Precarious Employment in Europe


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Part 2: Country Case Studies

Study for the EMPL Committee
Precarious Employment in Europe: Country Case Studies

Abstract
This study contains the results of eight country cases studies carried out in the framework of the European Parliament study on Precarious employment: patterns, trends and policy strategies in Europe. The featured countries are Denmark, France, Germany, Lithuania, Netherlands, Poland, Spain, and the United Kingdom. The case studies review precarious employment in their country, and examine three types of employment that are deemed to be at a relatively high risk of precariousness.

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EXECUTIVE SUMMARY

This study contains the results of case study research carried out in eight European countries (Denmark, France, Germany, Lithuania, Netherlands, Poland, Spain and the United Kingdom, as part of a study for the European Parliament on Precarious employment: patterns, trends and policy strategies in Europe. The main findings of the overall study have been published in a separate report.

Each Member State differs from the other in terms of the factors that influence the risk of precariousness. These include labour market institutions, legal regulation, the role of collective bargaining and the strength of the social partners, coordination at tripartite level and the role of the social insurance and welfare system. Bearing this in mind, the case studies here differ considerably, although the summaries are structured in a uniform manner.

In the case of Denmark, precarious employment does not, at first glance, seem to play an important part in the Danish labour market, since union density (67%) and collective agreement coverage (84%) are high (Rasmussen et al, 2015). This provides security and ensures appropriate working conditions so that potential problems relating to atypical employment are less obvious than elsewhere. A highly flexible labour market on the one hand and a generous social security system, together with active labour market policies on the other hand has been the traditional Danish recipe of success (Madsen, 2015). According to Madsen (2015), firms do not need to employ atypical workers due to the fact that the labour force is highly flexible, with short terms of notice and high turnover rates. Collective bargaining is the usual way of defining working conditions, either at sector or company level. However, although this system works in most parts of the labour market there are a few forms of employment that could be considered as precarious, and these are explored in the Danish case study:

- part-time work with weekly hours below 8 hours;
- temporary employment;
- employment of migrant workers in less well-covered sectors and own-account workers.

In the case of France, the percentage of non-permanent contracts has more than doubled between the mid-1980s and the late 1990s, from 5% to 12%. However, since the beginning of the 2000s, the percentage of non-permanent contracts has been stable, at between 11% and 12%. Permanent contracts thus remain the dominant employment form.

However, the average rate of non-permanent contracts masks huge differences depending on the age and the level of qualification of workers. 50% of young people aged below 24 years had a non-permanent contract in 2014. This phenomenon is not new: most of the increase in youth temporary employment occurred between the mid-1980s and the late 1990s, from 17% to 47%.

The French case study focuses on three predominant contracts in France that could be at risk of precariousness:

- fixed-term contracts of very short duration;
- internships;
- auto-entrepreneurs.
Germany has experienced an expansion of non-standard work in addition to standard jobs since the Hartz reform package implemented in the early 2000s, also mirroring the continued expansion of service sector occupation as opposed to manufacturing (Eichhorst and Tobsch 2015a). However, not all forms of non-standard work can be classified as precarious in terms of low earnings, instability, involuntary character, limited prospects or lack of union representation and social protection. For example, in contrast to many other EU Member States, fixed-term contracts are not one of the most precarious forms of employment as they are often used for vocational training or as an extended probationary period with a transition into permanent jobs. However, some forms of employment that have been quite dynamic over the last decade have raised particular attention as regards their ‘precarity’:

- marginal part-time work;
- temporary agency work;
- freelance work.

In Lithuania, trade union representation of workers is relatively low and collective agreements are not common. There is also an absence of a well-developed culture of employee continuous education. In addition, although the Labour Code of Lithuania ensures relatively high employment protection, these provisions are rarely implemented in practice. Nevertheless, non-standard work forms are relatively uncommon in Lithuania. According to Eurostat, workers with fixed-term contracts accounted for only 2.8 % of total employees in 2014. This rate was considerably lower than the EU average of 14 %. Furthermore, according to Eurostat, part-time work accounted for only 8.6 % of total employment. This contrasts strongly with the EU average of 19.6 % in 2014. However, undeclared work can be regarded as precarious and is the most prevalent form of employment in Lithuania. In addition, posted work and bogus self-employment can be named as relatively popular employment forms with higher risk of precariousness. The Lithuanian case study therefore focuses on the following forms of work:

- undeclared work;
- posted workers;
- bogus self-employment.

In the Netherlands, the main policy discussion concerns 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. A second trend that risks precariousness concerns the growing numbers of self-employed persons, including bogus self-employment. The number of people in self-employment in the Netherlands has increased steadily, by 200,000 since the beginning of the European-wide crisis. In 2015, the estimated total number of self-employed persons in the Netherlands is 1.4 million. The third debate focuses on extreme flexible employment and other work contracts. The Dutch case study therefore focuses on:

- self employment;
- people with flexible employment contracts;
- posted workers.

In Poland, since the early 2000s the labour market has seen two complementary trends: a substantial decline in the share of open-ended employment and a gradual growth of temporary employment. There are three main types of temporary work in Poland – under standard fixed-term employment contracts, under civil-law contracts and via temporary
work agencies (TWA). Fixed-term employment contracts (FTCs) exhibit some symptoms of precariousness, but these are the least severe among non-standard forms of employment in Poland. The Polish case study therefore focuses on:

- fixed-term contracts;
- civil-law contracts;
- temporary agency work.

In **Spain**, during the 1980s and beginning of the 1990s, temporary contracts began to be progressively seen as an instrument of job creation. Due to 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 generally authorised. 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 the high levels of temporary employment, increasing labour market segmentation started to be seen as a problem by policymakers. Therefore, legal reforms were adopted in an attempt to tackle the abuse of temporary contracts through collective bargaining. Following the recent crisis, there is a perception among labour market experts that precarious work is increasing, as figures show that the working poor are growing in number and in a context where the informal economy is said to represent around 20% of GDP. The Spanish case study focuses on the following forms of work:

- a new open-ended contract to support entrepreneurship;
- flexible part-time working;
- forms of contracting to encourage youth employment.

In the **UK**, risk of precariousness at work is a topic of debate and mainly revolves around zero hours contracts and concerns about abuse. There is also discussion of temporary agency work, in the context of the transposition of the EU Directive on temporary agency work into UK law. There is also a debate about young people working on internship contracts, some of whom are not paid, or are only paid expenses. There is concern among trade unions and policymakers that those on these contracts are open to exploitation and may find it difficult to enter the regular labour market, given the labour market difficulties of young people in the UK. There are also concerns among trade unions that some employers may be using internships as cheap labour and a way of replacing workers on more regular contracts. The UK case study therefore focuses on:

- zero hours contracts;
- internships;
- temporary agency work.
1. DENMARK

1.1. Introduction
At first glance, precarious employment does not seem to play an important part in the Danish labour market, since union density (67%) and collective agreement coverage (84%) remain are relatively high (Rasmussen et al, 2015). This provides security and ensures appropriate working conditions so that the potential problems associated with atypical employment are less obvious than elsewhere. A highly flexible labour market on the one hand, and a generous social security system, together with active labour market policies on the other hand has been the traditional Danish recipe for success (Madsen, 2015). The low level of employment protection is less problematic when the usually short period of unemployment for regular workers is considered as well. According to Madsen (2015), firms do not need to employ atypical workers due to the fact that the labour force is highly flexible, with short terms of notice and high turnover rates. Collective bargaining is the usual way of defining working conditions, either at sector level or at company level. Although this system works in most parts of the labour market, there are a few forms of employment that could be considered as precarious.

1. Part-time work with weekly hours below 8 hours
2. Temporary employment

1.2. Part-time employment
Part-time work is quite common in Denmark, with a share twice as high as in the rest of the EU and still increasing, whereas temporary employment is relatively low (Madsen, 2015; Rasmussen et al, 2015). In addition, part-time and temporary workers enjoy similar rights to full-time workers (including unemployment benefits) and 80% of part-time work is voluntary, due to involvement in training or education (Madsen, 2015). Nevertheless, part-time workers with weekly working time below eight hours over a period of one month neither qualify for unemployment insurance nor for pension or pay during sickness because they do not necessarily have a contract and unemployment benefits are contingent on hours worked (Rasmussen et al, 2015). The Danish Labour Force Survey suggests that around 11% of part-time workers belong to the group working 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 have a lower collective bargaining coverage than other sectors (Rasmussen et al, 2015). Another feature of the part-time sector is the higher proportion of women. Therefore, unequal treatment of the part-time sector affects women disproportionately and contradicts the principle of equal treatment.

To improve working conditions and equal treatment of workers, several EU directives have been implemented in Danish legislation. Usually, collective agreements are the instrument to set working norms but there are some forms of legislation that protect employees who are not covered by collective agreements, such as regulations concerning maximum working hours (Rasmussen et al, 2015). For example, the Act on Working Time covers employees not subject to 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 same income protection and to give a worker the possibility to switch from full-time to part-time work more easily. Social partners played a key role in negotiations on the features of the law and it has subsequently been translated into legislation.
1.3. Temporary work
Temporary work captures two forms of employment: fixed-term contracts and temporary agency work. When a worker is employed at a temporary work agency the managerial rights are shared between agency and user company (Rasmussen et al, 2015). Even though temporary agency work is still relatively uncommon in Denmark, its share has tripled in the past decade (Madsen, 2015). Nonetheless, temporary work is excluded from several rights to which regular workers are entitled, such as a sixth holiday week or pay during sickness or leave, which makes these employees more vulnerable. Wages and working conditions can also be less favourable than for standard workers. Since many workers are employed on day-to-day contracts, the turnover rate is very high (Rasmussen et al, 2015), which is not necessarily a problem, as it is relatively easy to find another hiring, but this is associated with some risk. The law on fixed-term contracts (2003) protects workers against successive renewal of fixed-term contracts and encourages access to vocational training (Madsen, 2015). In order to move workers from fixed-term employment to a permanent position, employers are required to inform part-timers about open permanent positions (Rasmussen et al, 2015). Further, Madsen (2015) states that trade union-organised campaigns to encourage precarious workers and social partners put pressure on foreign firms to offer adequate working conditions.

The Act on Temporary Agency workers as well as the Act on Posted Workers aim to improve employment conditions for atypical workers not covered by collective agreements. Nevertheless, specific legislation to fight precarious working conditions is rare because almost all firms are part of an association, most workers are unionised, and politicians do not in general not consider precarious work to be a problem. If EU directives need to be implemented, an implementation committee, consisting of unions, employers’ associations and the Ministry of Employment, negotiates (Rasmussen et al, 2015).

