RESEARCH REPORT

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Societal implications of labour market instability

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Eurofound

European Foundation for the Improvement of Living and Working Conditions

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

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Executive summary

Introduction

This report examines the potential consequences of labour market instability, specifically workers' unstable attachment to the labour market and job insecurity. It looks into recent trends in labour market instability, focusing on specific forms of non-standard work and the social groups most likely to be engaged in these forms of work, in a post-pandemic, still volatile economy. It then considers consequences related to well-being, social exclusion and the quality of society, such as workers' trust in others and perception of fairness regarding their treatment in the workplace, satisfaction with institutions and political participation. Finally, the report outlines important steps taken by EU and national policymakers to address labour market instability.

Policy context

Secure and adaptable employment is one of the main principles of the European Pillar of Social Rights, which aims to ensure that equal working conditions are provided regardless of the duration of workers' contracts, while allowing enough flexibility for employers to adapt to economic changes and encouraging entrepreneurship. The European Pillar of Social Rights Action Plan and the revised Social Scoreboard include indicators related to temporary employment and the transition towards more secure types of contracts. Meanwhile, the European Commission's recommendation on effective active support to employment following the COVID-19 crisis calls for the provision of entrepreneurial support, and upskilling and reskilling opportunities, and the enhancement of employment services, to help achieve stability for employees and employers.

The European Labour Authority, established in 2019 with a view to implementing and enforcing EU labour mobility rules, and thereby protecting mobile workers, also aims to help Member States to tackle undeclared work. Several countries have recently taken steps to encourage the formalisation of informal work.

The Commission has recently committed to assessing the use of temporary agency work and the potential need for a temporary agency work directive.

In 2021, the Commission proposed a directive to improve the working conditions of platform workers, which, since 12 June 2023, has been under interinstitutional negotiations. It establishes a set of criteria to verify the status of employment; if any two are met, the worker is deemed to have an employment relationship and hence the rights of an employee. The directive is expected to increase transparency specifically when it comes to digital platforms.

Key findings

- The proportion of workers on temporary contracts decreased during the pandemic, due to job losses in the sectors affected by workplace closures. While a slight increase in the take-up of this type of work was observed on reopening, the proportion of contracts with a duration of six months or less has declined further.
- Temporary work tends to be involuntary, and is most often taken up by young people, men and non-nationals. While people with lower levels of education are more likely to have fixed-term contracts, these are also common among education and health professionals.
- Temporary workers often work long hours and feel underemployed and are most likely to be looking for other jobs.
- The level of involuntary part-time work has been decreasing continuously since the Great Recession years. The primary reason people give for working part time is care responsibilities, with women nearly three times as likely to work part time as men, and the difference is even larger between those who are parents and those who are not.
- In several Member States in the Mediterranean region, people most commonly work part time because they are unable to find a full-time job, and people who work part time are often employed on temporary contracts.
- Contract type is not associated with well-being outcomes once other variables are controlled for, with one exception: agency workers have lower life satisfaction.
- Perceived job insecurity (thinking that losing one's job in the next six months is likely) is associated with lower life satisfaction, poorer health and mental well-being, and a higher likelihood of feeling excluded from society.
- The association between social exclusion and job insecurity is similar to the relationship between social exclusion and unemployment, suggesting that the threat of unemployment is enough to make workers feel excluded from society.

- People with non-permanent contracts have lower trust in other people, and are less likely to think that other people are fair. People who believe their job is insecure trust others significantly less.
- Satisfaction with the government is lower for those who are unemployed, and those who feel they are at risk of unemployment, although no association was found with contract type.
- Workers on a non-permanent contract and workers with no formal contract are less satisfied with the functioning of democracy in their country, as are people experiencing job insecurity.
- People with non-permanent contracts or no formal contract and those who are unemployed are all less likely to vote in elections, even when non-nationals ineligible to vote (who are overrepresented in these categories) are excluded from the analysis. They are also less likely to participate in demonstrations, which is symptomatic of disengagement.

Policy pointers

- Permanent, post-pandemic measures taken by governments to increase job security for non-standard workers are becoming more common, and could be encouraged in other Member States.
- Underemployment can also refer to a skills mismatch, rather than simply fewer working hours than desired. Some countries have taken steps to improve and centralise career guidance and training to help match jobs with workers in all career stages.
- The formalisation of informal contracts and jobs with very few working hours gives workers greater access to benefits, as well as job and income security. This is another step that should be promoted in more Member States, particularly among those with a high prevalence of workers in informal employment or of underemployment.
- Looking at informal work from a security point of view, rather than purely considering the loss of tax revenue, can be beneficial. Some countries have shifted the responsibility for paying lost taxes from the employee to the employer, hence removing a barrier to reporting informal work and taking a step towards formalising informal employment.
- Policymakers should be aware that in countries with a lot of immigration, the danger of being deported can be seen as a barrier to reporting informal work and precarious working conditions.
- While EU policy aims to encourage entrepreneurship, the general decline in self-employment and the probability of people starting a new business is a concern, and could be related to insecure incomes and working hours.
- Finding a balance between avoiding the negative social consequences of unstable attachment to the labour market and encouraging entrepreneurship, and allowing flexibility in companies, remains a challenge for both EU and national policy.

Introduction

The year 2023 has been a turbulent and uncertain time for European labour markets. The early post-pandemic period was characterised by labour shortages in several countries and sectors. By the end of 2022, economists feared that there would be a downturn, as inflation rates reached over 20% in some Member States, and several large companies in the information and communication sector announced substantial job cuts. As of spring 2023, while recession fears have eased, inflation remains high in several EU Member States and there has been a significant economic slowdown. It is expected that, in a time of widespread labour shortages, a potential mild recession may have a comparatively smaller impact on unemployment, and on the labour market in general, than it would have done a few years ago (ECB, 2022).

While unemployment remains low, not all workers have job security. During the pandemic, it was mostly young people and temporary workers who lost their jobs, particularly in the retail and hospitality sectors. This resulted in a short-term decrease in the proportion of workers on temporary contracts, which started to increase again as the pandemic ended. Platform work, which refers to the use of online platforms to provide certain services, was essential during the pandemic, as it brought services to locked-down households, particularly in the areas of transport of people, food and other supplies. However, it quickly became a competitive field, and it often involves a level of informality and marginality for many of its workers (ILO, 2022).

Research indicates that the size of the informal economy increased during the pandemic to an estimated 17.9% of the official gross domestic product (GDP) in 2020, the highest figure recorded in 20 years (European Parliament, 2022).

Unstable attachment to the labour market has an impact on the quality of life of individuals as well as their income. It has been linked to job dissatisfaction, stress, and physical and mental health problems. It prevents young people from becoming independent, and may restrict their access to mortgages and rental contracts, while for older workers it gives rise to insecurity about pensions. Unstable attachment can enhance people's feelings of being excluded from society and, on a larger scale, lessen social cohesion, increase discontent, and reduce peoples' trust in employers, governments and institutions.

This report investigates recent trends in labour market insecurity in Europe, as well as its drivers, while identifying the groups most affected and exploring the individual, social and societal implications of this instability.

Main concepts

The report focuses on **labour market instability** – meaning the perceived or real precariousness of one's position in the labour market (sometimes referred to as labour market insecurity) – and job instability.

In both the literature and the survey data used in this report, an important subjective indicator of labour market instability is perceived job insecurity, that is, the reported likelihood that one might lose their job within a short time frame.

Workers in certain forms of employment have a higher risk of experiencing labour market instability than those in other types. The following three forms are discussed in this report.

Non-standard employment (often called atypical employment) refers to any form of employment that does not involve a single employer providing full-time, regular and open-ended employment, for example work carried out on a temporary contract, part-time and seasonal work, and some forms of self-employment.

Underemployment occurs when people are dissatisfied with their work situation because they are working fewer hours than they would like to or are not working to their full potential because their skill set, qualifications and ability to work do not align with their working hours and job.

Informal employment refers to jobs that are neither regulated nor protected by governments or labour legislation (European Union, undated). This includes employment that is not officially registered, for which taxes are erroneously not paid, that is registered as involving fewer hours than are actually worked or that is registered as a different job from the one carried out. Note that in this research all forms of activities in the undocumented or insufficiently documented economy, and not only illegal forms, are included, for example household cleaning, childcare and street vending. The focus of interest is the consequences of insecurity for the workers, and not taxes paid/revenue lost.

These concepts are not mutually exclusive, and may not be interpreted in the same way across the whole of society. For example, non-standard employment may actually be the most common form of employment for particular social groups, such as women with caring responsibilities, in several countries.

Following a literature review (see next section), Chapter 1 of this report analyses recent trends in the labour market, specifically in terms of temporary employment, part-time employment and self-employment, looking at social groups most likely to work in non-standard arrangements, based on data from the EU Labour Force Survey (EU-LFS). Chapter 2 focuses on potential individual consequences of labour market instability in terms of health, well-being and social exclusion, using data from Eurofound's 2022 *Living, working and COVID-19* (LWC) e-survey. Chapter 3 analyses how people's trust, perception of fairness in their treatment at work, satisfaction with governments and democracy, and political participation are related to labour market instability. Finally, Chapter 4 describes recent policy measures implemented by Member States to address various aspects of labour market instability.

Literature review

Impact of uncertainty on the labour market

Uncertainty in the economic cycle can increase unemployment. While employers wait for economic developments to unfold, they tend to post fewer vacancies, as poor hiring decisions can result in long-lasting negative effects. Leduc and Liu (2016) called this the option-value hypothesis, which is when companies 'wait and see' before they engage in job creation, as it is not easily reversed. Others go further, suggesting that the waiting period itself has a value in volatile times, and that this significantly decreases job creation (Den Haan et al, 2021). The COVID-19 pandemic was a cause of uncertainty (VoxEU, 2021), resulting in a temporary increase in unemployment. The war in Ukraine and the resulting inflation and rise in the cost of living was another.

These two crises had quite different labour market outcomes. As the pandemic-related restrictions on activity primarily affected sectors in which fixed-term contracts were common, employees in these sectors were most likely to lose their jobs. These included young workers, many of them immigrants, working in the hospitality and retail sectors. While this temporarily reduced the proportion of workers on fixed-term contracts, this is expected to rise in the post-pandemic labour market.

The pandemic also contributed to severe labour shortages in the EU by disrupting migration and mobility flows, triggering the movement of workers from the hospitality sector to other sectors and introducing short-term working schemes, which kept workers from seeking jobs associated with low pay and poor working conditions (Eurofound, 2021a).

The war in Ukraine, which started just as the COVID-19 crisis ended, had rippling economic effects, which governments feared would mark the end of an economic cycle. While all EU Member States are now expected to narrowly avoid recession in 2023 (European Commission, 2023), the war and the post-pandemic circumstances caused widespread inflation – particularly of food prices, coupled with an increase in energy prices – bringing about sharp increases in the cost of living. As the war started during a period of labour shortages – made worse by the disruption to the mobility of workers during the pandemic and changed expectations of working conditions – labour markets have so far proved resilient to the uncertainty it has caused. However, in certain sectors labour demand has decreased due to continued volatility, and the expectation of a recession. Notably, at the end of 2022, large multinational technological companies initiated mass layoffs, citing pandemic-related overhiring as the cause, but analysts suggested that their expectations of a downturn were also among the reasons for the layoffs (Forbes, 2023).

Workers most likely to experience labour market instability and its consequences

Economic uncertainty has a negative impact on workers, especially those who are at risk of losing their jobs, potentially not for the first time since the Great Recession of 2007–2009. However, some groups of employees are more at risk than others.

Insecure employment situations can arise from **non-standard employment**, including 'employment relationships that do not conform to the standard "typical" model of full-time, regular, open-ended employment with a single employer over a long time span'. Examples of non-standard employment that results in lower job security include part-time work, temporary work, fixed-term work, casual and seasonal work, self-employment, independent work and homeworking.

Workers with **no contract** are part of the informal economy, which is not observed by authorities. They often have no protection from unemployment and can have very high job insecurity and unfavourable working conditions. Many countries have made efforts in recent years to incentivise the formalisation of the employment of workers with no contract; some of these are discussed in Chapter 4.

When discussing non-standard employment in Germany, Giesecke makes the following observation about those experiencing unstable work: 'Those with **fixed-term contracts** [emphasis added] and agency work suffered more negative socio-economic consequences than those with part-time employment, though the risks varied across types of temporary employment' (as quoted in Healy and Ó Ríain, 2021, p. 304).

Self-employed workers, particularly those who do not choose to be self-employed, are at risk of labour market instability (European Parliament, 2016). Data from the European Working Conditions Survey show that, for one in five self-employed workers, self-employment was the only viable option, as there were no other work alternatives (Social Europe, 2017).

