The Perils of Precarity: The Impacts of Insecure Work on Individuals and Families in Industrial Societies

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Overview

➢ The Growth of Precarious Work
➢ Consequences of Precarious Work
   ➢ Job Insecurity
   ➢ Economic Insecurity
   ➢ Transition to Adulthood
   ➢ Family Formation
   ➢ Personal Well-Being
➢ Confronting Precarity: Policies and Prospects
Precarity

- An existence characterized by lack of predictability or security
- Social precarity: Social isolation and exclusion from institutions (used especially in Europe)
- Increasingly used to describe consequences of neoliberal policy & decline of 20th century social contracts
- Sources of precarity in 21st century
  - Terrorism, Wars and Political Conflict
  - Climate Change
  - Rapid Technological Change
  - Work
  - Etc.
- Precarity in Context (Industrial Societies, 21st Century, etc.)
In These Times, January 2014

“America the Anxious”, Newsweek August 2012
Precarious Work

- Work that is:
  - Insecure
  - Uncertain
  - Risks borne by workers
  - Limited income and benefits
  - Little potential for better jobs

- Examples:
  - Informal economy work
  - Temporary work
  - > Insecurity in “regular” jobs in the formal economy
Growth in Precarious Work: Evidence

- Increase in non-standard employment relations (temporary work, contracting)
- Growth in long-term unemployment
- Shift in risks from employers to employees (e.g., defined benefit → defined contribution plans)
- Increase in perceived job and employment insecurity
Polanyi’s “Double Movement”

- Flexibility
  - Market Mechanisms
  - Uncertainty

- Security
  - Social Contract
  - Relative Certainty

A New Social Contract???
Consequences of Precarious Work

- Family Formation
- Individual Well-Being
- Economic Insecurity
- Community Outcomes

Precarious Work

COUNTRY DIFFERENCES
Country Differences

- Social Insurance: Passive Labor Market Policies
- Active Labor Market Policies
- Social Assistance: Generosity of Social Welfare System (Degree of Decommodification)
- Degree of Employment Protections
- Education and Skills Acquisition
- Prominence of Male-Breadwinner, Female-Homemaker Model
- Cultural Factors (Family, Religion, etc.)
6 Countries

- Denmark
- Germany
- Japan
- Spain
- United Kingdom
- United States
<table>
<thead>
<tr>
<th>Labour Market Policies</th>
<th>Denmark</th>
<th>Germany</th>
<th>Japan</th>
<th>Spain</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active: % GDP Spent on retraining</td>
<td>0.5</td>
<td>0.27</td>
<td>0.04</td>
<td>0.17</td>
<td>0.03</td>
<td>0.05</td>
</tr>
<tr>
<td>Passive: % of GDP spent on unemployment insurance</td>
<td>1.65</td>
<td>1.89</td>
<td>0.38</td>
<td>1.39</td>
<td>0.18</td>
<td>0.24</td>
</tr>
<tr>
<td>Employment Protection</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Regular Workers</td>
<td>1.63</td>
<td>3</td>
<td>1.87</td>
<td>2.46</td>
<td>1.12</td>
<td>0.17</td>
</tr>
<tr>
<td>Temporary Workers</td>
<td>1.38</td>
<td>1.25</td>
<td>1</td>
<td>3.5</td>
<td>0.38</td>
<td>0.25</td>
</tr>
<tr>
<td>Collective Bargaining Coverage</td>
<td>83</td>
<td>63.5</td>
<td>16.58</td>
<td>88</td>
<td>34.9</td>
<td>13.7</td>
</tr>
<tr>
<td>Welfare State Typology (Esping-Andersen, revised)</td>
<td>Low to medium regulation, non-familialist, universal welfare state</td>
<td>Medium to high regulation, familialist, social insurance welfare state</td>
<td>Productivist, Medium to high regulation, familialist, social insurance welfare state</td>
<td>Medium to high regulation, familialist, social insurance welfare state</td>
<td>Low regulation, non-familialist, liberal welfare state</td>
<td>Low regulation, non-familialist, liberal welfare state</td>
</tr>
<tr>
<td>% GDP Spent on Social and Welfare Programs</td>
<td>23.8</td>
<td>25.56</td>
<td>21.38</td>
<td>24.35</td>
<td>22.75</td>
<td>20.31</td>
</tr>
<tr>
<td>Women’s LFPR (25-64)</td>
<td>77.86</td>
<td>71.18</td>
<td>63.91</td>
<td>61.5</td>
<td>70.92</td>
<td>71.63</td>
</tr>
</tbody>
</table>
% Temporary Employment, All Persons Aged 25-54

- Denmark
- Germany
- Japan
- Spain
- United Kingdom
- United States
- OECD

2012
Labor Market Policies and Job Insecurity

Source: Peter Auer (2006)

Coefficients are significant at 5% level; worried = percentage worried about the future of their company, unsure = percentage unsure of a job with their company even if they perform well. Note: job insecurity is the average percentage among worried and unsure people.