1.4. Employment in less well-covered sectors and own-account workers
If union coverage is considered a major instrument towards achieving good working conditions, less well-covered sectors might suffer from some degree 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 fewer alternative options and a lack of awareness about their rights. The private service sector has a coverage rate of 59%, which is rather low compared to 74% in the construction sector (Rasmussen et al, 2015). Migrant workers from Eastern Europe are particularly present in the service sector (cleaning).

Social dialogue is important in supporting less organised sectors and migrant workers (Rasmussen et al, 2015). Job patrol is a campaign focusing on young workers who experience precarious working conditions (Keune, 2013). It works through the two largest member unions, HK and the United Federation of Danish Workers.

According to Rasmussen et al (2015) a reform coming into effect from 2013 onwards cut unemployment benefits from four to two years and tightened entitlement to benefits. By contrast, in the early 90s workers were entitled to seven years of benefits plus two years of paid leave if eligible for this. Also the requirements for regaining the right to benefits were tightened under the new reform, i.e. it is required to be employed for at least 52 weeks within three years to regain benefits, if they have been exhausted. Prior to this, only 26 weeks were required. If this is not the case the worker only receives means-tested public cash benefits, which are far lower than unemployment benefits. According to the main report from the Government Commission on Benefit Reform (Dagpengekommissionens samlede anbefalinger) (2015), 34 000 people lost their right to receive the benefit in 2013. On the one hand, many part-time workers lost their entitlement to benefits because they...
did not contribute for long enough to the insurance fund. On the other hand, many long-term unemployed people dropped out of the insurance system due to the shortening of the duration of unemployment benefits. A new reform coming into effect in 2017 addresses this issue by again making it easier to regain the right to benefits for dependent employees and part-time workers.

Another important development can be observed in the self-employment sector. While the total number of self-employed people has remained more or less stable over the past two decades, self-employed people without employees constitute a fast-growing segment of the Danish labour market. To a large extent, these 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 significant 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 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 to benefits. This means that journalists would not be allowed to practice and authors could not be able to publish. Unfortunately, the most recent 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), (see Dapgengesystemet for selvstændige, freelancere og honorarmodtagere mv. 2015).
2. FRANCE

2.1. Introduction

In 2014, 25.8 million people were employed in France (INSEE\(^1\) data). Among them, 11.5 % or 3 000 000 were non-employees (1.8 million were self-employed workers, 1.1 million employers and 109 000 caregivers) while 22.8 million people or 88.5 % were employees.

Among employees, 86 % had a contract of permanent duration. The open-ended or permanent employment contract is therefore still the reference point in France and is defined in the French Labour Code as the ‘standard and general form of employment relationship’. However, 3.2 million people, or 14 % of all employees, are in a non-permanent contract, including apprenticeships (363 000 people), temporary agency work (530 000 people), fixed-term contracts (1 844 000 people) and internships (445 people).

According to INSEE, the percentage of non-permanent contracts more than doubled between the mid-1980s and the late 1990s, from 5 % to 12 %. However, since the beginning of the 2000s, the percentage of non-permanent contracts was stable, at between 11 and 12 %.

The percentage of non-permanent contracts fluctuates somewhat depending on the economic situation. In a way that seems paradoxical, the recession of 2008 initially reduced the percentage of non-permanent contracts in 2008 and 2009 as temporary workers were the first to lose their jobs. The recovery had the opposite effect, at least temporarily, as companies first hired with short-term contracts.

However, the average rate of non-permanent contracts masks huge differences depending on the age and the level of qualification of the workers. 50 % of young people aged below 24 years had a non-permanent contract in 2014. This phenomenon is not new: most of the increase in youth temporary employment occurred between the mid-1980s and the late 1990s when the rate increased significantly, from 17 % to 47 %.

However, if we want to analyse precarious forms of work, we should not focus on the volume of contracts of non-permanent duration.

- First, even non-employees, e.g. self-employed workers, could be in a precarious situation.
- Second, among employees with permanent contracts, the less skilled workers are also subject to fluctuations in the economy and thus at risk of precariousness.
- Moreover, some temporary contracts are also a chosen temporary status for workers, e.g. internships or temporary employment.
- Finally, some contracts of limited duration, e.g. temporary agency work, offer additional protections and security to workers.

For the case of France, we chose to focus on three predominant contracts that could be at risk of precariousness:

- fixed-term contracts of very short duration;
- internships;
- auto-entrepreneurs.

These contracts have been selected based on the available literature, but also based on the expertise of interviewed stakeholders (Patrick Cingolani, Professor Sociology at Paris 1

\(^{1}\) The National Institute of Statistics and Economic Studies.
Diderot and Sébastien Archi, Director of Economic affairs of Prisme, the French temporary agency work federation).

### 2.2. Fixed-term contracts of very short duration

Fixed term contracts (FTCs or “contrat de travail à durée déterminée/CDD”), constituting the second-largest volume of wage contracts in France, are contracts that have a predetermined end date or, when not explicitly mentioned in the contract, end automatically when the objective that led to the creation of the contract has been reached. Employers that recruit via FTCs have to justify the reason for the contract, which has to be one of the following:

- replacing an employee who is temporarily absent or filling a temporarily vacant position;
- seasonal employment;
- occasional and one-off tasks which are not covered by the regular activity of the business;
- specific and temporary work carried out in the case of a temporary and exceptional increase in business activity or in the case of business startups or expansion;
- urgent and necessary works to prevent a negative impact on the business;
- jobs assigned to jobseekers in the framework of integration and return to work measures;
- jobs destined to provide employment for certain types of jobseekers;
- jobs for which the employer is committed to offering additional professional training to the employee;
- contracts concluded with workers in the entertainment industry without regular and permanent employment;
- contracts concluded between an employer and a student/pupil.

These different objectives or demands of employers each constitute a different type of FTC with varying maximum durations and slightly different regulation.

During the past ten years, the proportion of FTC of very short duration (or less than one month) within the volume of all FTCs has risen sharply. Among the FTCs of less than one month, FTCs of less than one week have particularly increased and mainly 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 increased by 36.8 %.

These FTCs of very short duration seem to be used by employers as a means of providing quantitative flexibility during very short periods; the recurrence level is high and transition to more stable contracts is diminishing (Insarauto et al, 2015). According to Insarauto et al (2015), these contract forms bear a great resemblance to the zero-hours contracts that are prevalent in the UK, in which the hours worked are very low and monitoring is difficult.

Although the inherent instable nature of the fixed term contract alone does not necessarily implicate precarious work, when we compare FTCs with the standard form of employment, differences in social protection and access to benefits become apparent. In order to control for the difference in stability when assessing the level of precariousness of FTCs, we have
compared FTCs to temporary agency work (TAW)\(^2\) instead of standard open-ended contracts.

- Firstly, according to a study carried out by DARES in 2012, FTCs often go hand in hand with **low wages**; 38% of the FTCs in both private and public sectors earn a monthly wage smaller than two-thirds of the median wage and the risk of earning a low wage is twice as high under FTCs than for temporary agency workers.

- Contrary to temporary agency workers, workers on FTCs do not enjoy **additional compensation** in case of illness or accidents nor do they have access to commonly negotiated health care schemes, which makes them more vulnerable in the case of longer-term absence from work for medical reasons. However, on January 1, 2016, due to a national interprofessional agreement in 2013, a generalisation of these additional compensation benefits comes into effect.

- With regard to **social representation**, it is important to note that while TAW, due to its specific employment relationship, is more structured, the workers on a FTC are widely dispersed around different sectors and industries. In France, social employment rights are negotiated at industry level, with collective agreements covering every employee in the industry regardless of membership of trade union. For unions, it is a challenge to represent the interests of this heterogeneous and widely dispersed group of workers.

- Furthermore, access to social benefits is mostly based on previous working periods, which is more difficult to reconstruct for short-term contracts such as TAW or FTCs. However, the privatised nature of TAW enhances the development and maintenance of such a compilation structure and the **overall visibility of individual career paths** within the ‘sector’ (e.g. ‘Reunica’\(^3\)). For FTCs by contrast, such traceability is less straightforward and costlier for the state.

In sum, although temporary agency workers and people working under FTCs have to cope with a similar degree of instability, the former can rely on several compensating benefit schemes while the latter are confronted with the precarious effects associated with these contracts.

Precariousness can also be enhanced by **psychological** aspects. The idea of not being part of a company or organisation on a long term, structural basis can mean that the worker is unable to build structural professional relationships with colleagues, will less regularly participate in out of office activities and will be less loyal to an employer. The employer will have less incentive to invest in people management in the case of (very short term) fixed workers.

In addition, the **transition rate** to more stable contract forms is decreasing. In 1990 the transition rate from FTCs to standard open-ended contracts was 40%, compared to less than 25% in 2014 (Askenazy and Erhel, 2015). The majority of state-aided contracts are FTCs, designed to provide a stepping stone for a specific target group such as young people or migrant workers. However, their transition to long-term stable contracts thereafter is

\(^2\) FTCs differ from temporary agency work regarding their employment relationship; the fixed term contracts are enclosed by only two parties i.e. the employer and employee while for temporary work the agency takes up the role as intermediate actor.

\(^3\) Reunica or ‘caisse de retraite supplémentaire’ is an extra pension benefit system developed for temporary agency workers. It eases the portability of rights and traceability of career paths. Fastt or ‘Fonds d’Action Sociale du Travail Temporaire’ is a fund created by the TAW sector to support workers in their needs such as access to consumer credit and housing, etc.
increasingly less straightforward. Compared to other EU countries, the transition rate from fixed to permanent contracts is among the lowest in France (Askenazy and Erhel, 2015).

With regard to the sectoral dispersion, one can conclude that the use of FTCs varies considerably. One study mentions that 91% of the new employment contracts in the arts, leisure and recreational sector were contracts of less than one month, 93% of the new contracts in the publicity and audiovisual sector, 72% in the care sector and 87% in the R&D sector (Askenazy and Diallo, 2013). In general, the service sector counts as one of the most frequent users of these types of contracts, particularly in those branches that are related to care and services to individuals (Insarauto et al, 2015).

2.3. Internships

Internships are at the boundary between work and formal education or training. They are generally signed via an agreement between employers and educational institutions, e.g. universities, and may be a requirement to be credited towards a formal education programme. However, the internship may also be established by a company or organisation for its own purposes, without reference to any educational institution or even be mandated, funded or facilitated by governments, as part of ‘active’ labour market policies.