Platform work, which is a specific form of fixed-term work or self-employment, has expanded and diversified in recent years. According to recent estimates, about 70% of platform workers use it as an additional source of income, while for others it is the main source. It is an example of marginal work. Most types of platform work are carried out predominantly by men, while migrants and refugees are overrepresented in the field, and are particularly at risk of marginality. However, this type of work provides them with income when they do not have access to other forms of work (ILO, 2022).

In the context of young people's social exclusion, Roosmaa et al (2021) write about the importance of work for young people, based on qualitative research. Apart from monetary compensation, work gives an important structure to their day. It also provides opportunities for social contact and shared experiences and for striving towards a collective purpose, making them feel useful to other people. Work is also an important part of a person's identity and status.

While older workers are less likely to be unemployed than younger workers, older workers who do become unemployed tend to have significantly longer periods of job seeking (Axelrad et al, 2018) , with a high incidence of discouragement (Nivorozhkin and Nivorozhkin, 2020)

Morgenroth et al (2021) found that women seem to be more unsettled (as measured by feelings of job insecurity) on fixed-term contracts than men, which cannot be explained by women's unfavourable labour market position or household type. In this way, fixed-term contracts may contribute to gender inequalities on the labour market.

A potential link between lesbian, gay, bisexual, transgender and other sexual identities and labour market insecurity has been pointed out by Harley (2016) and Dwyer (2018).

Impact of labour market instability on health and well-being

Among recent studies, an article by Lübke (2021) on job instability across different age groups is notable for highlighting the negative impacts on workers' health. Health impacts may manifest through immediate shocks, which occur when people become worried about their jobs and their future, as well as through prolonged stress, which occurs when their worries about job loss last for an extended period. These give rise to anxiety, exhaustion and loss of confidence. The resulting decline in physical and mental health is a threat to both workers' current productivity and their future labour market prospects. Lübke highlights that workers on a fixed-term contract, those with previous experience with unemployment and those with low education are among the groups that are particularly vulnerable to these effects. Chapter 2 of this report analyses potential relationships between well-being and labour market instability.

Impact of labour market instability on social exclusion

The link between young people's attachment to the labour market (and/or education) and social exclusion was established in several earlier quantitative studies (Eurofound, 2021b).

Young workers faced with a lower return on investment with regard to higher education are less likely to complete university, decreasing the overall human capital in markets. In the labour market, these challenges can lead to a myriad of social consequences, most notably a delay in the establishment of new households by younger people, and an increase in emigration as they look for job opportunities abroad (Carmona, 2021; UCD, 2022). Meanwhile, Selenko et al (2016) suggest that job insecurity puts employed people's social identity in jeopardy, as the spectre of becoming unemployed – and thus negatively evaluated in society – looms.

For further analysis of the relationship between job insecurity, contract type and social exclusion, see Chapter 2.

Impact of labour market instability on trust and quality of society

While most studies have focused on the effects of labour market instability and job insecurity on health and well-being, some research indicates that there are potential wider effects in terms of trust in institutions and of social and political participation. People who feel that their identity has been threatened may be more likely to turn against others, as they feel they have been socially excluded, while others may feel more empathy for those who are unemployed and other marginalised groups. This has been put forward as a reason why job insecurity may lead people to develop extreme political views, both right and left wing (The Conversation, 2017).

Jiang et al (2022), based on data collected during the pandemic, demonstrated that high trust in the government is associated with low job insecurity, and high affective commitment to employers. Chapter 3 of this report examines the relationship between contract type, job insecurity and trust in institutions, using both pre-pandemic representative data (from the European Social Survey (ESS) 2019) and post-pandemic non-representative data (from the LWC e-survey, conducted in 2022).

Structure of the report

This report first examines recent trends in European labour markets in terms of working arrangements that potentially lead to labour market instability, including various forms of temporary work, part-time work and self-employment. It then focuses on various types of labour market instability in different countries and the social groups most affected, drawing on 2021 EU-LFS data. The two chapters that follow focus on the main social implications of labour market instability: Chapter 2 outlines its potential impacts on health, well-being and social exclusion, based on data from Eurofound's recent LWC e-survey, while Chapter 3 focuses on its impact on the quality of society, including trust and sociopolitical participation, primarily based on ESS data. Finally, Chapter 4 summarises recent national policies concentrating on labour market instability, based on contributions from the Network of Eurofound Correspondents collected in October 2022.

1 Trends in and types of labour market instability in the EU

Unemployment in the EU in early 2023 remained close to its historic low, with several sectors affected by labour shortages. These were fuelled by circumstances during the pandemic, such as restrictions on labour mobility, and by jobs with poor working conditions or with low security becoming less attractive to workers, who were able to choose among many jobs available in a period of high demand. The healthcare, air transport and logistics sectors were among those reported to be hit particularly hard by labour shortages (ILO, 2023).

Although many economists in early 2023 predicted a widespread recession (with, for example, the International Monetary Fund expecting that half of the EU would experience recession in 2023 (CBS News, 2022)), an economic downturn has so far been avoided in the EU Member States. This expectation was related to complex challenges, particularly the record levels of inflation measured in several countries, the resulting rise in interest rates, and the energy crisis and global supply chain shortages related to the war in Ukraine.

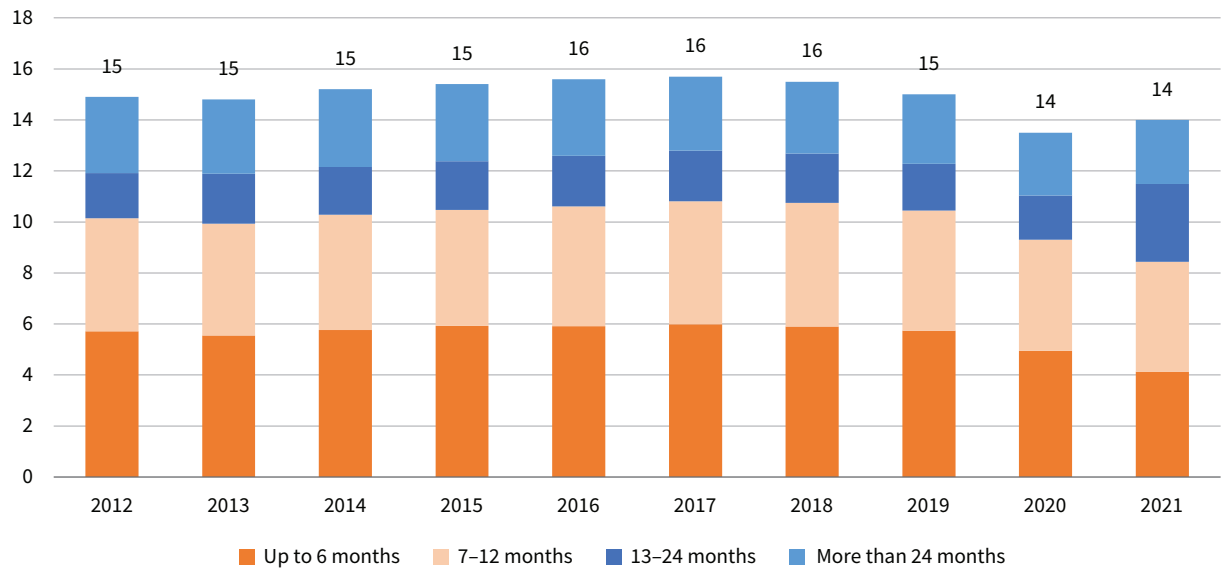
This unstable environment has begun to have an impact on companies, which have re-evaluated their pandemic-driven hiring practices. At the end of 2022 and the beginning of 2023, several multinational companies in the information technology sector, employing thousands of people in the EU, announced severe job cuts. A potential economic downturn may also force workers to accept jobs of worse quality than they would have immediately after the pandemic (ILO, 2023), which may lead them to accept fixed-term contracts.

However, by February, the economic outlook had become more positive, as it seemed that inflation may have peaked in 2022, resulting in a smaller drop in growth than feared (IMF, 2023). This is, in part, related to the tight labour market, and may enable workers to continue to choose jobs that are more secure and provide them with a better work–life balance.

Temporary employment

In the years of recovery after the Great Recession, temporary employment was relatively high, reaching a peak of nearly 16% in 2017 (Figure 1). Very short-term contracts of six months or less were most common, followed by contracts of between seven months and a year. During the pandemic, a sudden decrease in fixed-term contracts was observed, including a drop in very short-term contracts. However, this is probably because workers on those contracts were more likely to be furloughed or to lose their jobs, particularly if they were employed in the sectors most affected by closures. In 2021, an increase in temporary contracts could be observed as economies reopened.

Figure 1: Proportion of employees in temporary work in the EU, by duration of contract (%)



Source: *Eurostat, LFS, lfsa_etpgan and lfsa_etgadc*

The share of temporary workers varies significantly by country, with Mediterranean Member States recording some of the highest percentages, along with Poland and the Netherlands (see Figure 2). Fixed-term contracts are encountered least in eastern Europe, for example in the Baltic countries, Bulgaria and Romania.

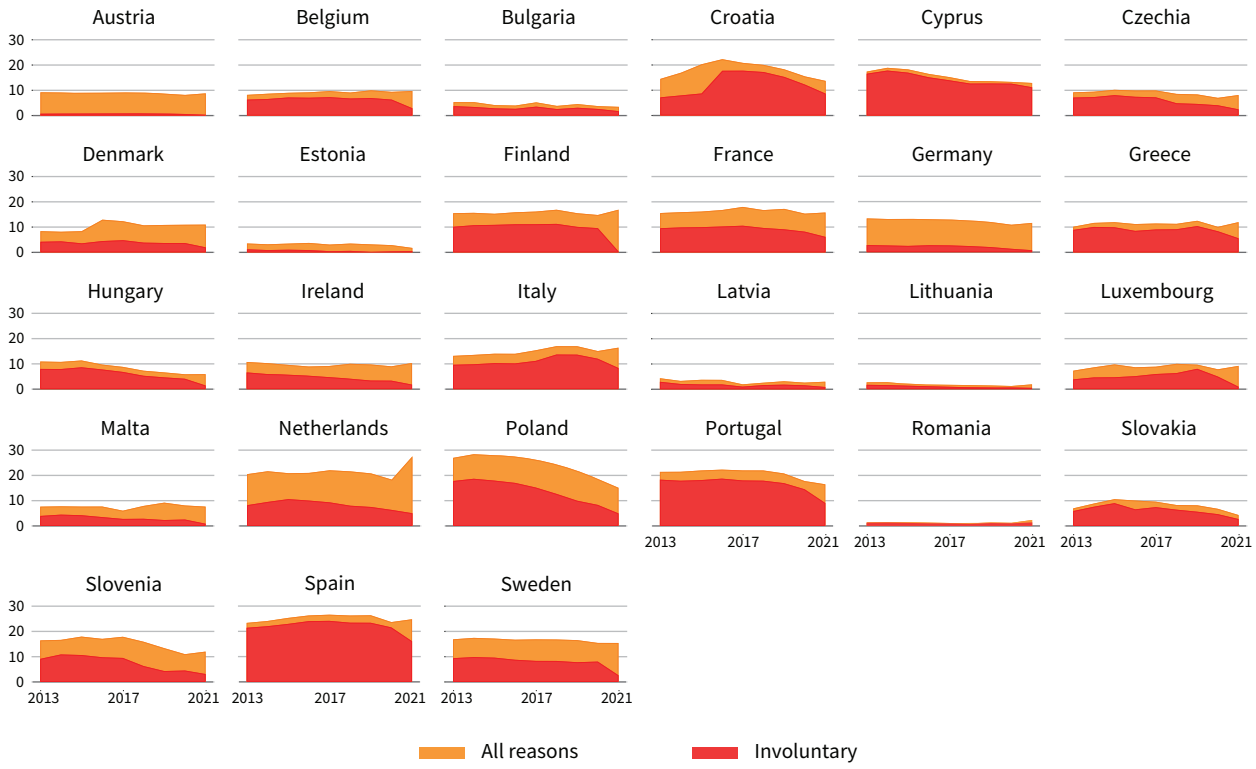
Reasons for engaging in temporary employment and length of contract

Generally, in the EU, people engage in this type of work more often for involuntary reasons than deliberately. For example, workers may wish to be employed in a permanent job but cannot find one. This is particularly true in Croatia, Cyprus, Italy, Portugal and Spain, which rely heavily on tourist activities and, hence, on seasonal employment. Nevertheless, the share of people constrained by such limited opportunities has steadily declined over the years in most Member States. A sharper decrease occurred during the COVID-19 crisis (e.g. in Belgium, Finland, Greece, Luxembourg and Sweden), reflecting the precariousness and vulnerability of these contracts in times of economic downturn.