Source: OECD
Country Differences in Affective Job Insecurity and Unemployment Rates, 2005

% Who Worry "a Great Deal" and "to Some Extent" About Losing Their Jobs

Unemployment Rate
% Poverty, 2011
(Poverty Line = 50% of Median Income)
Transition to Adulthood

- Leaving School
- Starting a Full-Time Job
- Leaving the Home of Origin
- Getting Married
- Becoming a Parent for the First Time
Youth Unemployment, 2007-2012 (% of Youth LF, 15-24)
Figure 1: The share and number of non-regular workers. Note: The solid line indicates the proportion of non-regular workers the total employed workers. The dashed line indicates the number of non-regular workers. Sample covers 1984-2010.

Family Formation in Japan

- Paper on timing of marriage for young men and women, with Martin Piotrowski and Ron Rindfuss

- **Data**: 2000 and 2009 cross-sectional surveys collected using two-stage, national probability samples of men and women aged 20-49 (also, a 2000-2009 panel).
  - Use retrospective event history data to reconstruct individual life histories for anyone born between 1970 and 1973 (i.e., those aged 36-39 in 2009).

- **Analysis**: main analysis used a total of 4,924 and 5,485 person-years for men and women, respectively, contributed by 504 women and 462 men.
  - Use discrete-time event history analysis to model the determinants of the hazard of first marriage.
Figure 2. Predicted Probability of Marriage over Work-School Measures by Sex

Work-School Status
- Blue: No Work/School
- Red: Regular Work
- Green: Non-Regular Work
- Purple: School Enrollment

Note: Model also contains controls for school attainment, age, cohabitation, cohort, migration, and data wave.
N = 5,485 Males & 4,924 Females
Happiness Ladder Scores, 2010-2012
Relationship Between Life Satisfaction and Trust in Neighbors
(Source: World Database of Happiness, World Values Survey)
Precarity as Mismatch Between Structures and Expectations

- **Cultural lag**: changes in non-material culture (e.g., norms and attitudes toward family formation) do not keep up with changes in material culture (e.g., technology, availability of opportunities for work careers) (Ogburn 1922)

- “… when the changes happen faster than expectations and/or institutions can adjust, the transition can be cataclysmic” (Brynjolfsson and McAfee, 2011:49)

- **Reduce mismatch by**: changing structures and/or expectations
The march of protest

1848 Europe
1968 America & Europe
1989 Soviet Empire
2013 Everywhere

How bad is China’s credit crisis?
Shale shakes up Russia
A tech revolution in schools, at last
Why we need more property taxes
Of mice and Manet
Japan IMF

Occupy Wall Street

Indignados in Spain

Occupy Berlin

Occupy Denmark

Occupy London
% Trust in Government

% Who “Strongly Agree” or “Agree” with the Statement “Most of the time we can trust people in government to do what is right.” (Source: ISSP Citizenship Module, 2004)
A New Social Contract: Components

- **Basic Economic Security**
  - Social Insurance
  - Safety Net

- **Enhance Education and Skills**
  - Access
  - Retraining, Lifelong Learning

- **Stronger Worker Representation**
  - Unions/Worker Organizations
  - Labor Laws
Implementing A New Social Contract: Key Actors

- Role of **Government**
  - Manage Risk and Uncertainty
  - Create Safety Net
  - Set Market Standards
  - Investments in Infrastructure

- Role of **Business**
  - Good Jobs = Good Business

- Role of **Labor**
  - Worker voice
  - International Labor Standards
Flexicurity:
A “Win-Win” Strategy and Possible Model for a New Social Contract

- **Flexibility for employers**
  - Numerical
  - Wage (variable pay)
  - Functional

- **Employment Security for workers**
  - Unemployment insurance/income security
  - Active labor market policies (e.g., lifelong learning)
Forms of Flexicurity

**Denmark**
- Flexible labor markets (low job protection)
- Generous unemployment support
- Active LM policies aimed at skill improvement and retraining (“Learning Society”)

**Netherlands**
- Creation of atypical, flexible types of work (e.g., part-time, temporary)
- More social security and employment rights for non-standard workers
Implementing a New Social Contract: Obstacles

- Political, Economic, Social, Cultural, Psychological Obstacles
- Political Gridlock
- Current Economic Crisis:
  - Quantity vs. Quality of Jobs
- “Let Markets Do it”
- Distrust of Institutions
  - Government, Big Business, Big Labor
- General Opposition to Taxes
- Weak Labor Movement
Alternatives to Neoliberalism?

- Recognition of the Limits of Markets
- Shareholder Value $\rightarrow$ Stakeholder Model
- Social Democratic, Social Investment Welfare States: growth with inclusion