Internships thus involve a student, graduate or a job-seeker spending days or even months in a company or organisation, gaining experience in working in a particular job, profession or industry. Internships differs from apprenticeships by the fact that apprenticeships combine practical work experience at a workplace and periods of theoretical education, spread over a number of years and with defined criteria for certification. In the case of an internship, gaining practical experience may be less systematic and involve a broad range of tasks: observing a more experienced worker or performing basic to difficult tasks for workers in the occupation that the intern wishes to join (Owens and Stewart, 2014).

In many European countries and especially in France, the number of internships has increased significantly in recent years. Many drivers may explain this evolution (Owens and Stewart, 2014):

- On the demand side, job-seekers take every opportunity they have to gain a foothold in the job or company of their choice – even if it means having to work without or for a limited pay. This is especially true in a period of high (youth) unemployment, which is the case in France.
- On the supply side, some companies desire to give young job-seekers a chance or use internships as a form of pre-employment screening for ongoing positions. However, some companies also use unpaid (or low paid) internships to obtain productive work that would otherwise be carried out by paid employees. Such arrangements may allow employers to cut their labour costs, which forces other companies to do the same to remain competitive.
- A third driver is the increased trend of higher education institutions to offer ‘work integrated learning programmes’ as a response to the demand of governments and companies for graduates who are more ‘work-ready’.
- Finally, an additional driver has been government policies that mandate, fund or facilitate internships as part of ‘active’ labour market policies.

More globally, the rise of internships should also be linked to the changed approach to skills development: with the end of lifelong employment, the responsibility for training is increasingly seen to lie with the individual and companies are less willing to invest in the training of a worker who may leave the company.
In general, there is nothing wrong with the principle of internships and the possibility of gaining experience through a period of time spent in a workplace. However, in practice, and especially in France, the use of internships raises many concerns (Nativel, 2011):

- In some cases, permanent or fixed-term employment contracts are being replaced by internships, which can be considered as disguised employment offers.
- Employers do not pay any social security contributions relating to pensions or sick leave for internships.
- 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 to the occupation they seeking to learn; or, conversely, being expected to do real work without adequate supervision or training.
- 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.
- 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 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).

A study carried out by CESE (Conseil Économique, Social et Environnemental) estimated that in 2012 as many as 1.6 billion professional interns per year seek to improve their experience and curricula in French enterprises against 600 000 internships in 2006. They argue that this increase is not only due to the practice of internships during professional education becoming more common and the general increase in number of students but is merely a side effect of the high unemployment rate among young jobseekers. In the absence of a waged labour offer, they tend to boost their CVs by taking up internships (CERES, 2012).

If these interns are not well supported during the internship or the content is not adapted to the career plan of the applicant, the internships can be classed as ‘abusive’. According to the study of CERES this type of practice accounts for 100 000 internships.

However, exact numbers of internships are difficult to monitor, and this is being addressed by social partners campaigning for the rights of interns. Currently, the volume of annual interns is estimated on the basis of national surveys but the lack of reliable data and regular monitoring makes it more difficult to estimate the volume of employment of interns and thus the possible use of interns replacing regular waged workers.

The employment of interns varies considerably between sectors, with the proportion of interns rising to 15 % of the workforce in the publicity and communications sector⁴.

2.4. **Auto-entrepreneurs (or micro-entrepreneur)**

Auto-entrepreneurs do not belong to the traditional wage-earning relationship. However, recently this kind of status has been increasing among the labour force and there is evidence of precarity (Insarauto et al, 2015).

The regime of auto-entrepreneurs introduced by the law of 4 August 2008 can be summarised as the right, for certain independent workers to 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 a principal or complementary activity, an individual commercial, trade, or professional activity (with the exception of certain activities for example, lawyers, finance companies, hire companies, estate agents and people with revenue from royalties: artists, writers, software designers etc.). The system established by the law does not create a specific status, rather a regime for independent workers pursuing small-scale activities.

Prior to the auto-entrepreneur new status, a small business was charged a maximum fixed percentage of their turnover in social charges. The auto-entrepreneur system charges small businesses a ‘pay-as-you-go’ percentage of their actual turnover in social charges and income tax instead. An improvement in the business registration process also resulted in (relatively) less cumbersome paperwork for small businesses. This status was part of an ongoing policy to reduce unemployment and work towards growth. The objective was to remove the ‘structural and regulatory blockages’ of the French economy.

In terms of numbers of entrepreneurs, the success of the scheme is undisputable (see next section). However, in spite of these successes, the literature mentions major concerns (Perrier, 2012):

- First, according to INSEE data, few auto-entrepreneurs are able to sustain their activity. Only 58% are still considered economically active after three years. Others have either abandoned this status or failed to maintain a minimum turnover of 1 euro. Moreover, only a few have moved on from auto-entrepreneurship to a more conventional type of self-employment.
- Above all, an auto-entrepreneur’s income remains low. More than nine out of ten auto-entrepreneurs earn less than the minimum wage (SMIC).
- Many inequalities are observed among the self-employed, more than among employees, because of the weight of high incomes and the lowest wages.
- Auto-entrepreneurs do not have employment protection (because their positions are more closely linked to the activity and characteristics of their business) or unemployment insurance (unless voluntarily taken out), but there is compulsory health insurance.
- Finally, some abuses in the implementation of the new provision can be noted. For instance, some employers are using it to pay fewer taxes, by forcing their employees to adopt this regime. In particular, we can observe this behaviour in companies where certain initiatives are very well developed, such as counselling, IT development and communication, or in companies with a high level of part-time jobs (the care sector for example). Professional organisations, mainly in the building industry, have rejected the status on grounds of unfair competition (European Employment Observatory EEO Review, 2010).

As a conclusion, the status of auto-entrepreneur is thus a form of employment relationship located somewhere between subordinate and independent work. However, many factors define them as precarious 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).

At the end of 2014, France’s labour market had almost 1 million auto-entrepreneurs; an increase of 8.6% (or 78 000) in one year. This increase is the result of almost 330 000

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new registrations, of which 252,000 were denied in 2014. The dismissal rate equally increases with the rise in the number of economically active self-employers which provides a possible indicator of an increase in bogus self-employment (Acoss stat, 2015).

A major driver behind this steady increase in the number of auto-entrepreneurs is the creation of a specific legislative status of auto-entrepreneur in French law in 2009. According to a study from INSEE, three out of four auto-entrepreneurs would not have created their business without this new regime ((INSEE, 2012) in Insarauto et al, 2015).

Furthermore, 66 % of the auto-entrepreneurs perform this as a main occupation, while 33 % of the auto-entrepreneurs are waged workers that use being an auto-entrepreneur 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 by 17 % (Acoss stat, 2015). In general, auto-entrepreneur activities are mostly 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.

### 2.5. Conclusions

During the past ten years in France, precarious employment has received considerable attention by policy makers, during dialogues with social partners and in public opinion. This has resulted in a relatively high level of regulation and degree of social protection.

Work forms that have traditionally been perceived as precarious forms of employment, such as temporary agency work and fixed term employment, have undergone subsequent legislative reforms and the prevalence of standard, open-ended contracts has been stable over the past 30 years.

However, the significant increase in very short term contracts of less than one month does indicate a high level of demand for flexibility and a lack of long-term perspectives for workers. Internships also continue to create precarious work situations because they often do not generate secure employment perspectives nor high-quality working conditions. Furthermore, the working conditions of auto-entrepreneurs, a work form that has risen sharply largely due to the creation of a specific legislative status in 2009, can be below minimum standards.

The latter gives rise to a more general debate about the blurring of lines between employee and employer status, changing employment relations and the lack of representational capacity of existing social partners, along with the overall increase in new and diverse work forms.

Thus, although considerable attention has been paid in France to various precarious situations with which groups of workers can be confronted, the more recent increase in highly flexible work forms poses new challenges to the social protection of young people and new categories of workers.
3. GERMANY

3.1. Introduction
Since the Hartz reform package implemented in the early 2000s, Germany has experienced an expansion of non-standard work in addition to standard jobs, also mirroring the continued expansion of service sector occupation as opposed to manufacturing (Eichhorst and Tobsch 2015a). Not all forms of non-standard work can be classified as precarious in terms of low earnings, instability, involuntary character, limited prospects or lack of union representation and social protection. For example, in contrast to many other EU Member States, fixed-term contracts are not one of the most precarious forms of employment as they are often used for vocational training or as an extended probationary period with a transition rate into permanent jobs. However, some forms of employment that have been quite dynamic over the past decade have raised particular attention as regards their ‘precarity’: 1. marginal part-time work, 2. temporary agency work, and 3. freelance work.

3.2. Marginal part-time work
Marginal part-time work (‘geringfügige Beschäftigung’ or ‘Minijob’) is a specific feature of the German labour market (see Eichhorst et al, 2012). Since the mid-2000s there have been around 7 million Minijobs in Germany. It is based on long-standing legislation that, however, has been modified several times over the past 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 below 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 have to pay contributions to pension and sickness as well as occupational accident insurance and a small lump sum tax payment. In formal terms the employer contribution rate is slightly higher than for 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.

This option to earn ‘gross for net’ on a part-time basis is attractive to those who also have other sources of income such as pupils and students, pensioners, people with a regular first job that provides for social insurance and substantial earnings and, in particular, married people, most notably married women and mothers who opt for marginal part-time work after a break for childcare. There is a strong incentive to work up to the threshold and avoid further working time or hourly pay increases as otherwise the full earnings would be taxed. This tends to lead to a persistence of marginal part-time work in low-paid jobs, below existing formal qualification, also given the fact that marginal part-time work is concentrated in occupations such as retail, cleaning and hospitality. Furthermore, the lack of full individual social insurance, in particular pension insurance, generates a risk of old-age poverty if marginal part-time work is carried out for many years, most specifically in the case of divorce. Marginal part-time work also creates traps for unemployed people taking up these jobs and remaining in in-work poverty as, according to current German legislation on earnings disregard clauses, they can only earn EUR 165 on top of their benefits before benefits are withdrawn. Hence, this impedes mobility to more substantial forms of work leading to higher earnings.

Since the 2003 reform there is no working time limit. As a consequence, hourly wages have 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. For example, the airport security industry drew up contracts for 80 hours but in fact average working time was 120 hours (Jaehrling and Wagner, 2015). Many part-time workers work outside the core working time, i.e. in the evening, which reflects worse working conditions when compared to regular workers. In some cases legal entitlements to sick pay and paid leave have been reported to be neglected. Hence, in marginal part-time work there is a high risk of low gross hourly pay as employers tend to recuperate part of the labour cost advantage as well as an entrapment in a low productivity, low training environment. However, the household context is equally important. Many marginal part-time workers live in households with a medium income rather than in poverty. While the job itself might be of limited quality, it is often taken on a voluntary basis as a flexible form of supplementary work.