At the same time, in other countries, fixed-term jobs prevail for different reasons, including because many people are on probationary contracts (the Netherlands), are unwilling to take up a permanent job (Poland) or are undertaking apprenticeships (Austria and Germany).

Another dimension that is relevant in assessing the nature of temporary work is how long a person is engaged in this type of employment. Figure 3 shows the shares of workers in 2021 across EU Member States working on fixed-term contracts of different lengths. Once again, the diversity across the EU is striking: for example, in Belgium, the largest percentage of temporary workers were employed on contracts with a duration of less than a month, whereas in Austria, Cyprus and Denmark the largest percentages were on contracts exceeding three years. The situation in the majority of EU Member States is somewhere in between those in the above countries, with the largest shares of workers being employed on temporary contracts with a duration of 6 to 12 months (e.g. in Bulgaria, Portugal and Greece) or 12 to 18 months (e.g. in the Netherlands and Slovenia).

Figure 2: Temporary work as a proportion of total employment, by reason, EU27, 2013–2021 (%)



Source: *EU-LFS and authors' calculations*

Figure 3: Temporary work as a proportion of total employment, by duration of contract, EU27, 2021 (%)

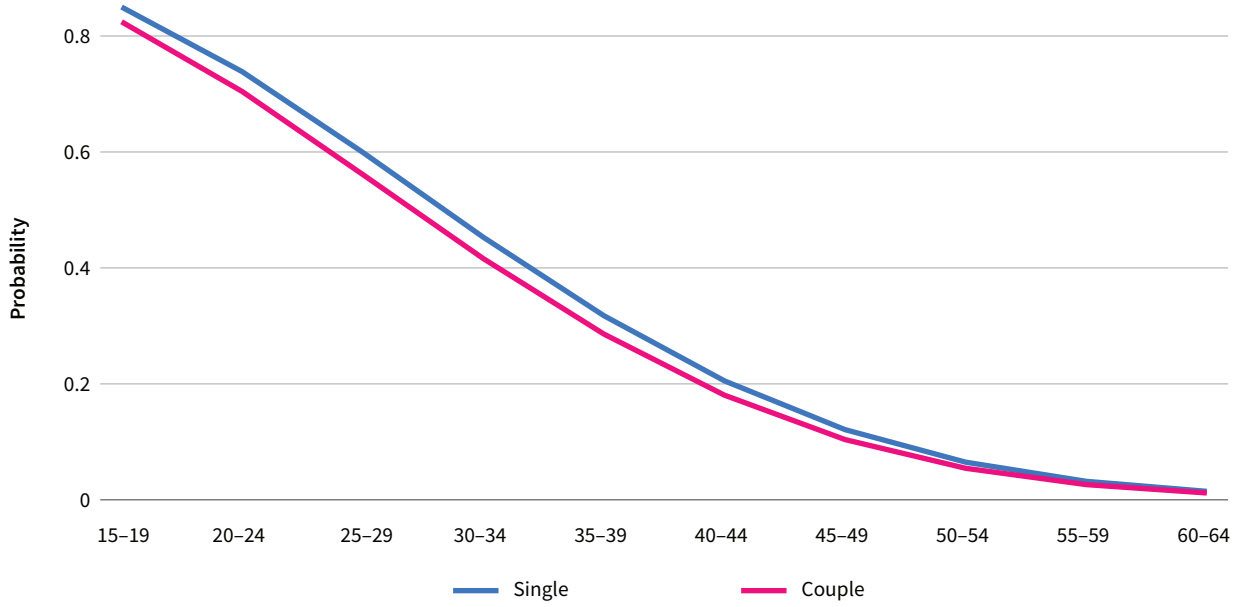
Source: *EU-LFS and authors' calculations*

Main groups in temporary employment

To gain an overall view of the main developments in non-standard employment across the EU over the last decade, it is useful to understand the categories of people that are most prone to engaging in this type of job. The investigation mainly focuses on temporary and part-time contracts and undertakes a panel analysis at micro level using Eurostat's EU-LFS. Two logistic regression models are used to study work characteristics (such as the number of hours usually worked, economic sector and occupation) while also controlling for socioeconomic and demographic factors and including country and year fixed effects.

As illustrated by regression model 3 (Table A1 in Annex 1), it appears the younger generation are more likely to be employed on fixed-term contracts than older groups. Figure 4 plots the predicted probability of temporary work by age group and shows a steep negative relationship that flattens with age. Thus, a person aged between 15 and 19 years old is twice as likely to be employed in a temporary job as someone in the 30- to 34-year-old group. The figure also distinguishes between employees residing alone and those living with their partner, and depicts a slightly higher likelihood of single workers being contracted on a temporary basis.

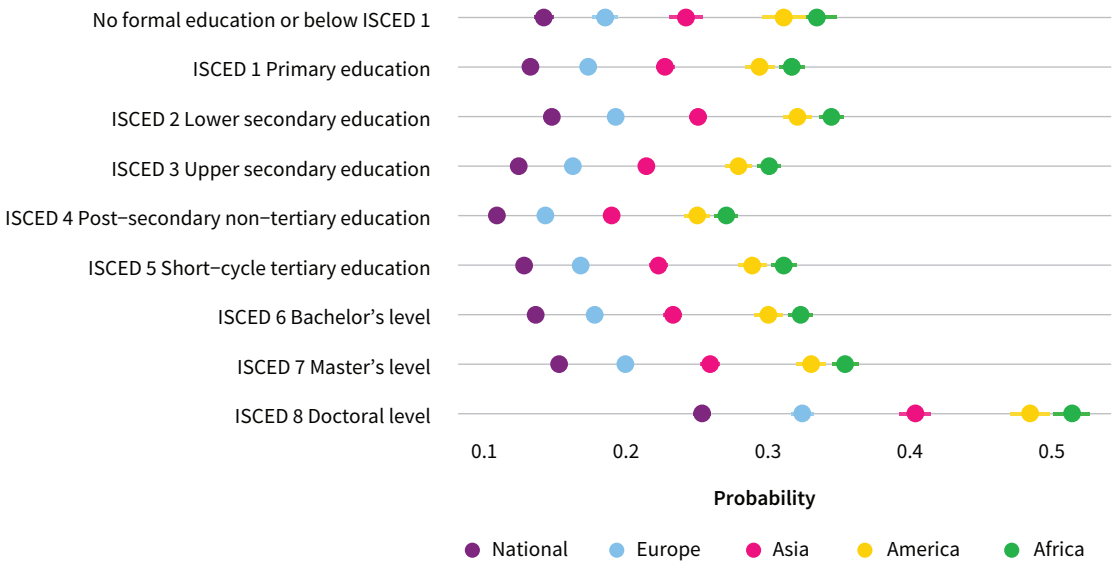
Figure 4: Probability of engaging in temporary work, by relationship status and age (average marginal effect)



Source: *EU-LFS and authors' calculations*

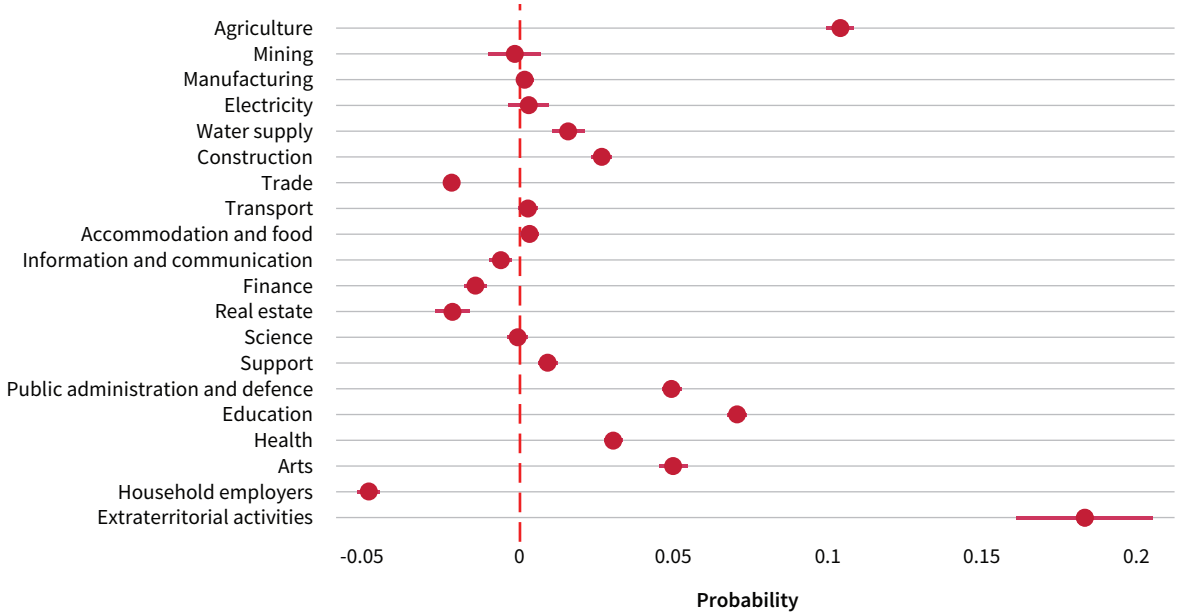
Taking further demographic and socioeconomic characteristics into account, fixed-term jobs are more likely to be taken up by men, by people residing in cities and by people with no children in their household (see Table A1). Given the precariousness of this type of contract, temporary workers are also more likely to be at the bottom of the earnings distribution. As far as education and citizenship are concerned, non-nationals (especially non-Europeans) and workers with low levels of education are more likely to be employed in a temporary capacity than those with citizenship and many of those with higher levels of education (Figure 5). However, highly educated individuals are the most prone to working on a fixed-term basis – this is the case for professionals engaged in activities in the areas of education, health and science.

Figure 5: Probability of engaging in temporary work, by education and citizenship (average marginal effect)



Source: *EU-LFS and authors' calculations*

Figure 6: Probability of engaging in temporary work, by economic activity (NACE Rev. 2) (average marginal effect)



Notes: *The base level (level 0) is set to the category 'Other services'. NACE, Nomenclature of Economic Activities.*
Source: *EU-LFS and authors' calculations*

Analysing the labour market characteristics of temporary workers, Table A1 shows that these employees work slightly more hours than those with permanent contracts. Furthermore, they feel underemployed and express the desire to work additional hours. Being a particularly vulnerable workforce, they are also more likely to be looking for another job. The economic sectors that mostly use these types of contracts are extraterritorial activities and agriculture, forestry and fishing (Figure 6). These are followed by education; public administration and defence; arts, entertainment and recreation; human health and social work activities; and construction. In terms of occupation, those in the armed forces and professionals are most likely to have fixed-term jobs, while managers mostly have permanent contracts (see Figure A1 in Annex 1).

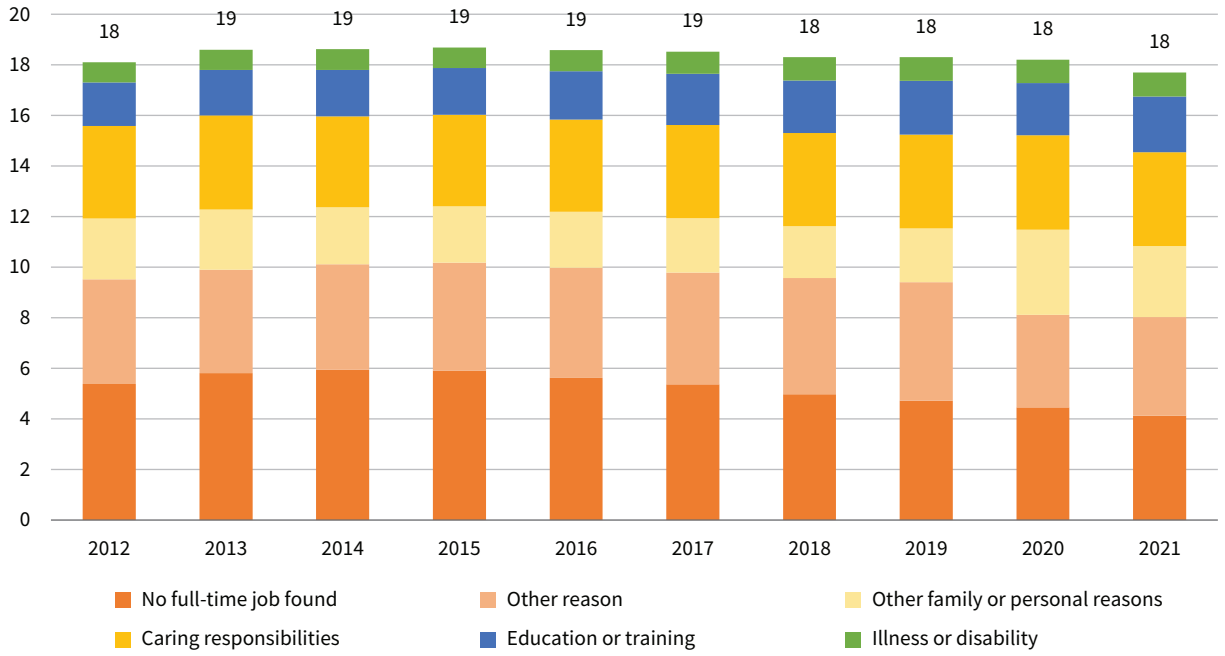
Part-time employment

Part-time employment, particularly involuntary part-time work (where employees work shorter hours because they are not able to find a full-time job) was at its peak in the EU in the years following the Great Recession. Since then, part-time employment has decreased to just below 18%, and involuntary part-time employment in particular has decreased from 6% of total employment in 2014 to 4% in 2021 (Figure 7). However, the main reason people give for carrying out part-time work is that they cannot find a full-time job, followed by 'other reasons', as well as family and caring responsibilities.

