had success in at least partially achieving all its set objectives.
Policy reforms – lessons learned	<p>Success factors: targeted scheme; cooperation between employers and the social security system.</p> <p>Lessons learned: Problems with deadweight effect, people becoming trapped in this form of work, and partial displacement of skilled workers in the regular labour market.</p>
Country	Lithuania
Practice	Act on Provision of Services in Agriculture and Forestry using the Service Voucher
Type of employment relationship/group of workers	Voucher work
Aims	To help regulate the shadow economy in agriculture and forestry
Details	Under voucher work, employment falls under civil law rather than labour law. As a result, voucher workers do not lose their unemployment status and related unemployment benefits, but are covered by health insurance (payable by the employer).
Impact	<p>The introduction of the voucher system is regarded as a good example of flexible labour relations in Lithuania, despite the fact that voucher work remains a relatively precarious form of employment. According to the representative of the Ministry of Social Security and Labour, vouchers helped to reduce undeclared work in agriculture work significantly. A study by Eurofound found that 22,905 people were hired under the voucher scheme in 2013. Further, 838 permanent jobs were created as some people, who worked under the voucher system, were later employed in regular full-time employment (Eurofound, 2015b).</p> <p>Source: Lithuanian case study</p>
Policy reforms – lessons learned	Success factors: targeted sectoral initiative; coordinated approach between the employer and the social security system.
Country	Netherlands
Practice	Act on combatting spurious labour contracts (Wet Aanpak Schijnconstructies, 2015)
Type of employment relationship/group of workers	Informal or illegal work
Aims	To curb the use of contracts that evade minimum regulatory and collectively agreed standards

Details	This Act introduces provisions under which every link in labour contracting chains is responsible for payments according to law and collective bargaining, including the payment of taxes and social security contributions. The social partners in the temporary agency sector were fully involved in the formulation of this legislation.
Impact	It is as yet too early to evaluate the impact of this law. However, the legislation is reported to be helping the Dutch labour inspection to control and sanction employers or labour intermediates in unfair or illegal situations. The social partners in the temporary agency work and the labour inspection are working together to implement the legislation.  Source: Dutch case study
Policy reforms – lessons learned	Success factors: coordination and cooperation between the government and the social partners
Country	France
Practice	Creation of a specific status of auto-entrepreneur. Law of 4 August 2008.
Type of employment relationship/group of workers	Self-employment
Aims	To help people to set up their own businesses.
Details	Certain independent workers benefit from simplified tax returns and social security contributions, subject to a maximum turnover. The regime applies to natural persons who begin or are already pursuing, whether as principal or complementary activity, an individual commercial, trade, or professional activity. The system established by the law does not create a specific status, rather a regime for independent workers pursuing small-scale activities.
Impact	According to a study carried out by INSEE, three out of four auto-entrepreneurs would not have created their business without this new regime ((INSEE, 2012) in Insarauto et al, 2015). In terms of numbers of entrepreneurs, the success of the scheme is thus undisputable. However, there is no estimation of the number of 'abuses' or (bogus)-self-employed in this status.  Source: French case study
Policy reforms – lessons learned	Success factors: legal backing for and promotion of the new legal status.  Lessons learned: stricter controls need to be put into place to curb bogus self-employment.

Country	Spain
Practice	Young workers contract. Law 11/2013
Type of employment relationship/group of workers	Fixed-term contract/young workers
Aims	This is an atypical form of temporary contract, with the aim of encouraging SMEs and self-employed people to hire young people.
Details	Open to those under 30 who have less than three months' or no work experience. The employer pays reduced social security contributions.
Impact	No official evaluation. However, youth unemployment in Spain fell by 126,100 for those between 16 and 24 between the final quarters of 2014 and 2015 Source: Spanish case study
Policy reforms – lessons learned	Success factors: coordination between the social security system and employers.
Country	Denmark
Practice	Job Patrol (Jobpatruljen)
Type of employment relationship/group of workers	Young people
Aims	To help educate young workers about their employment rights
Details	The initiative monitors working conditions for young workers and tries to improve them wherever possible. It comprises visits to workplaces and interviews with young people.  It is a trade union initiative established by the Danish Confederation of Trade Unions and run by HK and the United Federation of Danish Workers (3F).
Impact	Keune (2013) notes that the working conditions of thousands of young workers have been improved by this initiative. <a href="http://www.jobpatruljen.dk/">http://www.jobpatruljen.dk/</a> Source: Danish case study
Policy reforms – lessons learned	Success factors: trade union backing and involvement; hands-on visits to the workplace; legitimacy with the labour inspectorate.



Country	Romania
Practice	START Internship programme
Type of employment relationship/group of workers	Internships
Aims	The main aim of the START Internship programme is to help young HE graduates improve their employability by bridging the gap between education and the practical demands of a workplace.
Details	The programme is based on a public–private partnership involving the Government, universities, student and employer associations, Chambers of Commerce, and multinationals.
Impact	<p>An evaluation of the programmes has shown that approx. 15 per cent of those participating are hired immediately after completion of the programme and that one in three participants finds a job after completing their studies.</p> <p>Source: Eurofound, 2012, European Commission, 2012a</p>
Policy reforms – lessons learned	Success factors: flexibility of the programme; buy-in of employers; good information on the scheme provided to employer; internships offered throughout the year.

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