Marginal part-time work is very popular both with those working under this arrangements as well as with the employers. Hence, reforms have been hesitant at best. The changes regarding the inclusion into public old-age pension insurance are of limited effect as only small pension entitlements will result. However, a direct effect of the statutory minimum wage introduced in Germany in 2015 is most visible in Minijobs, as preliminary descriptive evidence shows. Marginal part-time work declined disproportionally as wages had to be increased (or working time to be shortened). As a consequence, some marginal part-time workers left the labour market, while others moved to regular part-time work. This can be seen as an implicit policy reform effect shrinking the marginal part-time work segment by combating low hourly pay, implying some losses in the marginal part-time segment as well as some conversion of these jobs into part-time work. Still, no full solution has been found as this would mean removing the specific regulations on marginal part-time work, in particular to ensure full taxation and coverage by social insurance.

3.3. **Temporary agency work**

Temporary agency work increased in Germany after a significant deregulatory reform in 2003 in the context of the Hartz package. Agency work reached a maximum stock of about 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 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 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 the 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 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.

The duration of agency work spells is quite polarised, with some working for a long time side by side with employees of user firms (with different wages and limited access to
facilities of the user firms), and some with very short employment experiences in the agency sector. A study by Jaehrling and Wagner (2015) states that half of the employment relationships in temporary agency work lasted less than three months in 2012. In addition, studies (Brehmer and Seifert, 2007; Jahn and Pozzoli, 2013) have reported that agency workers face a high risk of being working poor, i.e. rely on means-tested income support while working, work in the low pay segment and move back and forth between employment and unemployment. The working conditions of agency workers, however, have changed and improved in recent years due to a new wave of collective agreements ensuring earnings supplements closing 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. These agreements cover all major manufacturing areas such as metalworking or chemical industry. In the metalworking 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. These steps have made agency work less precarious in sectors and firms with strong trade unions.

In addition, the current government, responding to trade union pressure, has proposed some changes in legislation such as the reintroduction of a maximum assignment period (18 months unless regulated differently by agreement) and equal treatment after 9 months (or 12 months, if based on a collective agreement). This would increase the regulation density of the agency work sector significantly. These reforms, which are still pending, might also imply a higher labour turnover in the agency segment and more incentives for employers to subcontract services to be delivered by external supplier firms or self-employed people operating outside collective agreements and wage scales of the user firm.

### 3.4. Freelance work

As with many other countries, new types of freelance work have emerged in Germany in the creative occupations, media and journalism, IT consulting and similar occupations. With about 2 million individuals, self-employment without dependent employees is now the dominant form of self-employment compared to entrepreneurs with employees.

In Germany, self-employed and freelance workers are only partially included in social insurance that is still focused on dependent workers in line with the Bismarckian tradition. Access to social protection has the following specificities:

1. As there is mandatory health care insurance in Germany, freelancers need to be covered by health care insurance either through a public sickness fund or a private insurance company, but they have to bear the full contributions.

2. They also have voluntary access to pension insurance, but this is not taken up systematically, generating a risk of poverty during retirement, i.e. becoming dependent on means-tested income support in old age. Only for some such as artists, craftsmen and care workers is there mandatory coverage by public old-age insurance. While long established free occupations such as medical doctors, tax advisors or lawyers have their own occupational pension schemes, this does not hold for new types of self-employed people.

3. Access to unemployment insurance is possible on a voluntary basis, but only after a sufficient spell of dependent employment or unemployment. The unemployment insurance system provides for flat-rate benefits according to level of qualification but close to minimum income support, based on relatively low flat-rate contributions.

Furthermore, collective agreements and minimum wages do not apply. As a consequence, a very high earnings dispersion can be observed with freelancers (Brenke, 2013). Some of these have a limited earnings potential, others have a strong position on the respective markets, resulting in earnings well above those of comparable dependent employees.
The exclusion of self-employed people from regular social insurance and wage standards makes this type of employment potentially ‘precarious’ when seen from the individual’s perspective on the one hand, but also ‘attractive’ from the client perspective on the other hand. When agency work becomes more expensive due to stricter regulation, there is a growing incentive to contract out jobs and tasks to independent contractors. Hence, there is a potential of a growing group of ‘bogus’ self-employed or economically dependent self-employment with one (dominant) client. This issue is potentially reinforced by the proliferation of online platforms that facilitate outsourcing. However, there is not yet much reliable evidence on this new form of freelancing.

Reforms aiming at a stricter regulation of potentially precarious freelance work have proven to be difficult in Germany so far.

1. A government initiative dating from 2012 to require young self-employed people below the age of 30 to save through private old-age pension insurance in order to avoid minimum income support dependency in old age met strong resistance from the freelancers themselves and was finally withdrawn.

2. Minimum pay standards only exist in regulated free occupations. Pay standards do not apply to many other forms of self-employment. A generally applicable standard or recommendation on the remuneration of freelance work would require at least a collective organisation of a critical mass of freelancers. However, the organisation and representation of freelancers is difficult.

3. In the autumn of 2015, the current government has proposed a Bill to combat the ‘abusive’ use of contracts for work and labour (‘Werkverträge’) and a formal self—employment status, implying a stricter definition of self-employment, assuming a dependent employment situation in many cases if the client requires the provider to work on their premises and at certain times etc. This Bill is still under debate.

Hence, solutions still need to be found regarding the social protection of freelance workers. This could mean an extension of social insurance coverage, in particular old-age pension insurance, for this group, potentially to be combined with an opt out opportunity if there are alternative forms of savings including tax-subsidised schemes. It is also being considered that clients or purchaser could be made responsible to contribute to social insurance in analogy to employer contributions.
4. LITHUANIA

4.1. Introduction

Precarious employment is a complex analytical concept, which consists of several different dimensions such as inadequate labour rights assurance and representation, social insecurity, low quality of employment and poor career development prospects. Several of these aspects are relatively prevalent in Lithuania. For example, trade union representation of workers is low and collective agreements are not common. According to Statistics Lithuania, only 94,200 workers were members of labour unions in 2014. This corresponds to around 7.1% of all Lithuanian employees. In addition, only 2% of all companies had signed collective agreements in 2011 (Fulton, 2013). Neither is there a well-developed culture of employee continuous education in Lithuania. According to Eurostat, in 2010 only 19% of employees participated in continuous vocational training organised by their employers. This rate was significantly lower than the EU average of 38%. Finally, although the Labour Code of Lithuania ensures relatively high employment protection (for example, redundancy payments can be as high as six average monthly wages and in some cases employees are entitled to notification about dismissal four months before the actual layoff), these provisions are rarely implemented in practice. Only about 8 to 9% of all dismissed women and 5 to 6% of all dismissed men received redundancy payments in 2013 (European Commission, 2015).

In contrast, non-standard work forms, which potentially (but not necessarily) have a higher risk of precariousness, are relatively uncommon in Lithuania. According to Eurostat, workers with fixed-term contracts accounted for only 2.8% of the total number of employees in 2014, considerably lower than the EU average of 14%. Furthermore, according to Eurostat, part-time work accounted for only 8.6% of total employment. This contrasts quite strongly with the EU average of 19.6% in 2014. In addition, new forms of employment, such as voucher-based work, crowd employment or employee sharing, are relatively new in Lithuania (Eurofound, 2015a). However, undeclared work can be regarded as fully precarious and is the most prevalent form of employment in Lithuania. In addition, posted work and bogus self-employment can be named as relatively common employment forms with higher risk of precariousness.

4.2. Undeclared work

The concept of undeclared work encompasses not only actual work without an employment contract, but also situations when part of the income or working time is not officially declared even though a person has a legal employment contract. In such cases, a portion of the wage is usually paid in an ‘envelope’. Undeclared work is precarious in all aspects in Lithuania. People working illegally have limited access to social security benefits and face poor possibilities for career development. They risk not making sufficient social security contributions and so may not be eligible for a secure pension or unemployment benefits which would correspond to their real incomes. Therefore, undeclared work is more precarious in the long term.

There is a significant shadow labour market in Lithuania; according to some researchers, undeclared employees accounted for 5.4% of the actual number of employees and undeclared salaries – ‘envelope wages’ – accounted for 12.2% of all actual salaries in 2014 (Putniņš 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). These results are supported by a
European Commission (EC) study on undeclared work in Europe (European Commission, 2014) and by a State Labour Inspectorate report on labour law violations in Lithuanian enterprises (State Labour Inspectorate, 2015). However, shadow employment in the agriculture sector is declining sharply due to the recently established voucher system.

Low wages, driven by low labour productivity, high labour taxes and contributions to social security funds, are seen as the main reason for undeclared employment in Lithuania (LLRI, 2015; European Commission, 2014). In addition, 23% of all Lithuanian correspondents stated that ‘envelope wages’ are totally or partly acceptable and 24% agreed that tax evasion by declaring only part of the income is partly or totally acceptable (European Commission, 2014).

4.3. Posted workers
The Labour Code and the Law on Guarantees for Posted Workers regulates posted work in Lithuania. The Law transposes the provisions of the EU Posted Workers Directive and was adopted in 2005. Posted workers formally have the same labour rights and social protection as regular employment; however, posted work is potentially (but not necessarily) precarious in Lithuania, because legal guarantees are relatively often violated or only partially implemented. For example, 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. Posted workers also often work in low-quality employment with adverse working conditions. For example, posted long-distance truck drivers often do not receive proper accommodation and have to sleep in their trucks or are paid for mileage rather than hours worked. These aspects of precariousness apply for workers posted from other countries to Lithuania and vice versa.

The Lithuanian Public Employment Service and the State Social Insurance Fund Board (SODRA) are the main institutions collecting information about posted workers in Lithuania. However, these institutions do not carry out any analysis and in general provide very limited publicly available information about posted workers in Lithuania. Data acquired from SODRA for this case study shows that 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 even continued to rise during the economic crisis and in 2015 stood at more than 25,000. The number of posted workers from other countries to Lithuania is relatively low, at only several thousand annually. Posted work is most common in the transport sector in Lithuania, followed by the construction and agriculture sectors.