Voluntary and involuntary

As this section discusses voluntary and involuntary part-time work, it is important to note that the definition of 'voluntary' used in the EU-LFS includes everyone who indicated a reason for working part time other than the fact that they could not find a full-time job. As indicated in other studies related to childcare services (Eurofound, 2020a), social norms may bring into question the meaning of the term 'voluntary', for example if part-time work is done because no other childcare provision can be found, making it necessary for a worker to give up paid work hours. Many part-time workers might be keen to increase their working hours if their working hours could be better adapted to fit in with their informal childcare and elderly care commitments, or would take into account their own disability or illness (Eurofound, 2020b).

Figure 7: Part-time work as a proportion of total employment, by reason (%)



Source: *Eurostat, EU-LFS, lfsa_eppga and lfsa_eppgar*

At country level, a heterogenous picture emerges across the EU. Figure 8 displays different patterns among the Member States, driven by business cycles, labour market institutions, policies or other structural factors of a sociological, demographic or economic nature.

Gender and age

Such differences are even more striking when the gender dimension is considered. Between 2013 and 2021, in almost all EU Member States, the share of women working part time was greater than that of men

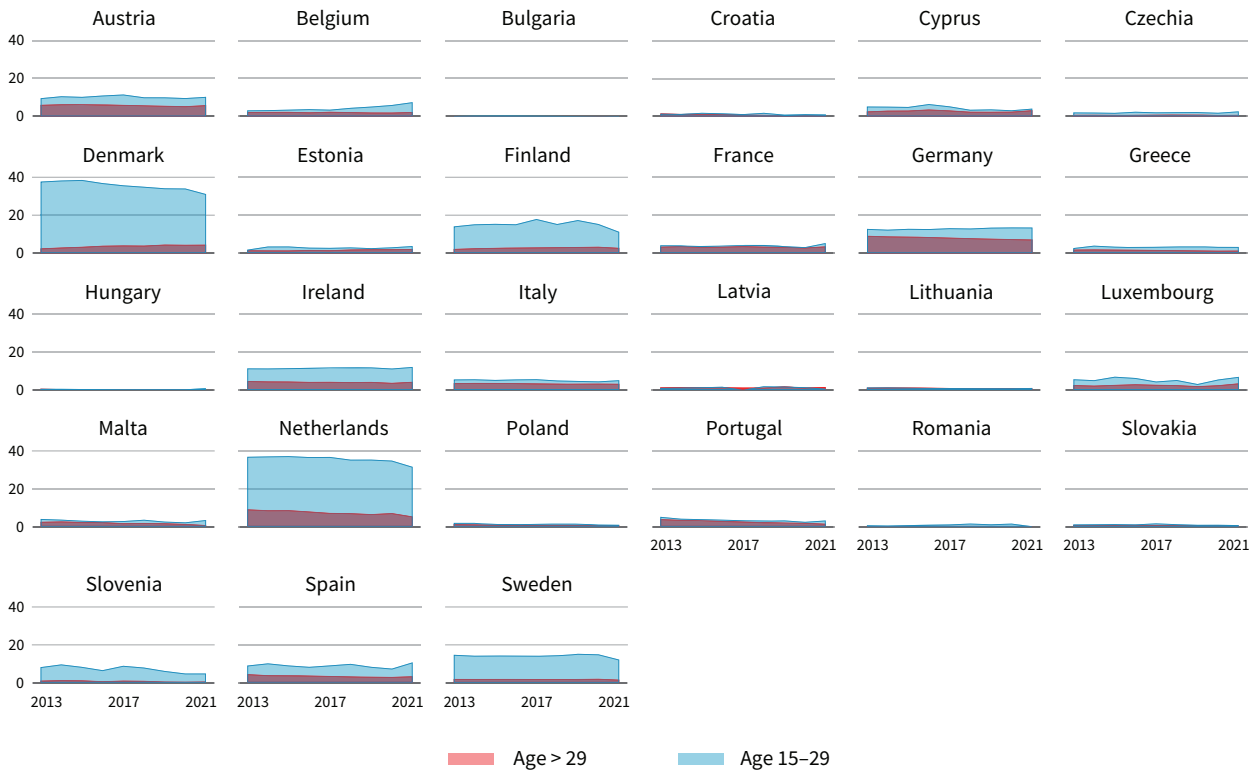
Figure 8: Part-time work as a proportion of total employment, by sex, EU27, 2013–2021 (%)

Source: *EU-LFS and authors' calculations*

(except in Romania in 2021, when 4.28% of men worked part time compared with 3.34% of women). In this regard, the Netherlands stands out, having the highest share of part-time workers in the EU among both women and men. The underlying reasons are mainly related to caring responsibilities. In Austria, Belgium, Germany and Luxembourg, caring responsibilities and other family/personal reasons are also ranked high among the main reasons people choose to work part time, while in Denmark the primary motivation is tending to education or training needs. However, in France, Italy, Spain and Sweden, workers mainly struggle to find full-time employment. This is particularly true in the last two countries, where more than 50% of all part-time workers gave this as a reason. In central and eastern European countries, the rate of part-time employment remains low for both women and men.

When one further breaks down the group of employees engaged in part-time work by age (Figure 9), Denmark and the Netherlands appear as clear outliers in the EU, with almost 40% of the young workforce in short-time work, that is, usually working fewer than 15 hours per week. This is mainly explained by students entering the labour market during their tertiary education, followed closely by those in their upper secondary cycle. The same trend is observed in the rest of the Scandinavian and western countries. However, in the south (e.g. Cyprus, Italy and Spain) the underlying reasons are once again involuntary and reflect the difficulties encountered by the younger generation in securing a full-time job. In the remaining EU Member States, there are no striking differences between those under and over 29 years old who work fewer than 15 hours per week.

Figure 9: Short-time work as a proportion of total employment, by age, EU27, 2013–2021 (%)



Note: *Short-time work is defined as less than 15 hours of work per week.*
Source: *EU-LFS and authors' calculations*

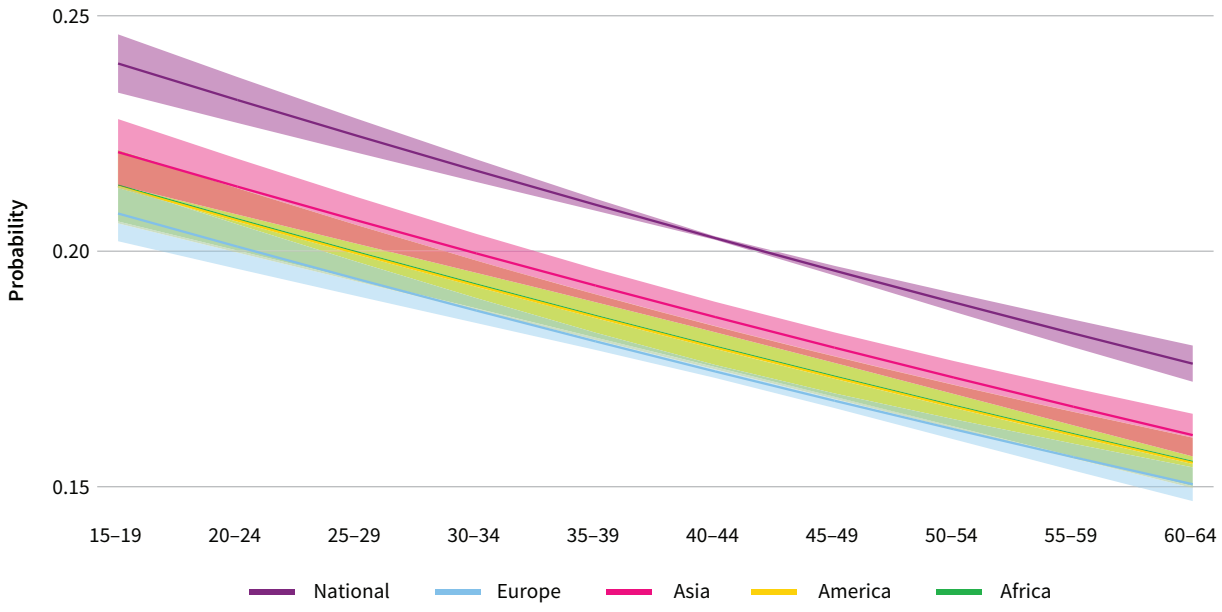
Main groups in part-time employment

When focusing on the characteristics of part-time workers (model 3 in Table A2 in Annex 1), it is clear that they can be quite different in some respects from those with temporary jobs. Specifically, age is still negatively correlated with part-time work, but its impact is much reduced. Figure 10 shows that the probability of being employed part time for a person under the age of 20 is only 0.05 percentage points greater than for an individual in their 40s. The same difference is found between various citizenships and, in contrast to fixed-term employment, nationals are most likely to take up these jobs. However, the gap between nationality groups is very small and seldom statistically significant. This means that, albeit to a lesser extent, older workers and non-nationals also tend to hold part-time jobs.

More striking differences appear when considering other sociodemographic characteristics. Gender has one of the strongest impacts on the probability of being in part-time employment: women are almost three times more likely to take up this flexible working arrangement than men (Figure 11). The divide enlarges even further when accounting for the presence of children in the household. Interestingly, the trend is the opposite for the two sexes: child-free men are more likely to work part-time jobs than men with children. In contrast, women with children are more likely to engage in part-time work than women without children. Education also plays an important role in the likelihood of working less than full time. However, unlike temporary work, the higher the level of education people attain, the higher their chances of being in a part-time job. And, once again, the effect is much larger for women than for men.

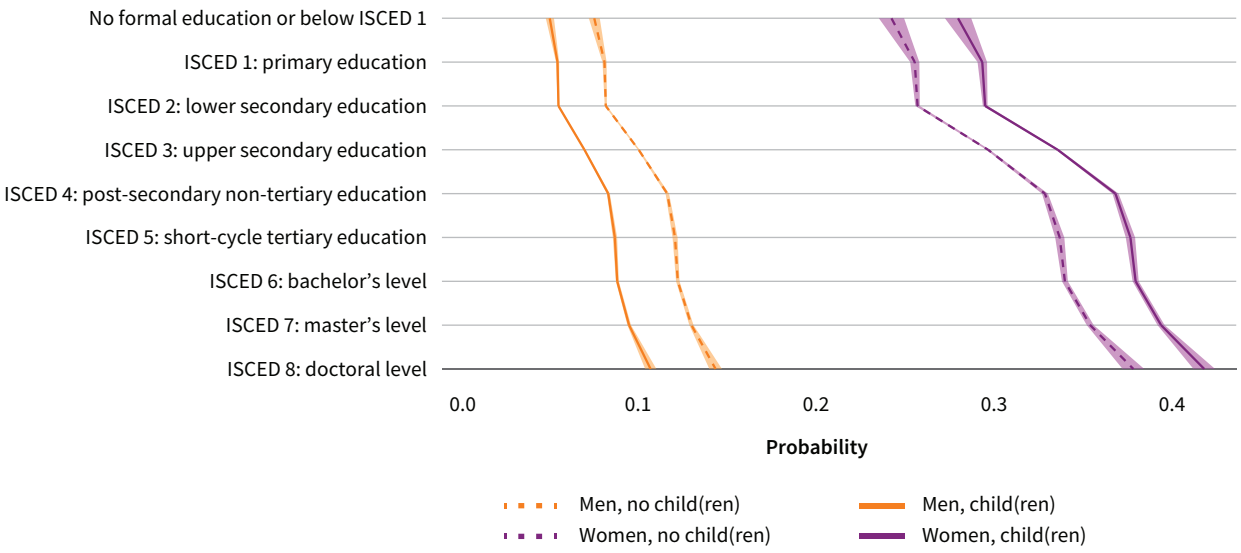
Other sociodemographic features shed further light on the main groups affected by this type of working arrangement. Table A2 shows that part-time jobs are particularly common among couples (compared with single people) and city dwellers (compared with individuals residing in towns and suburbs or in rural areas).