4.4. Bogus self-employment
Self-employment can potentially have many advantages, including flexible working time, better life-work balance or even higher earnings. Self-employed people usually voluntarily choose to have a relatively higher risk of insecurity in order to take advantage of the aforementioned benefits. However, in the case of bogus self-employment, when a person is formally self-employed but in reality works for one employer in a fully dependent employment relationship, they are at risk of being in precarious working relations. For example, compared with regular employment, self-employed persons have lower social protection in Lithuania because they are not covered by sickness, unemployment, occupational accident and. Self-employed persons are also less likely to work in favourable working conditions (as they usually work from home) and face poor career development perspectives. Finally, trade union representation of self-employed persons is also very limited in Lithuania (Blažienė, 2009).
According to Eurostat, in 2014 the number of self-employed persons aged 15 to 64 years was 136,000 or about 10.5% of all employed persons in Lithuania. During the economic crisis, the number of self-employed persons in Lithuania decreased sharply; however, since 2011 there has been continuous growth. 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%) worked in wholesale and retail trade and 12,100 (8.9%) worked in the construction sector in 2014. In addition, according to Eurostat, 80.3% of self-employed persons in Lithuania have lower than tertiary education. However, there is no data on the scale of bogus self-employment in Lithuania. This type of employment form is especially prevalent in the construction sector followed by service and sale sector.

Both employers and employees have financial motivation to participate in bogus self-employment. Employers pay less taxes and spend less time dealing with paperwork, as self-employed persons are obliged to pay their own pension, health security and maternity/paternity contributions to the social security fund. Likewise, a bogus self-employed person can expect to receive a higher average salary than they would in regular employment (Blažienė, 2009). In addition, it is difficult to legally prove bogus self-employment cases in Lithuania, which creates additional difficulties in bogus self-employment prevention and control.

4.5. Conclusions

Lithuanian labour policy still lacks a comprehensive approach to precarious work. The main debates about labour security in Lithuania are focused on the size of wages and workplace protection, e.g. dismissal rules and notification periods or redundancy payments. Other relevant topics for precariousness at work, such as inadequate labour rights representation, low quality of employment or poor career development prospects, receive less and more fragmented attention.

Undeclared work is the most prevalent and most precarious work form in Lithuania. It is highly likely that this trend will continue in the near future, although in recent years undeclared work has been in decline in Lithuania. In addition, posted work and bogus self-employment could be distinguished as relatively popular employment forms that have a higher risk of precariousness. Other new forms of employment, such as fixed-term contracts, temporary agency work, voucher-based work, crowd employment or employee sharing, are not widespread in Lithuania. However, these forms have the potential to grow and might become more popular in the future.
5. NETHERLANDS

5.1. Introduction
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 main policy discussion concerns 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. A second trend that increases the risk of precarious work concerns the rapidly growing numbers of self-employed persons, including *bogus* self-employment. The numbers of people in self-employment in the Netherlands have increased steadily, by around 200,000 since the beginning of the European-wide crisis. In 2015, the estimated total number of self-employed persons in the Netherlands is 1.4 million people. The third debate focuses on extreme flexible employment and other work contracts.

Recently, the CPB Netherlands Bureau for Economic Policy Analysis tried to measure the numbers of precarious workers in the Netherlands. Their indicator of precariousness incorporates the dimension of uncertain work and the dimension of low paid work (CPB, 2015b, p. 31). ‘Uncertain work’ is defined as employment without an open-end and/or without a guarantee of payment of a fixed number of working hours. ‘Low paid work’ is defined as an hourly wage of less than 130% of the legal minimum wage. The risks of precariousness are the highest among self-employed people, workers with flexible employment contracts, and workers in the age categories of 65 to 75 years and 15 to 25 years.6 Furthermore, the analysis signals a growing gap between lower and higher educated workers. By 2012, 18.5% of low skilled workers and 10% of highly skilled workers were in low paid work and in uncertain employment at the same time.

5.2. Self-employed people
Many self-employed people in the Netherlands combine uncertain work because of instabilities in the demand for their labour and services, together with very low social security provisions in case of unemployment, sickness and pension. Besides the related risks regarding precariousness, the phenomenon of *bogus* self-employment risks undermining legal social standards, collective bargaining and collective agreements in the longer run. Not seldom, self-employed workers are in direct competition with workers in employment relationships.

CBS Statistics Netherlands splits the group of self-employed people into two categories: those who are small entrepreneurs with employees, and those who work without personnel. Working as a self-employed person without personnel is a very high risk factor in the Netherlands in terms of risk of precariousness, in terms of uncertain work, combined with low pay. More than 50% of these workers earn a hourly wage less than 130% of the legal minimum wage standard (CPB, 2015b, pp. 41-43). Generally speaking, self-employed persons with employees earn significantly more than those without personnel. A total of 25% of self-employed people with employees earn a hourly wage less than 130% of the legal minimum wage standard (Ibid).

A representative survey study in the Netherlands concluded that one third of the self-employed without employees in the Netherlands earn a monthly net income of less than 1,250 Euro’s (Hoevenagel: 2015, p. 5). The same study signalled a positive relationship

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6 Respectively 50 %, 44 %, 44 %, 36 %.
between income levels and insurances against loss of income. Many self-employed people with low incomes cannot afford private insurances regarding sickness and disabilities, nor private pensions.

We see quite high cross-sectoral variety in the use of self-employment without employees. Outstanding is the construction industry (SCP, 2014b). In 2013 43 % of the construction companies in the Netherlands are reported to have used these workers. On average, the number of workers on this type of contract relates to 8 % of the total numbers of staff in construction companies. The hourly rates of self-employed workers are lowest in the sectors of agriculture, construction industry and manufacturing industry (Hoevenagel, 2015, p. 5).

Key drivers of increasing numbers of low paid self-employed people in the Netherlands can be found at the demand and at the supply sides in the labour market. In fact, many self-employed workers are offering and doing the same kind of work as workers on employment contracts (CPB, 2015d, SCP, 2014a). However, they can be cheaper and more competitive than those on employment contracts. Companies do not have to make contributions in terms of pensions and other social insurance payments. Self-employed people take their own risks in terms of social security and not seldom, they do not incorporate these risks into their price of labour. Self-employed people can choose insurance in case of disability and/or pension, but many of them are reported not to (CPB, 2015d; Hoevenagel, 2015).

Besides being competitive in terms of labour costs, self-employed workers can provide companies with more numerical labour flexibility. Many employers give their needs for specialist knowledge as most important reason for hiring self-employed workers (SCP, 2014a, p. 11). Some literature also suggests that self-employed people do have other personal preferences, compared to workers on employment contracts, such as the need to be more autonomous and to be ‘freer’ in their profession, in the organisation of their work, and in balancing work with their private life. These statements however, can be nuanced and disputed (SCP, 2014). Being self-employed can be a ‘last resort’ in the case of unemployment. Remarkably, one third of the self-employed without employees prefer to be in employment, now or later (Hoevenagel, 2015, p. 6).

5.3. People with flexible employment contracts

Within the category of ‘atypical’ employment contracts, we see a tendency towards contracts with (even) less security and lower payments than ‘traditional’ flex contracts. With ‘traditional’ flex contracts in the Netherlands, we refer here to fixed-term employment contracts with guarantees on level of working hours and contracts with recognised and legal temporary agencies that are covered by collective bargaining.

People with flexible employment contracts share by definition uncertain work and, according to empirical research also relatively low payments and terms and conditions of employment that are worse than workers in open-ended employment contracts. Around 40 % of workers on flexible employment contracts earn a hourly wage less than 130 % of the minimum wage (CPB, 2015b, pp 41-43). The ‘double flexible’ contracts of combining uncertainties in duration and in numbers of working hours, are growing (i.e. on-call workers and workers with varying numbers of working hours). Furthermore, on-call workers and workers on contracts without guarantees on the number of working hours), do not only have a greater degree of precariousness in income, but also in terms of related social security rights in case of sickness, unemployment and pensions.

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7 The national average was 23 % in 2013.
8 There are two sector agreements in the temporary agency sector in the Netherlands. Workers in fixed-term employment contracts are mostly covered by the same primary terms and conditions of employment as their colleagues that are working on open-ended contracts.
Regarding the social security rights of workers in flexible employment contracts, we see increasing varieties. There is a tendency towards the use of payroll outsourcing\(^9\) and complex juridical constructions in contracting work that aim to circumvent labour law, social security law, and also collective agreements in sectors of industries and, specifically, in the temporary agency sector (FNV, 2015).

Fixed-term employment contracts are spread out across all sectors in the Netherlands, including the public sector. On-call workers mostly work in the retail industry and hotel and catering industry.\(^10\) Employees with varying numbers of working hours can be mostly found in agriculture (seasonal work), retail industry, hotel and catering industry and outsourced activities as security services and cleaning agencies.

The trend towards growing self-employment and insecure types of employment contracts can be understood by the pressure from business for flexibility, short termism in staffing management, and lowering labour costs. Other explanatory factors include rising unemployment and cross-country labour migration. Although the national pact between the peak organisations of employers and trade unions in 2013\(^11\) underlines the undesirability of ‘excessive flexibility’ in the labour market, there are many controversies in the political arena and in collective bargaining practices in the various sectors to introduce some protection against high insecurities among certain groups of workers. Moreover, there are major differences between sectors, with both the extent and the type of precariousness varying substantially.

### 5.4. Posted migrant workers

Posting of migrant workers can create precariousness for the workers involved in many dimensions. Not only due to uncertain terms and conditions of employment (as a consequence of strong international price competition in this kind of work) and short-term labour contracts, but also the social isolation of the people involved. This can be particularly the case if the employer provides for housing, as this can make workers more dependent on the employer and increase isolation. As the enforcement of regulations for migrant employment has become complex due to the intertwining of EU and national legislation, migrant labour rights are in practice often violated. Even when they are aware of their rights, migrants can encounter difficulties in claiming them on an individual level, but also through collective organisations such as trade unions. Migrants can be reluctant to join unions, fearing that they will lose their job (Berntsen, 2015).

Cost-cutting is by far the most important motive in opting for migrant labour (Berkhout et al, 2014). Posted migrant workers in the Netherlands are mainly associated with construction, horticulture, food industry and road transport (Berkhout et al, 2014).

The Inspectorate of the Ministry of Social Affairs, together with the SNCU - the organisation that promotes compliance with the regulations concerning illegal employment, minimum wages and working conditions - has initiated activities aimed at combatting unequal competition in the Dutch labour market, where posted workers are concerned (see section 3.2).

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\(^9\) With payroll outsourcing, employers can outsource their HR-administrations to specific payroll administration services. These juridical constructions can be used strategically by companies to skirt employers’ obligations.

\(^10\) Unfortunately, CBS Statistics Netherlands does not give specific statistics on workers characteristics in on-call work. A part of this population concern students who are working in jobs on the side.