Figure 10: Probability of engaging in part-time work, by age and citizenship (average marginal effect)



Source: *EU-LFS and authors' calculations*

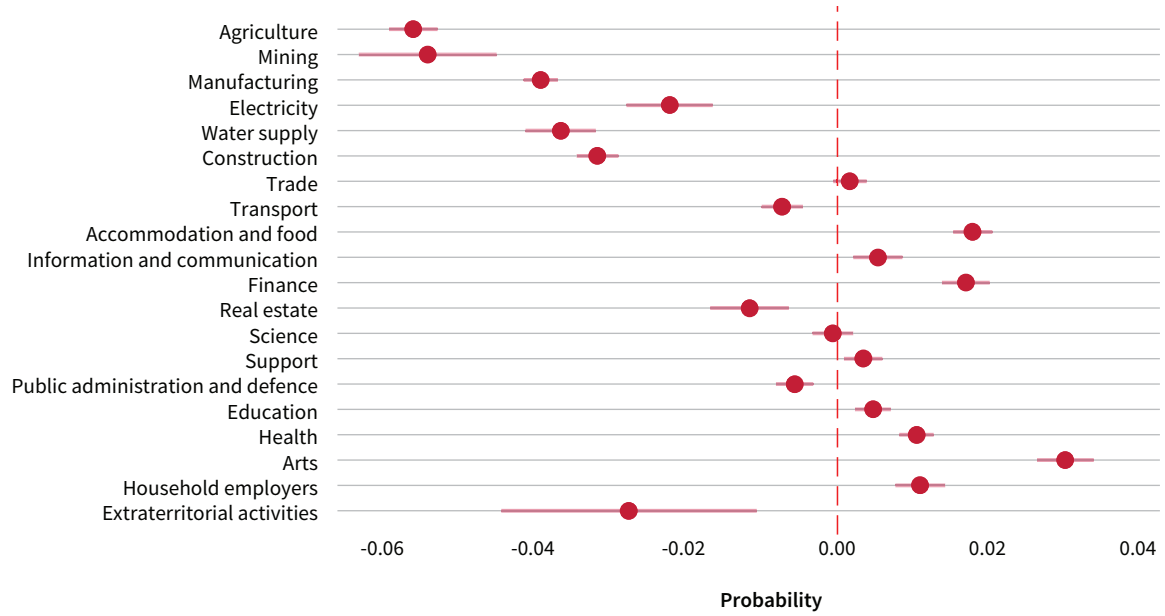
Figure 11: Probability of engaging in part-time work, by education, sex and presence of children (average marginal effect)



Note: *ISCED, International Standard Classification of Education.*
Source: *EU-LFS and authors' calculations*

In terms of labour market characteristics, part-time workers are usually employed on a permanent basis, are more willing to work additional hours and are more likely to look for another job than full-time workers. The economic sectors where they are the most likely to be employed are arts, entertainment and recreation; accommodation and food services; and financial and insurance activities (Figure 12). They are least likely to work in agriculture, forestry and fishing, and mining and quarrying. The occupations most affected are professionals, together with technicians and associate professionals and elementary occupations. Individuals employed in the armed forces, in craft and related trades, and as plant and machine operators or assemblers generally have a higher tendency to work on full-time contracts.

Figure 12: Probability of engaging in part-time work, by economic activity (Nomenclature of Economic Activities Rev. 2) (average marginal effect)



Note: *The base level (level 0) is set to the category 'Other services'.*
Source: *EU-LFS and authors' calculations*

Self-employment

Self-employed workers are at higher risk of unemployment than employees, particularly those who are self-employed without employees, and especially if they did not choose to be self-employed. The proportion of self-employed workers without employees has slowly decreased since the Great Recession, a trend that continued during the pandemic.

Trend in employment levels

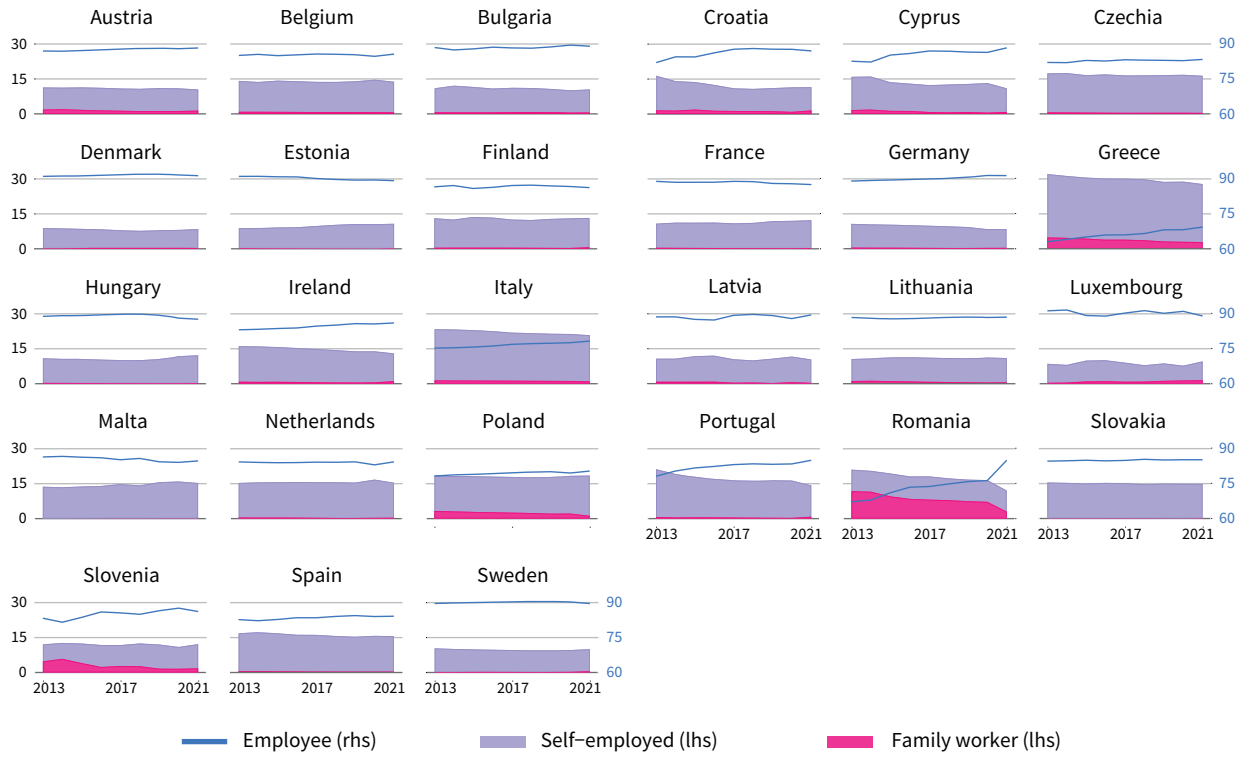
Figure 13 shows that the proportion of managers, professionals and associate professionals increased among those self-employed between 2012 and 2021, but that their share in total employment remained similar. However, there was a decrease in self-employment in the service/sales and agricultural sectors, particularly in the second year of the pandemic. This is a long-term trend (particularly in the agriculture sector), although it is partly related to loss of business during the pandemic in the services sectors affected by closures.

Overall, there is great variation across both countries and years in terms of levels of and trends in self-employment (Figure 14). In 2021, the share of workers who were self-employed (with and without employees) ranged from almost 8.5% in Denmark to more than triple that in Greece. Despite these gaps, a general tendency emerges: self-employment is slowly declining, with employment gaining further ground. These developments are stronger in southern Europe and are sometimes accompanied by a downturn in the share of family workers, especially in countries with a large agricultural sector, such as Greece, Poland and Romania. The sharpest drops in the share of workers who are self-employed were recorded in 2021 in Cyprus, Portugal and Romania, but reductions were also observed in Belgium and the Netherlands. Nevertheless, in a handful of Member States (Hungary, Luxembourg and Slovenia), the trend is showing signs of reversing.

Figure 13: Self-employment without employees as a proportion of total employment, by occupation (%)

Source: *Eurostat, EU-LFS, lfsa_esgais and lfsa_egaps*

Figure 14: Types of employment as a proportion of total employment, EU27, 2013–2021 (%)



Notes: *lhs, left-hand side; rhs, right-hand side.*
Source: *EU-LFS and authors' calculations*

Main groups in self-employment

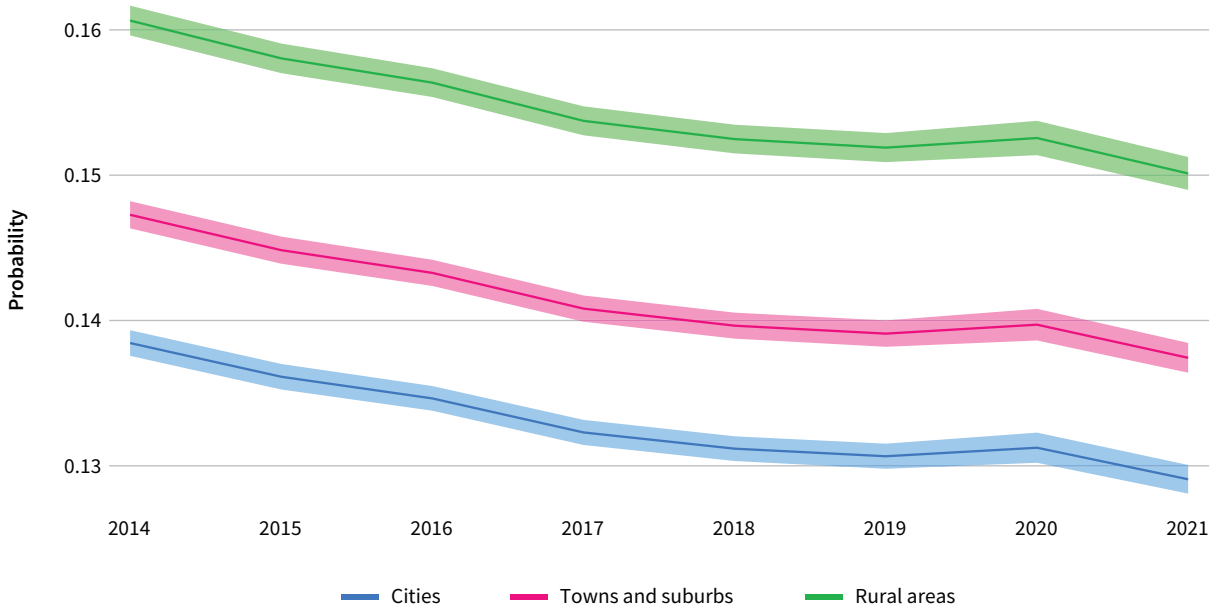
Applying the same modelling framework as for temporary and part-time workers highlights different characteristics for the self-employed (see model 3 in Table A3 in Annex 1). However, two important drawbacks need to be acknowledged: the analysis is unable to distinguish between those who are self-employed with and without employees, and there is a lack of data on income. The first is an issue because, as highlighted above, those who are self-employed without employees are particularly vulnerable to economic shocks. As for the second shortcoming, income is an important control variable, so the interpretation of the results must be treated with due caution.

Age and education are not significant explanatory variables. They have limited to no impact on the probability of becoming self-employed and, even if the coefficients are significant, their positivity/negativity varies greatly across the three model specifications.

Nonetheless, gender plays an important role: men are more likely to enter self-employment than women. Individuals residing with their partner or with their children are also marginally more likely to be self-employed. When nationality is also considered, it turns out that Asian citizens have the largest probability of being self-employed, followed by nationals and other Europeans.

In contrast to fixed-term and part-time jobs, this form of employment has higher chances of flourishing in the countryside, being closely linked to occupations common in rural areas. Figure 15 shows that city dwellers have a lower likelihood of being self-employed, followed by those residing in towns and suburbs. Nonetheless, the probability of people entering self-employment declined steadily throughout the past decade. The only exception was 2020, when a slight rise was observed. This is, however, most probably linked to the drop in employment cause by the economic and health crises.

Figure 15: Probability of being self-employed, by year and degree of urbanisation (average marginal effect)



Source: *EU-LFS and authors' calculations*

The labour market characteristics of workers also present an interesting scenario, with the self-employed usually working slightly more hours than employees, while at the same time being willing to provide additional labour on the intensive margin. Looking at workers' full-time/part-time working patterns, the self-employed are more likely to have a part-time arrangement than employees. This is explained by the fact that the self-employed have more flexibility in setting their own schedule and, consequently, the underlying motives are less often involuntary and more related to other reasons. Given that their employment status is often voluntary, the self-employed are also less likely to look for another job than employees.