\(^11\) This Social Pact was agreed on 11 April 2013 in The Labour Foundation and titled ‘Prospects for a socially responsible and enterprising country: emerging from the crisis and getting back to work on the way to 2020’ (http://www.stvda.nl/en/~/media/files/stvda/talen/engels/2013/20130411-sociaal-akkoord-en.ashx).
Cross-border labour migration was one of the thematic priorities of the Dutch government in its Presidency of the EU (Ministry of Social Affairs and Employment, 2014).

5.5. Conclusions

Following the concept of Olsthoorn (2014) on precariousness in work (combinations of uncertain work, low pay and lack of social security supports), we see a trend towards an increase in precarious work and risk of increased precariousness in the Netherlands.

Firstly, many self-employed persons in the Netherlands have a low labour income, are in a situation of uncertainty regarding sufficient work and lack social insurance provisions in the case of sickness, disability and pension. The growing numbers of self-employed workers in the context of high unemployment and increased competition over labour costs is becoming a social problem in the Dutch labour market and wider society.

Secondly, the Dutch labour market has changed since the 1990s, becoming more flexible in terms of length of working hours in employment contracts, fixed-term contracts, on-call work and marginal part-time work. Despite several legislative measures to make flexible work more secure, combatting this trend of growing uncertainty in work appears to be very difficult. In addition, informal labour contract constructions that aim to evade collective bargaining and legislative standards on payments, taxes, and premiums for collective social security provisions have emerged more recently. The Dutch government has risen to the challenge of combatting these fraudulent practices: an initiative from the legislator and recognised social partners in the temporary agency sector is closely linked to a strict policy on a third labour market phenomenon: the increasing numbers of posted migrant workers, including those from new Member States in Eastern Europe. The question however concerns the effects of this new Act. Is the improvement of social and human protection of precarious workers to the main concern of inspectors or is the approach mainly based on just sanctioning the people and agents involved? Furthermore, it is not only ‘illegal’ workers that will have impacts on labour markets and employment relations, but also ‘legal’ cross-national labour migration that can result in precarious work and low standards of employment relations in the longer run (Anderson, 2010; WRR, 2013).
6. POLAND

Since the early 2000s the Polish labour market has seen two complementary trends: a substantial decline in the share of open-ended employment and a gradual growth in temporary employment. There are three main types of temporary work in Poland – under standard fixed-term employment contracts, under civil-law contracts and via temporary work agencies (TWA). In 2002, restraints regarding the number of renewals of fixed-term contracts (FTCs) were temporarily removed, allowing for the unlimited renewals of FTCs until EU accession in 2004. In 2003, legislation regulating TWA work in Poland was introduced. Moreover, in 2003 regulations on severance payments and notice periods were tightened. The minimum wage has been increased gradually during the past 15 years and limit on renewals of fixed-term contracts were reintroduced in 2004. Further vital reforms in the Polish Labour Code were launched in 2014 and 2015, when the government decided to cover all contracts of mandate (see below) with social security contributions and introduced more rigid rules on FTC renewals.

6.1. Fixed-term contracts

Fixed-term employment contracts (FTCs) exhibit some symptoms of precariousness, but these are the least severe among non-standard forms of employment in Poland. Similar to open-ended employment contracts, fixed-term contracts ensure the payment of social security contributions and a certain notice period, which as from 22 February 2016 is the same as for an open-ended employment contract. Yet workers employed under these contracts experience some risk of precariousness and social exclusion. A fixed-term employment contract can be terminated by an employer without justification, which poses a threat to a worker’s job and income security, whereas in the case of an open-ended contract a just cause (as defined in the labour code) is required. A shorter notice period and the possibility of terminating a contract without justification appears to have resulted in employers abusing FTC: in 2012, 25% of people employed under FTCs had a tenure in the current workplace of over four years (SES data).

6.2. Civil-law contracts

Civil-law contracts are work arrangements that are not regulated in the Labour Code, and therefore do not provide any protection or rights to employees that are normally guaranteed by the Labour Code. For these reasons, coupled with their lower tax status, they are attractive for employers. There are two types of civil-law contracts 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 covered by social security contributions, but it is subject to income tax.

Contracts of mandate provide greater social security for individuals. By the end of 2015, if a contract of mandate was the employee’s only entitlement to social insurance, the employer had to pay all social security contributions, which in the case of the contract of mandate amounted to 33.3 to 37.6% of the total labour cost. However, employers have often tried to reduce tax payments, maintaining 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 social security contributions from the contract in question. Moreover, some groups, e.g. students aged less than 27 years, are exempted from paying social security contributions. 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. Further, persons working under civil contracts are not entitled to paid leave, sick leave, severance pay or maternity leave (unless they pay sickness contributions on a voluntary basis, obligatory for those on labour code contracts). Likewise, there is no guaranteed
notice period. The Civil Code does not regulate the number of subsequent civil contracts, and therefore individuals may be entrapped in this type of work for a longer period of time.

6.3. Temporary agency work
The law regulating the activities of temporary work agencies (TWAs) in Poland was introduced in 2003. TWAs in Poland operate on the basis of the standard three-way relationship - between a TWA, an employee and a user employer - and theoretically use a FTC as a standard contract (this TWA FTC is, however, more flexible than the standard FTC). TWAs provide user employers with employment flexibility, lower labour costs and lower risk related to job mismatch, but they can also entail a higher risk of precariousness. Employment via TWAs, for instance, creates the possibility of extending the period of permitted temporary employment. Moreover, there is a risk of an abuse of civil law contracts signed by TWAs with employees, as these account for over 50 % of all contracts in TWAs. The lack of any strictly controlled requirements for running a TWA (e.g. related to financial capital and stability) is another weakness of the TWA system in Poland. This absence of regulation has resulted in considerable growth in the number of employment agencies, including TWAs. In 2003 there were 516 (out of which 56 were TWAs), while at the end of 2014 this figure stood at 5 157, of which TWAs accounted for 34 %. Moreover, in 2014 the bulk of these employment agencies operated as individual entrepreneurs (2 137 out of 5 157), hence a requirement regarding initial share capital was not obligatory (MPiPS, 2004; MPiPS, 2015).

6.4. Conclusions
The issue of precarious employment is a growing policy concern in Poland. A number of related issues arise: a lack of employment stability (and the financial stability it offers) is one of the factors behind low fertility levels in Poland. The growing precariousness of several forms of flexible employment (coupled with low wages) is also believed to be an important driver behind the economic migration of young people. Last, but not least, the growing incidence of employment with no or very low social security contributions aggravates the problems of the current healthcare and pension systems and offers rather gloomy prospects for workers at risk of precariousness, many of whom will face difficulties acquiring even minimum old age pension benefits.
7. SPAIN

7.1. Introduction
During the 1980s and beginning of the 1990s, temporary contracts began to be progressively seen as an instrument of job creation in Spain. Due to 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, legislative measures were adopted in an attempt to tackle the abuse of temporary contracts through collective bargaining. Moreover, in 2007 and 2010, legislation was passed in an attempt to reduce labour market segregation by lowering severance payment in the case of dismissal for a new type of permanent employment contract. Further, labour law reform in 2011 increased the maximum age limit for entering into training contracts to 30 years. Finally, in 2012, the conservative government adopted a major labour law reform, amending the system of collective bargaining, reducing severance payments in the case of unfair dismissal, and established a tight limit of a two-year maximum duration for all types of temporary contract.

Following the crisis, there is an extended perception among labour market experts that precarious work is increasing, as figures show that the working poor are growing in number and in a context where the informal economy is said to represent around 20 % of the GDP. This situation has raised the concern of unions and also of the population, which has organised protests and it has also resulted in the growth of new political actors.

Studies based on the Spanish Labour Force Survey have shown that temporary employment is predominantly non-transitional to permanent employment and largely involuntary. An analysis of the rates and dynamics of transitions into and out of temporary employment across different groups of working-age respondents has shown that much of Spanish temporary employment is involuntary, with temporary workers having limited opportunities for career advancement. (Amuedo-Dorantes et al, 2010)

7.2. New open-ended contract to support entrepreneurship with a one-year probation period
Law 3/2012 of 6 July 2012 on urgent measures for labour market reform intended to facilitate employment. Among the measures for fostering employment of indefinite duration and other measures to promote job creation, this law introduced in article 4 a new employment contract of indefinite duration to support entrepreneurs.

The length of the probationary period under Article 4 of Law 3/2012 is not the same as that normally provided for under Spanish law and is unrelated to the professional skills of the person recruited. The law establishes an atypical contract with a fixed-term of one year, which may be converted into a contract of indefinite duration once that period has elapsed. During the probationary period, the employee has no legal protection against dismissal.

This employment contract to support entrepreneurs is accompanied by tax and social security advantages and, where such a contract is signed with jobseekers registered with the employment office, it gives rise to the right to variety of benefits. This contract may not be concluded by an undertaking which, in the six months prior to conclusion of that contract, carried out unfair dismissals. For the purposes of receiving the benefits linked to
contract of indefinite duration to support entrepreneurs, the undertaking must employ the worker concerned for at least three years. In the event that those obligations are not met, the benefits must be repaid. It would seem that these restrictions may have prevented employers from 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 employer social contribution reductions in order 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 the rest of permanent contracts and that according to their estimations they are not systematically terminated after the first year (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. Spanish labour market experts believe that employers are so far not interested in using this type of employment relationship despite the flexibility it provides. The reasons put forward for its 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 compatibility with the Spanish Constitution of the one-year probationary period for the new type of open-ended contract to support entrepreneurship was assessed by a ruling of the Spanish Constitutional Court on 16 July 2014. This judgement analysed the provisions of Law 3/2012 on labour market reform and their compliance with the Constitution, concluding that the one-year probationary period pursues the legitimate aim of employment growth. Therefore, there is no breach of the proportionality and equality principles as the different rules regarding maximum duration of the probation period are objectively justified. Moreover, after weighing up the fundamental rights at stake, the Constitutional Court concluded that the one-year probation period is reasonable, particularly in view of the economic situation in Spain and given that this provision will only be applicable whilst the unemployment rate exceeds 15 %.

However, trade union representatives maintain that this contract is of a precarious nature and are campaigning for its elimination. They consider that this new model of contract does not comply with the provisions of ILO Convention No 158 of 1982 and the European Social Charter signed at Turin of 1961. Nevertheless, due to the fact that it has not been extensively used by employers, it is not seen to constitute a serious problem at the present time.

7.2.1. **Short fixed-term combined with part-time working time**

The number of employment contracts lasting less than a week increased in 2015. Around 24.4 % of social security affiliations during that year relate to contracts with a duration shorter than a week. Furthermore, the figure 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: Spanish Labour Force Survey, last quarter 2015).

In times of economic difficulties, the part-time contract has become an attractive option for employers, allowing them to save costs by using more flexible staff. The part-time employment contract was reformed by Royal Decree law 16/2013, on measures to favour
stable hiring and improve the employability of workers. The lack of a minimum or maximum number of hours for this type of contract, combined with the increased prerogative of the employer to unilaterally modify the working conditions of the employment contract (article 41 of the Workers Statute reformed by Law 3/2012) has led to a proliferation of involuntary ultra-flexible part-time employment contracts. In fact, article 12 of the Workers’ Statute defines a part-time contract as the employment relationship where the worker provides services for a number of hours a day, a week, a month or a year, less than the working day of a full-time worker comparable (at the undertaking, or in the case of absence of comparator in the company, as established in the sectoral collective agreement). This legal text introduced the following changes on the regulation of the part-time work contract:

- An obligation to record the working day of part-time workers. In this way, working hours will be registered every day and will be added up each month. A copy will be given to the worker, together with the salary statement, summarising the total hours worked each month, both regular and supplementary. The employer is obliged to keep the monthly summaries of working days for a minimum period of four years. In the case of breach of the working hours registration obligations, the contract will be considered a full-time employment contract, unless the employer proves otherwise.

- A new flexible use of overtime for this type of contract.

- The possibility of entering into the employment contract supporting entrepreneurs on a part-time basis is allowed. The requirement that this contract should be full-time is abolished, thus enabling the formalisation of a part-time contract and eliminating any restrictions to tax incentives and bonuses for this type of part-time contracts.

- This legislation set out the sectors of activity for the purpose of entering into a part-time contract on training.

- Employer social contributions for temporary contracts for part-time work will be the same as those for temporary contracts for full-time work. It is henceforth established that there will be a single rate of 6.7 % for employer social contributions in all fixed-term contracts.

This flexibilisation of the use of overtime introduced by the government in 2013 has been considered ‘excessive’. This high flexibility on imposing overtime in part-time contracts, along with the power of the employer to unilaterally alter the distribution of working time with only a minimum period of 5 days’ notice (Article 34.2 of the Workers Statute), and the weakening of sectoral collective agreements to regulate this type of contract, leads to an overall assessment of this reform as negative for the protection of workers’ rights (Gómez Abelleira, 2014).

### 7.3. Youth employment forms, training/apprenticeship and internships contracts in Spain

Young workers have been particularly hit by the economic crisis and they are a group deemed to be at risk of employment precariousness. The Spanish Labour Force Survey figures from 2015 show that there has been a positive evolution in terms of the creation of employment for this segment of the workforce. Examples of targeted initiatives are given below.
7.3.1. Youth contract

The youth contract is a temporary contract regulated in Article 15.1.b Workers Statute, which was introduced by Law 11/2013. The aim of this new atypical form of temporary contract is to encourage the hiring of young people, in particular by small and medium-sized businesses and self-employed people. The employer can enter into this employment contract with unemployed people younger than 30 years old who have less than three months’ or no work experience. It will be sufficient to indicate acquisition of a first professional experience as justification for the temporary nature of the youth contract. The reason for its temporary nature will remain justified without risk of the contract being considered permanent. There are a series of requirements and incentives linked to this type of contract. For example, employers, including self-employed workers, hiring young workers under this model should not have carried out any unfair dismissals in the six months prior to the signature of the contract.

The main advantage for the employer of this contract does not lie in the reduced employers’ social contributions to the social security system, but in its temporary nature. However, for this contract there are reductions in the employer social contributions to the social security system whenever it becomes permanent (once the minimum period of three months has elapsed). If the contract becomes permanent, workers will have the right to a EUR 500 per year bonus for three years in employer social security contributions. If the contract is signed with a female worker, the bonus will be EUR 700 per year.

7.3.2. Training contracts

In Spain, training and apprenticeship contracts are mainly regulated by Royal Decree 1529/2012 of 8 November 2012 and its complementary Order ESS/2518/2013 of 26 December 2013. This legislation has established a system of dual professional training, reforming article 11 of the Workers Statute.

The Order of 2013 sets out reductions in the employers’ social security contribution for workers on a training programme. The Order also establishes the maximum reduction allowed for training centres and companies to finance training activities and outlines the procedures that training centres and companies must fulfil to obtain a reduction in employer contributions.

Previous authorisation by the Spanish Public Employment Service Office (in the region where the company’s site is located) is required for the signing of the vocational training and apprenticeship contract and its extensions. The company or the training centre organising the training activity agreement must directly make the request, which must be accompanied by a training activity agreement.

Since the reform introduced by Law 11/2013, temporary work agencies can also sign training contracts and be in charge of the training obligations inherent to this type of contract. If the company directly provides the training, only the worker needs to sign the vocational training and apprenticeship contract. The vocational training and apprenticeship contract as well as the annex on the training activity agreement must be formalised in the official forms available at the Public Employment Service website.

The vocational training and apprenticeship contract must be on a full-time basis, allocating part of the time to performing paid employment and the other part to receiving training related to the job position.

The time spent on the training activity cannot be less than 25% of weekly working time during the first year and 15% during the second and third year of the contract. The maximum weekly working time of reference is the working time prescribed in the applicable collective agreement or, in its absence, the Workers Statute. When the parties agree to
concentrate the training activity in fixed periods during the contract, they must expressly state so in the training activity agreement. The training activities must be programmed according to the legislation regulating each professional certificate or training cycle, when the training activity is necessary to obtain an intermediate or vocational qualification diploma, a professional certificate, or an academic certification.

7.3.3. Internships

Non-paid interns are a group at a high risk of precariousness. In Spain, there is an ongoing campaign by the labour inspection authorities to control the tasks of persons undertaking a placement in companies to avoid the use of false interns. If the Spanish labour inspectorate detects the existence of a labour relationship, the intern is considered a permanent employee of the company.

There are internships that are linked with employment activation and designed primarily for unemployed people and therefore do not entail the existence of an employment relationship. These internships are governed by the following legal requirements:

- The intern must be an unemployed youth registered with the employment office and aged between 18 and 25.
- They must be in possession of official university degree, or professional certification training.
- They should not have had an employment relationship longer than 3 months in the same company.
- The companies should sign a training agreement with the Public Employment Service (SEP).

If a company decides to incorporate university or professional school students as interns, the company should consider the following:

- Monetary compensation to the intern obliges the company to register the person into the Spanish social security system and to pay contributions.
- The objective of the internship is educational and must contribute to the students’ learning, whether or not the tasks performed make any profit.
- In no circumstances should an intern substitute an employee.

The existence of a labour relationship can be presumed when an intern performs the same tasks as any other employee, does not have a tutor in the company; organises their tasks autonomously and it is hired for a time period which exceeds six months.

According to the OECD recent empirical study on youth and employability, Spanish trainees are the worst paid within European Union countries. Only four out of 10 students receive some form of financial compensation for their work. (OECD, 2016)

7.4. Conclusions

The latest data on the Spanish labour Market derived from the Spanish Labour Force Survey in the fourth term of 2015 confirms that the Spanish economy is performing well. GDP is growing at an annual rate of 3.2 % and in two years Spain has created around one million jobs, recovering 29 % of the jobs lost during the crisis. However, the Spanish labour market is experiencing a two-speed recovery. The figures show that there has been an improvement in job prospects for short-term unemployed people while long-term unemployment continues to break records. The key question is how to avoid marginalisation of this last group of long-term unemployed people. The current levels of
long-term unemployment threaten social cohesion and are an obstacle to sustainable employment recovery.

The persistence of high levels of long-term unemployment is common to the EU countries more seriously hit by the crisis, but the case of Spain is particularly alarming. 14% of the workforce has been unemployed for more than a year, of which 70% have been seeking employment for at least two years. Another problem is the high concentration of vulnerable groups of people among the unemployed, such as construction workers, low-skilled and older workers. The reintegration of vulnerable groups is the main challenge of employment policy because for them the risk of social exclusion is very high.

A quarter of the contracts that have been signed in 2015 are for less than a week’s work. Only 8% of contracts signed in 2015 were regular open-ended contract. The consequence of this hyper-flexible labour market is that a high percentage of the workforce can only obtain short-term part-time work.

The 2012 and 2013 labour market reforms have had a strong negative impact on job quality in Spain and only a mild positive impact on job creation. It can be concluded that the reforms have not been a turning point regarding employment growth and unemployment reduction. This seems to confirm the OECD findings that improving job quality is not at the expense of higher employment rate. The labour market adjustments have also had a major impact on industrial relations and social dialogue. Trade unions have prioritised maintaining employment levels over negotiating wage increases or maintaining working time. Even though this has contributed in some cases to extending risk of precariousness, such as low pay, it is a strategy supported by workers in the context of the high (long-term) unemployment rate. It is also important to state how in some sectors like construction, trade unions have paid particular attention to their relationship with employers to the unemployed, which goes against the essence of the so-called insider-outsider divide (Molina and Ramos, 2015).
8. UNITED KINGDOM

8.1. Introduction
Riskof precariousness at work is a topic of debate in the UK. The debate mainly revolves around zero hours contracts and concerns about abuse of these types of contracts. There is also discussion of temporary agency work, in the context of the transposition of the EU Directive on temporary agency work into UK law.

The employment rights of workers on part-time contracts, fixed-term contracts and those engaged in temporary agency work have been strengthened by EU Directives that have been transposed into UK legislation. There is also a debate about young people working on internship contracts, some of whom are not paid, or are only paid expenses. There is concern among trade unions and policymakers that those on these contracts are open to exploitation and may find it difficult to enter the regular labour market, given the labour market difficulties of young people in the UK. There are also concerns among trade unions that some employers may be using internships as cheap labour and a way of replacing workers on more regular contracts.

The risk of precariousness would seem to have increased since around 2008, due to the onset of the financial crisis in the UK, which has meant that employers have been trying to cut costs, including labour costs, in an increasingly difficult operating environment. Acas (2015, p. 2) states that: ‘the arguments for and against protection and flexibility are so strong and persuasive that it begs the question: are the two things compatible at all? It is, perhaps, one of the most important questions facing policy makers concerned with the world of work, as the issue of achieving a ‘fair balance’, between employers and employees, between regulation and flexibility, goes right to the heart of the employment relationship’.