Regarding the economic sectors where self-employment is most common, Table A3 shows that these are as follows: scientific and technical activities; real estate; arts, entertainment and recreation; agriculture, forestry and fishing; and construction. Those in the public administration and defence sector have the lowest likelihood of being self-employed. As for occupation, skilled agricultural, forestry and fishery workers are the most prone to taking up self-employment opportunities, and clerical support workers and those in the armed forces are least likely to do so.

Categorising temporary and part-time work

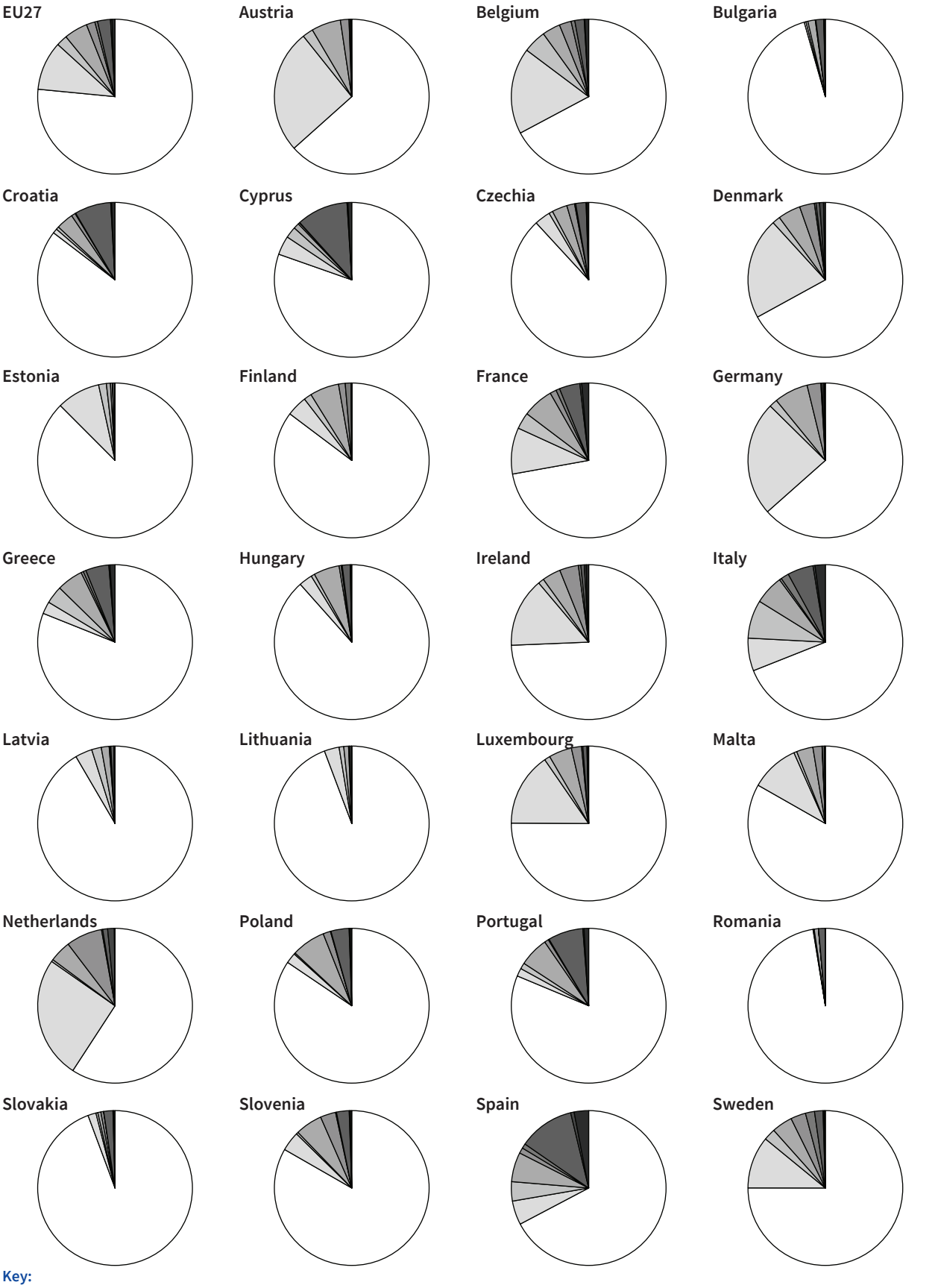
When considering temporary and part-time work, and the reasons for both, workers can be grouped into the following nine categories (Eurofound, 2014):

- permanent contract, full time
- permanent contract, part time
- permanent contract, involuntary part time
- temporary contract, full time
- temporary contract, part time
- temporary contract, involuntary part time
- involuntary temporary contract, full time
- involuntary temporary contract, part time
- involuntary temporary contract, involuntary part time

As mentioned in the section 'Part-time employment', the 'voluntary' categories include all workers who indicated a reason other than 'no full-time job found' or 'no permanent job found'. Therefore, for example, if someone would like to work more hours, but cannot, because the necessary childcare or long-term care services are unavailable to them, working part time is still counted as 'voluntary' in this analysis.

Figure 16 shows the different levels of attachment to the labour market for the working age population in EU Member States, based on EU-LFS data from 2021. While there is no inherent order to the categories, lighter colours represent more stable attachment to the labour market (white represents full-time, permanent jobs) and darker colours represent less

Figure 16: Levels of labour market instability across EU Member States



Source: *EU-LFS, 2021*

stability (part-time and/or temporary jobs), with the darkest colour representing involuntary part-time and involuntary temporary contracts.

This mapping shows a clear geographical pattern in the types and levels of labour market instability. Several northern and western European countries are among those with the smallest proportion of full-time, permanent workers, but the dominant group among non-standard workers in these countries are those working part time voluntarily (with the caveat that the term 'voluntary' in this case does not take into account circumstances in which a lack of suitable care services makes it necessary for carers to reduce their working hours). Examples include Austria, Denmark, Germany and the Netherlands, where a third or more workers do not work full time, as well as Ireland and Luxembourg, where around a quarter of workers have non-standard contracts or working hours. At the same time, in several southern European countries, particularly Cyprus and Spain, and to a lesser extent Croatia, France, Italy and Portugal, labour markets are categorised by a large proportion of involuntary temporary work and part-time contracts. Among central and eastern European Member States, both voluntary and involuntary temporary contracts and part-time work are comparatively uncommon, with Bulgaria, Lithuania, Romania and Slovakia among those with the lowest temporary and part-time work rates in the EU. However, these types of work are more common in Croatia, Czechia and Poland.

2 Consequences of labour market instability: Well-being

Unstable attachment to the labour market has consequences for workers' physical and mental health and subjective well-being.

The relationship between labour market instability, on the one hand, and well-being and social exclusion, on the other, was analysed using data from the *Living, working and COVID-19* (LWC) e-survey, particularly the fifth round in spring 2022. The analysis concentrates on differences in well-being according to respondents' contract types and whether they perceive their job as insecure.

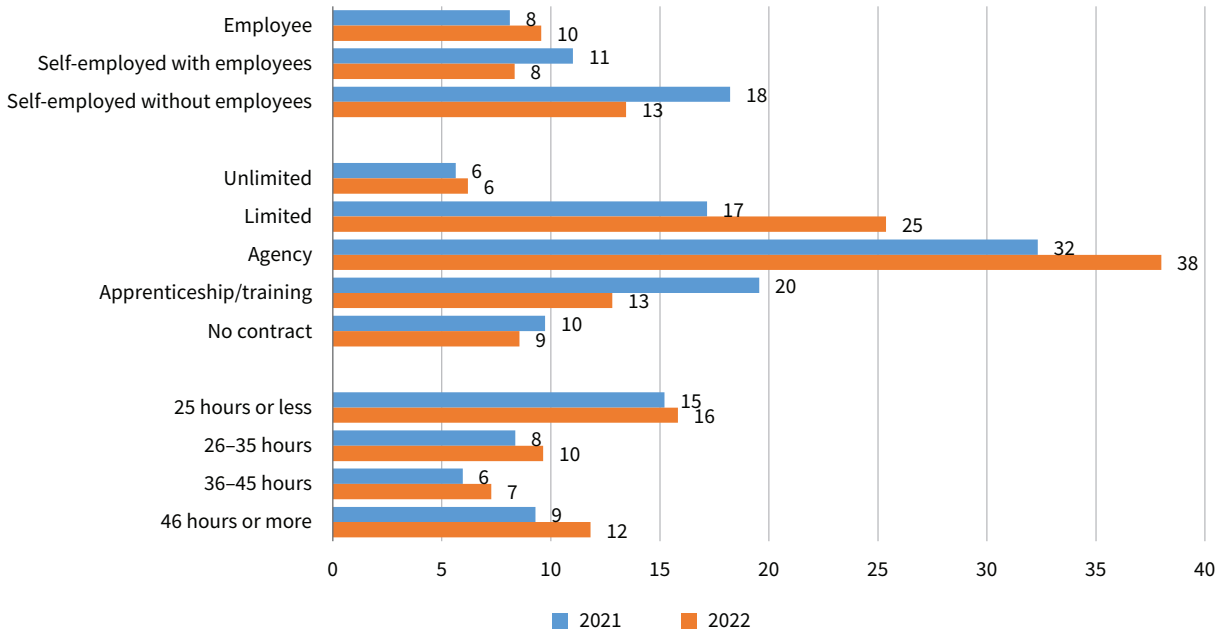
People in employment were asked how likely they thought it was that they would lose their job in the six months after the survey, on a five-point scale. Perceived job insecurity (job loss being 'rather likely' or 'likely') was highest among self-employed people without employees, and lower among employees and self-employed people with employees. With regard to contract type, perceived job insecurity was highest among people with agency contracts and those with temporary contracts, and lowest among people with permanent contracts. People working short and long hours have lower perceived job security than those with average working hours. Figure 17 also shows that for some of these categories, particularly people with temporary contracts, job insecurity increased between 2021, or the middle of the pandemic, and 2022, when lockdowns ended, while for others it decreased.

Measuring perceived health

Previous research (Lübke, 2021) found that labour market instability is detrimental to individual workers' health, which can manifest through immediate stress or prolonged stress, which can increase anxiety and exhaustion and decrease employees' confidence in their work. Resulting psychological and physical health issues are a risk to future labour prospects and productivity. Lübke finds that workers vulnerable to this include those on fixed-term contracts, those with previous experience of unemployment and those with low levels of education.

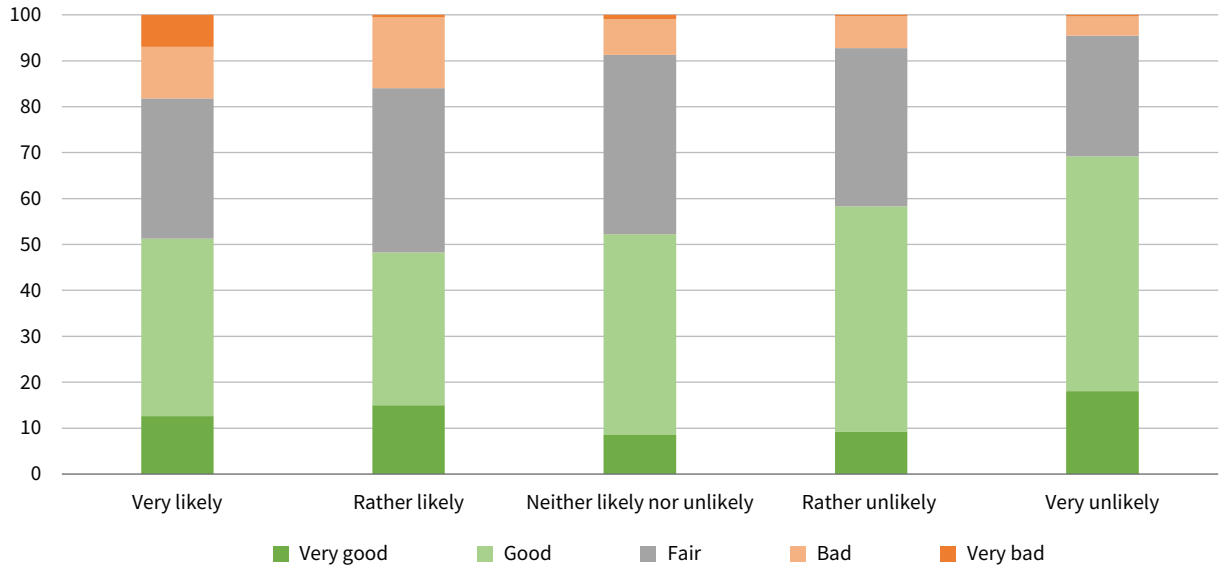
The LWC e-survey measures perceived health on a five-point scale, ranging from 'very good' to 'very bad'. Among respondents, people with a lower perceived risk of job loss tend to perceive their health as better than people with a higher risk. Figure 18 shows this distribution in 2022. A similar pattern was seen in the 2021 survey round (not shown); however, in 2021 better health was measured across all groups of workers, except those with the lowest risk of job loss.