8.2. Zero hours contracts
Zero hours contracts have received a lot of attention in the UK media in recent years, due to an increase in this form of work. There is no legal definition of what constitutes a zero hours contract, although a main feature of these contracts is that they do not define a minimum number of working hours, which can range from zero to a full-time working week, and the individual is under no obligation to accept work offered.

A 2015 report from the Office for National Statistics (ONS), *Employee Contracts that do not Guarantee a Minimum Number of Hours*, uses data from the UK Labour Force Survey (LFS), which shows the number of people who report that they work 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 currently 744 000 for April to June 2015, representing 2.4 % of the labour market. This has increased from 624 000 in April to June 2014, 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 zero hours contract.

According to the ONS data, those on zero hours contracts are more likely to be female (54 % compared with 47 % of women in the general workforce), in full-time education and under 25 years of age (34 % of those on zero hours contracts). This is backed up by a 2015 report from the UK House of Commons, which shows that 20 % of people on a zero hours contract are in full-time education compared to 3 % of other people in employment.
This appears to suggest that zero hours contracts are used in particular by students in order to supplement their income while studying. On this basis, it could be argued that these users of zero hours contracts are not suffering from precariousness, as they choose to work in a flexible way that suits their lifestyle at a time of their life when they want to financially support their studies.

Those who support the use of zero hours contracts state that their use allows employers to respond quickly to fluctuations in demand for goods and services. This is particularly important in sectors such as tourism and hospitality. The use of zero hours contracts is especially prevalent in these sectors. In terms of the incidence of zero hours contracts by sector in 2014 and 2015, the rate is highest in the accommodation and food sector, although it has declined in this sector between 2014 and 2015. It has grown most sharply in the education sector and zero hours contracts are also prevalent in the health and social work sector.

The drivers behind this increase in zero hours contracts are likely to include factors such as the financial crisis since 2008, since when employers have been more nervous of recruiting employees on a permanent basis with regular hours. Employers are also under cost pressure in an increasingly competitive environment, especially in some sectors, and one way to reduce labour costs is to employ workers zero hours contracts. These contracts also provide considerable levels of flexibility to employers to respond to customer demand.

However, there are concerns, voiced by trade unions and other bodies, that some of those working on zero hours contracts may be vulnerable and in a precarious position.

- Those working on zero hours contracts are usually classed as workers rather than employees, which is a key distinction in UK employment law: workers have fewer labour law entitlements than employees, for example in relation to statutory notice periods.

- As those on zero hours contracts only work when needed by their employer and are often given little notice as to when they will be needed, and are only paid for the hours worked, this can result in low numbers of working hours, low income levels and lack of control and planning relating to the organisation of work.

- Although those working on zero hours contracts are entitled to decline work, there is a concern that individuals feel pressured to accept any work offered, fearing that a refusal may mean that they are offered less work in future.

- Low levels of earnings under zero hours contracts can affect an individual’s ability to claim social security benefits: the TUC (2014) found that two in five workers on zero hours contracts earn under GBP 111 a week and so lose out on statutory sick pay. Research by the Pennycook et al (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.

- Low levels of working hours can also affect ability to claim benefits: in order to claim working tax credit, an individual has to work a minimum number of hours a week, which is not guaranteed under zero hours contracts. 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 more hours, mostly in their current job, rather than in a different or additional job.

Although it is often assumed that those working in zero hours contracts hold temporary positions, according to Brinkley (2013), two thirds of those on zero hours contracts said
that it was their permanent job, which means that these workers would be open to a
degree of precariousness.

Zero hours contracts carry a relatively high risk of precariousness, based on irregular
working hours, low levels of income, and a low level of control and planning over working
hours, which could lead to stress. However, these indicators are mitigated in the case of
certain individuals, such as students, who may choose to work flexibly in order to fit in with
their lifestyle, ie when they are studying.

8.3. Internships

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 (UK government, 2010).

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. An intern is usually entitled to the
national minimum wage if they are above compulsory school age, are not undertaking the
internship as part of an education course, are doing actual work rather than simply
shadowing employees, and have a contractual relationship with their employer.

The most high-profile element of internships is pay: whether interns are paid at least the
national minimum wage, whether they are paid expenses only, or not paid at all. There is a
fear that employers are using interns as a cheap source of labour, replacing regular
employees. A survey of 218 UK employers conducted by YouGov on behalf of Internocracy
- a social enterprise that develops work experience schemes for employers – found that
17 % of UK businesses had taken on interns to use as a cheap source of labour (Orlando et
al, 2012). The CIPD (2010) found that, of those respondents who did employ interns,
around half (49 %) pay their interns at least the adult minimum wage. 30 % pay a wage
below the adult NMW (which may include legal youth/development rate payments but data
does not provide further detail) and around 21 % receive expenses only or are completely
unpaid. It should be noted that CIPD surveys have a sample base which is heavily skewed
towards larger firms and response rates are low, although the estimate of the total number
of interns above attempts to correct for this.

Milburn (2012) notes in particular that unpaid internships are most prevalent in the media:
‘What seems to distinguish journalism from other professions is that interns are substitutes
for what in other sectors would be regarded as functions carried out by mainstream paid
employees. The practice in much of the media industry is more akin to treating interns as
free labour. The problem with that is self-evident. It is possible only for those who can
afford to work for free. It means that others – perhaps with equal or better claims on a
career in journalism – are excluded from consideration’.

On a sectoral level, of the Graduate Talent Pool vacancies advertised in June 2010 about a
third of internship opportunities were unpaid or expenses only. The Arts, Entertainment &
Museum sector had the highest proportion of unpaid vacancies with approximately 92 % of
vacancies being unpaid or expenses only. 77 % of the fashion, clothing or textiles
vacancies, 76 % of PR vacancies, 72 % of architecture vacancies, and 50 % of media
vacancies were unpaid. The majority of internships in the publishing sector (newspapers,
magazines and databases) are also unpaid. The LPC highlighted entertainment, media, and
politics as sectors where it is becoming increasingly commonplace for employers to demand
a period of unpaid work experience as a means of gaining entry into the profession.
There are growing fears that internships are becoming the normal route into a number of professions: evidence from the TUC and Intern Aware (a campaign focusing on promoting fair access to the internship system) has 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.).

8.4. Temporal agency work

Figures from the UK Labour Force Survey show that the number of agency temps fell sharply during the recession from 2008, reaching a trough of 245 000 in 2009. In autumn 2011, there were 285 000 agency temps in work in the UK. This rose to 321 165 by winter 2012.

According to the UK Labour Force Survey, there are 1 641 000 temporary workers overall in the UK (September-November 2015). This number has remained relatively stable over the past two years. This represents 6.2 % of the workforce. Of these, 578 000 said that they could not find a permanent job (around 35 %) and 391 000 said that they did not want a permanent job. 134 000 said that they had a contract with a period of training. This would indicate that there is a significant level of involuntary temporary working in the UK.

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 no constraints on employers in areas such as recourse to temporary working and length of temporary contract. 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 also, however, a debate about whether temporary agency work carries a risk of precariousness. Eurofound (2010) notes 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. However, the countering view, often cited by trade unions, is that temporary agency workers do not have control over the length of their assignments and can be in a precarious position in terms of income and number of hours worked. There are a range of views on whether temporary agency work is a tool to increase flexibility for the general good, or whether it leaves vulnerable workers open to abuse.

For example, Maroukis (2015), on the basis of interviews with British and migrant temporary agency workers in hospitality, healthcare and food, found that temporary employment agencies and companies were using legal loopholes and exemptions to circumvent regulatory protections for temporary agency workers: ‘In doing so, these employers intensify the employment insecurity and precarious living conditions of agency workers’. His key findings were:

- Employment agencies and companies in the food, hospitality and healthcare sectors circumvent the legislative protections of the Agency Workers Regulations.
- Temporary agency work in healthcare and hospitality is particularly poorly regulated; these sectors fall outside the remit of the Gangmaster Licensing Authority (GLA), which regulates agency employment in the food industry.
- Temporary agency workers do not earn an adequate income and may have to rely on welfare benefits.
Temporary agency work does not offer long-term prospects for better jobs.

Temporary agency workers bear the costs of austerity in healthcare as providers downsize permanent contract workforces in favour of large ad hoc ones.

Overall, temporary agency work offers insecurity rather than flexibility.

However, the Recruitment and Employment Confederation (REC), which represents temporary employment agencies, found in a recent survey (REC, 2014) that one in four agency workers took up agency work for the greater flexibility it offers compared to permanent contract employment. Sixteen per cent of women did so in order to work flexible hours and still be able to look after their children.

In terms of pay, the TUC (TUC 2014c) found that as of 2014, 33.3% of London based agency workers earned below the living wage and 40.1% of agency workers from the rest of the UK earned below the living wage. In 2014 the London Living Wage was GBP 8.80 and GBP 7.65 for the rest of the UK. The TUC also found that in some companies, agency workers were paid up to GBP 135 less a week than permanent workers doing the same job.

In terms of employment rights, the TUC (TUC 2014c) also found inconsistencies. For example, temporary agency workers are entitled to statutory maternity pay but have no right to return to their jobs after taking the corresponding maternity leave. Agency workers are classed as workers rather than employees under UK law. Forde and Slater (2014) also note that agency workers appear to have relatively little knowledge of their employment rights, particularly in the areas of holiday pay, notice periods and the 12-week threshold for equal treatment with user company employees, and the implications of the Agency Workers Regulations 2010 for them.

8.5. Conclusions

Precariousness is a theme in debates about the UK labour market, although couched within a framework of a flexible and relatively deregulated labour market. Employers, while concerned to ensure that employees are treated well, are keen to establish and maintain a labour market that is flexible and that allows employers to respond quickly to fluctuations in demand for goods and services. Trade unions and pressure groups, meanwhile, campaign to try to ensure that workers are not exploited and left in a vulnerable position. There has been an increase in the number of zero hours contracts in recent years, which may reflect employer need for flexibility and cost-cutting in the aftermath of the recession. While many students are happy to carry out this type of work, there are concerns that other types of individuals on this type of contract may be vulnerable. Temporary agency work is a prominent feature of the UK labour market. The temporary agency work Directive has introduced new rights for temporary agency workers, although there is evidence that employers are using a loophole to circumvent employment rights. Further, involuntary temporary agency working appears to be prevalent among a substantial proportion of temporary agency workers. Internships appear to be an increasing route into the labour market, and there are growing concerns about abuse in terms of lack of payment. Interns are also in a legally grey area in terms of access to employment rights. There is every indication that these trends are likely to continue in the future under the current Conservative government.
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