Figure 17: Perceived job insecurity, by working arrangement (%)



Source: *LWC e-survey, 2021, 2022*

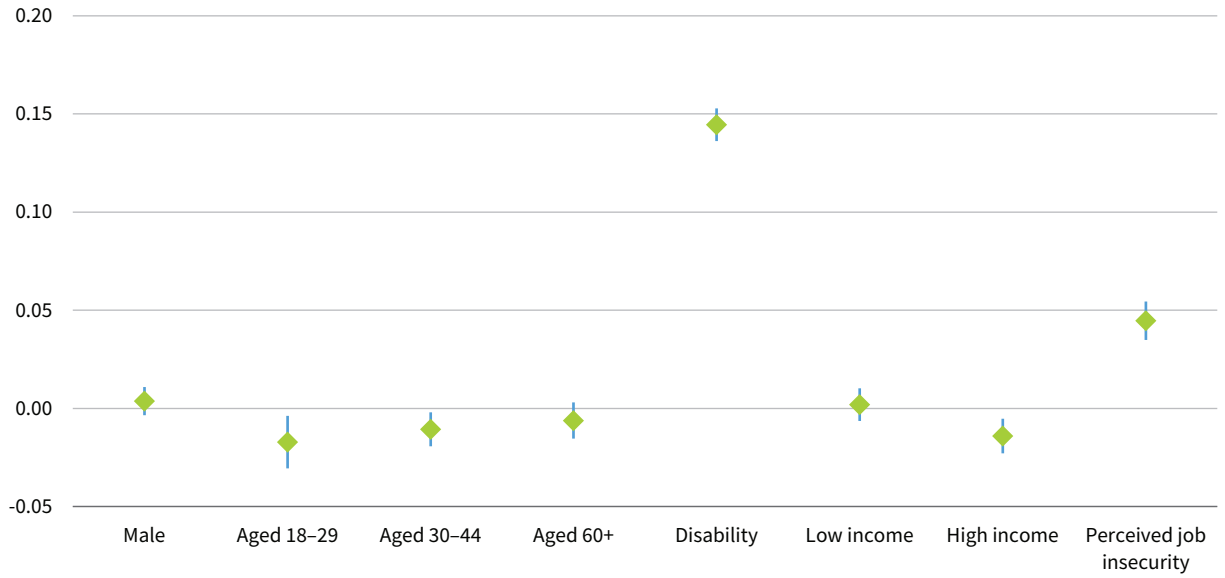
Figure 18: Perceived health, by perceived likelihood of losing one's job in the next six months (%)



Source: *LWC e-survey, 2022*

Figure 19 shows the average marginal effects of different factors controlled for in a logistic regression model with low perceived health as the outcome. The average marginal effect shows the change in the probability (between 0 and 1) of having low health for each of the factors. When controlling for age, gender and income (as well as country), the probability of having bad health increases by 5 percentage points for respondents experiencing job insecurity.

Figure 19: Logistic regression model of average marginal effect of selected factors on perceiving health as 'bad' or 'very bad'



Notes: *Controls for country are included, but are not shown. 'Disability' indicates that a worker is limited by a chronic physical or mental illness or disability. Bars indicate upper and lower confidence intervals.*
Source: *LWC e-survey, 2022*

Perceived health is mostly determined by the presence of specific physical and mental health conditions. When limitations due to chronic illness or disability are not included in the model, the model explains only 5% of the variation in perceived health; when they are included, it explains 23%. Job insecurity is related to poor health, whether by affecting mental well-being or related to specific working conditions experienced by workers in insecure jobs.

Impact of contract type and perceived job insecurity on mental health

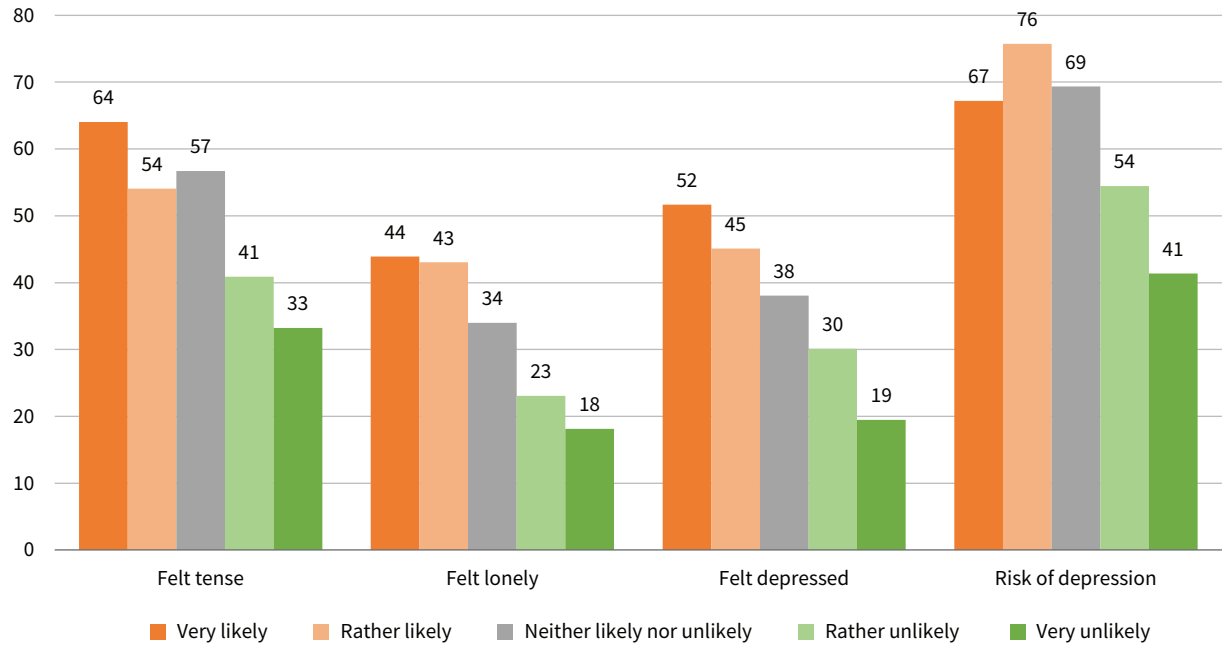
As outlined in the literature, previous research suggests that insecurity resulting from unstable attachment to the labour market has a negative impact on workers' mental health.

The LWC e-survey measured mental well-being using the five-item World Health Organization Well-Being Index (WHO-5) scale, based on five questions to respondents about positive feelings over the previous two weeks. The scale ranges from 0 to 100, with people scoring less than 50 estimated to be at risk of depression. In addition, the survey included questions on negative feelings over the previous two weeks, asking respondents if they felt tense, lonely or downhearted, or depressed.

Workers who thought that they were at risk of losing their job in the six months after the survey (answering 'very likely' or 'rather likely') were also most likely to be at risk of depression, measured using the WHO-5 scale. They also most often had negative feelings, particularly tension, but also loneliness and downheartedness, in the previous weeks (Figure 20).

Low mental well-being is also more common among workers with less secure contracts (Table 1). Among workers, feeling tense is most common among those on a temporary agency contract, while risk of depression is highest among those with no contract – close to the level reported by unemployed persons.

Figure 20: Negative feelings and risk of depression, by perceived likelihood of losing one's job in the next six months (%)



Source: *LWC e-survey, 2022*

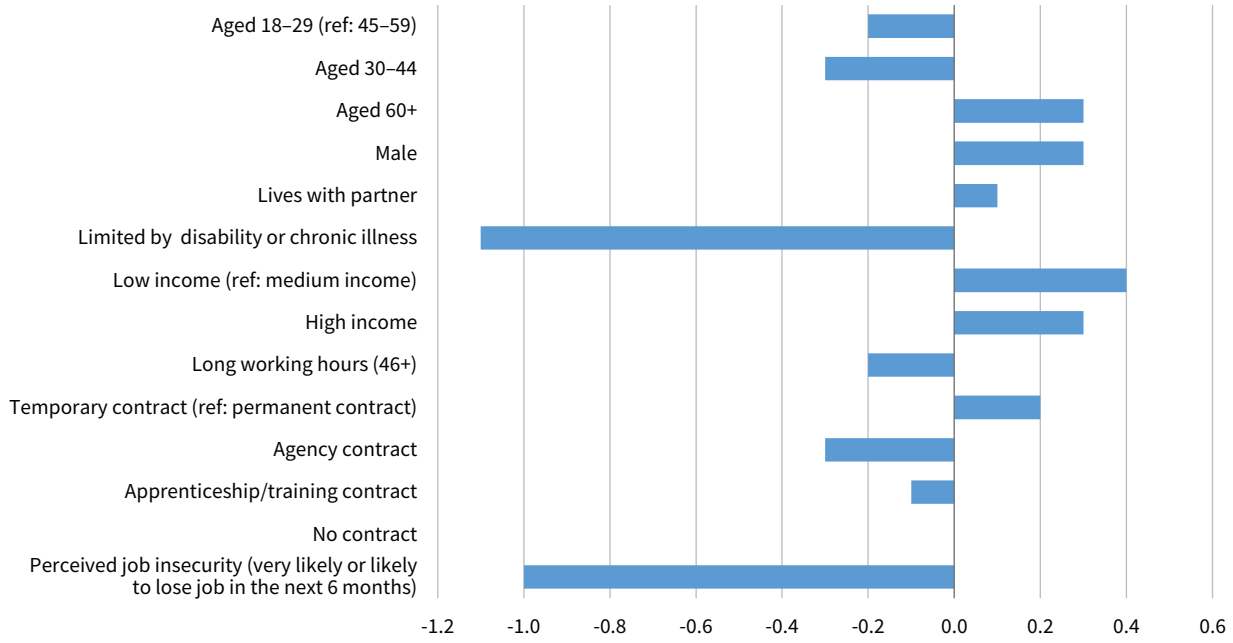
Table 1: Negative feelings and risk of depression, by employment status and contract type

	Felt tense (%)	Felt lonely (%)	Felt depressed (%)	At risk of depression (%)
Unlimited	42	24	28	52
Limited	42	29	30	55
Temporary agency	47	45	28	42
Apprenticeship/training	38	30	33	64
No contract	41	32	39	65
Unemployed	53	45	48	69

Note: *The proportion of people with negative feelings ranges from red (highest) to green (lowest).*
Source: *LWC e-survey, 2022*

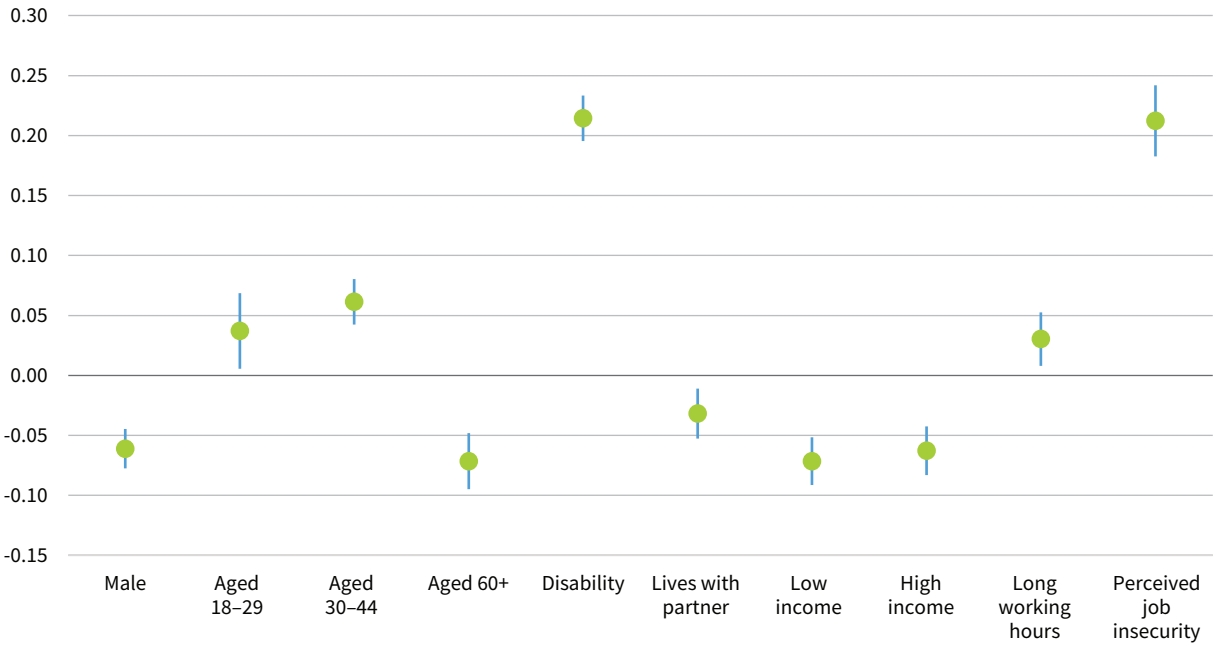
When controlling for factors known to have a relationship with mental well-being (age, gender, living with a partner, disability, income and working long hours) in a linear regression analysis using data on people in employment – where mental well-being is measured by the WHO-5 index (converted to a 10-point scale) – perceived job insecurity was found to have a significant negative relationship with mental well-being (Figure 21). Having a non-permanent contract did not significantly worsen mental well-being (even when analysed separately from job insecurity in a different model).

Figure 21: Linear regression model of determinants of mental well-being (on a scale of 0–10)



Notes: *Country is also included as an independent variable, but is not shown. Blue indicates that results were statistically significant at the level of $p < 0.05$.*
Source: *LWC e-survey, 2022*

Figure 22: Logistic regression model of average marginal effect of selected factors on risk of depression



Note: *Bars indicate upper and lower confidence intervals.*
Source: *LWC e-survey, 2022*

This model only explains 12% of the variation in mental well-being, which is known to be affected by temporary circumstances and feelings that are difficult to capture in a survey. However, job insecurity seems to be one of the most important factors determining workers' mental well-being in this model, second only to being limited by a disability or chronic health condition.

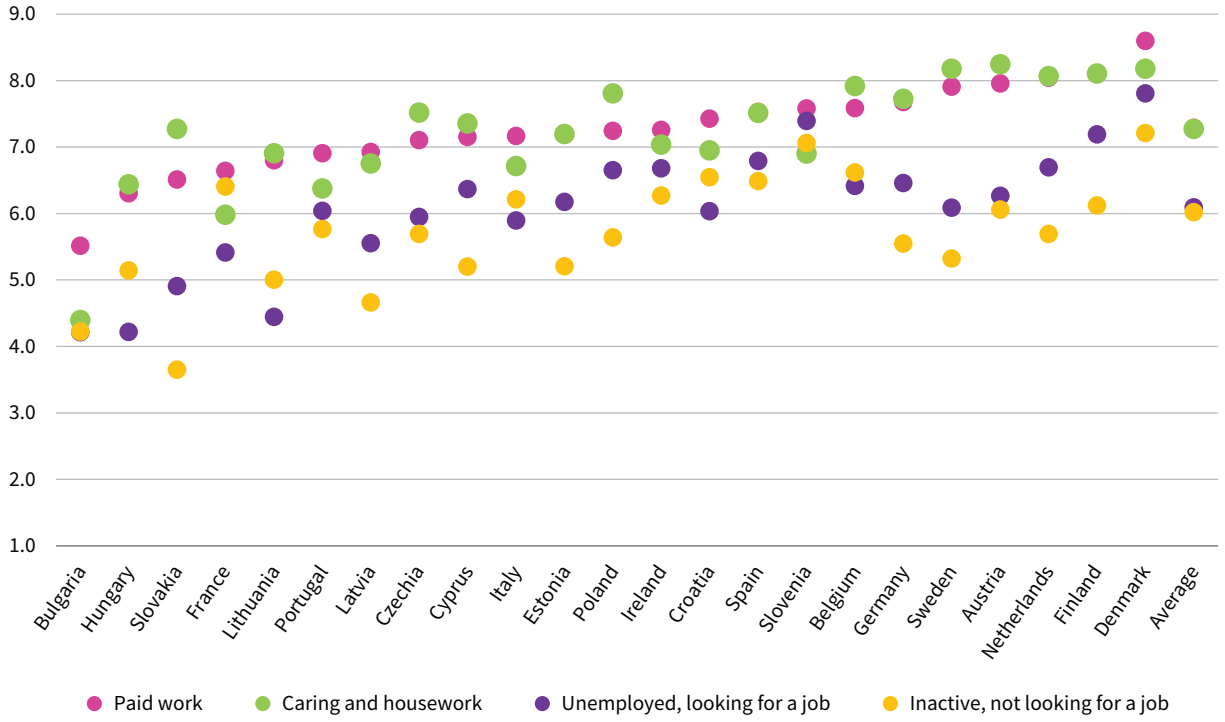
A logistic regression model for risk of depression (Figure 22) shows that job insecurity increases the probability of respondents being at risk of depression by 21 percentage points, when controlling for gender, age, income, disability, having a partner and working long hours, as well as country (not shown). Job insecurity increases the probability of being at risk of depression to about the same extent as a disability, according to this model.

Subjective well-being

Life satisfaction measures how people evaluate their own lives on a scale of 1 to 10. It is usually affected by similar factors to mental well-being, but is thought to be a more permanent, longer-term state, depending more on one's economic circumstances.

Representative data from before the pandemic, based on the ESS, show that, while life satisfaction varies significantly across EU Member States, it tends to be lowest among unemployed and, particularly, economically inactive people (Figure 23).

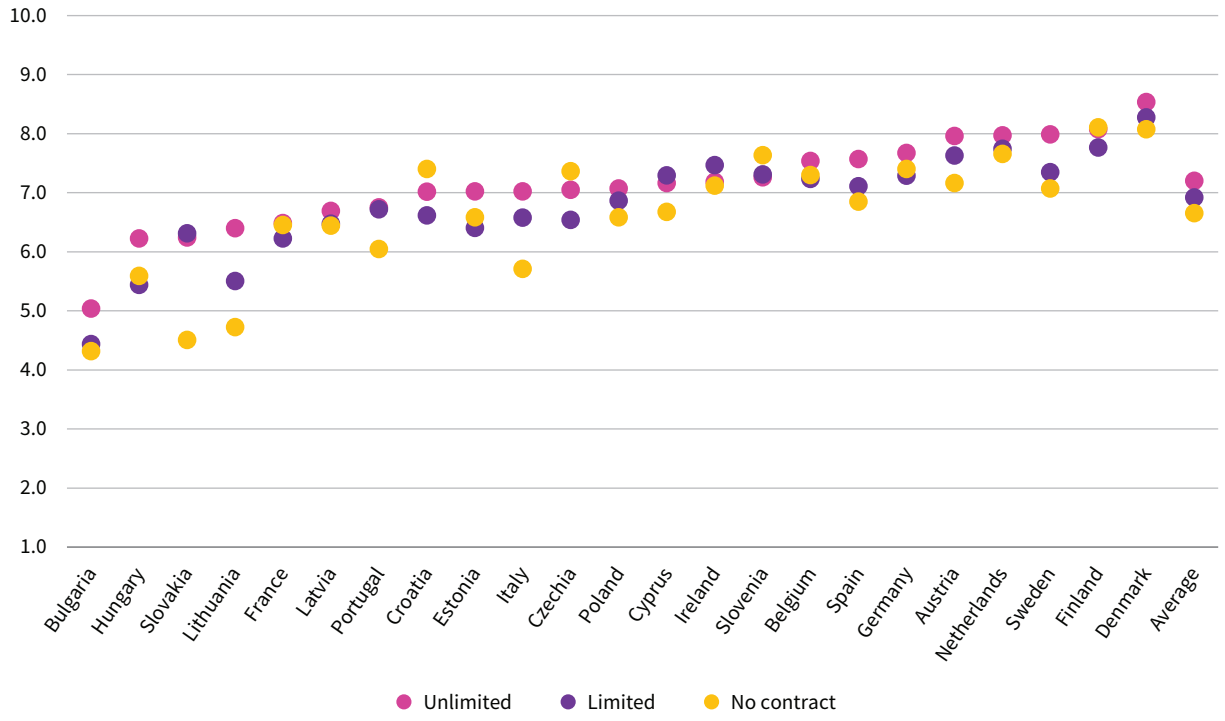
Figure 23: Life satisfaction (on a scale of 1–10), by main activity, 2018



Source: *ESS, 2018*

Among those in paid work, people with less secure contracts tend to have lower life satisfaction in most countries, with people with no formal contract usually having the lowest life satisfaction. However, some countries are exceptions (Figure 24).

Figure 24: Life satisfaction (on a scale of 1–10), by contract type, 2018



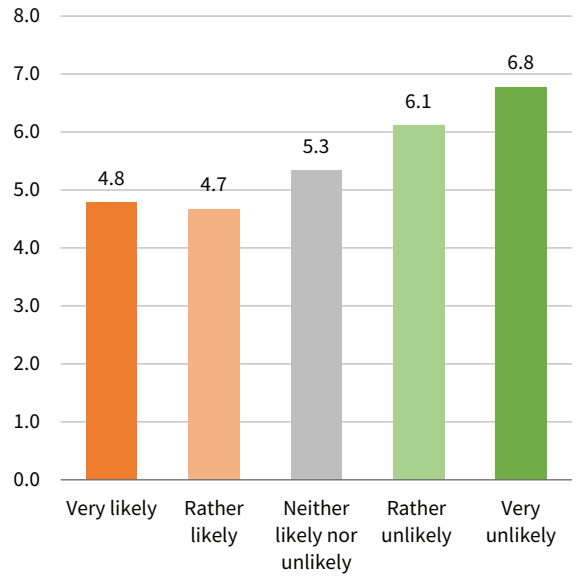
Source: *ESS, 2018*

When looking at life satisfaction as measured in the 2022 LWC e-survey, a similar pattern emerges. Data show that life satisfaction is also closely related to perceived job insecurity, with those who see their jobs as secure being more satisfied with their life in general (Figure 25).

Regarding employment status and contract type, data from the LWC e-survey suggest that those who are unemployed have the lowest life satisfaction (Figure 26), with slightly lower levels than people in employment who think that they might lose their jobs (Figure 25). Interestingly, no difference in life satisfaction is seen between people on unlimited and limited contracts. However, people with temporary agency contracts have the lowest life satisfaction on average among all those employed.

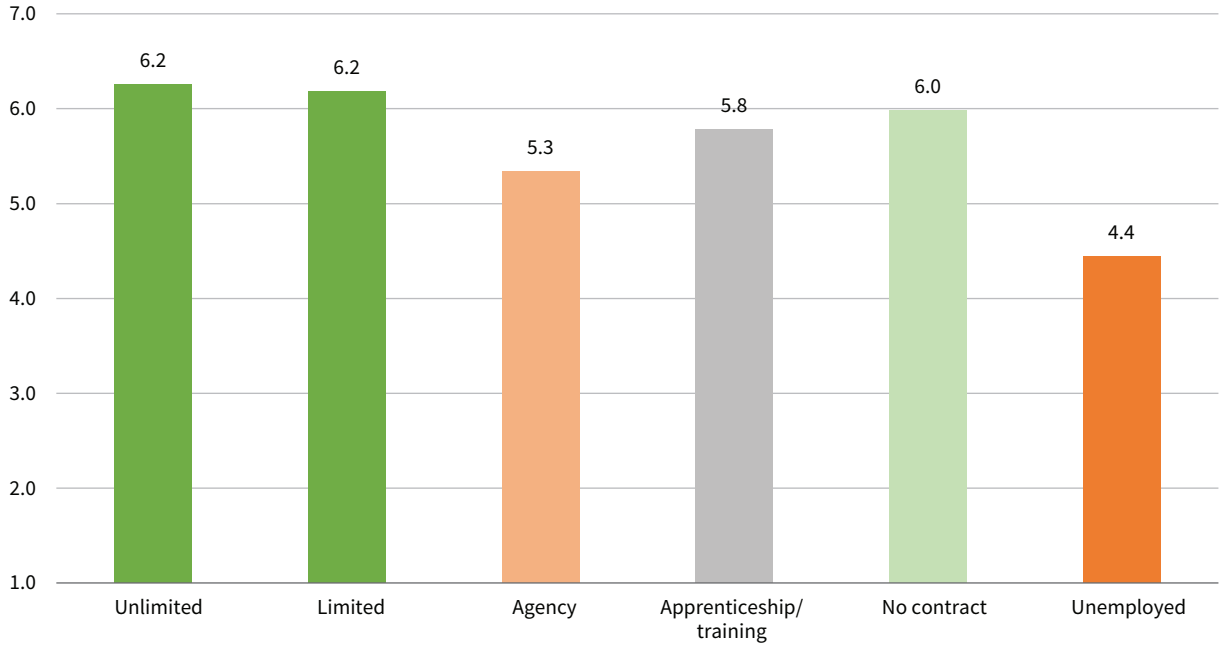
When controlling for other factors affecting life satisfaction in a linear regression, particularly disability, income, having a partner and long working hours, perceived job insecurity has a strong negative

Figure 25: Life satisfaction (on a scale of 1–10), by perceived likelihood of losing one's job in the next six months



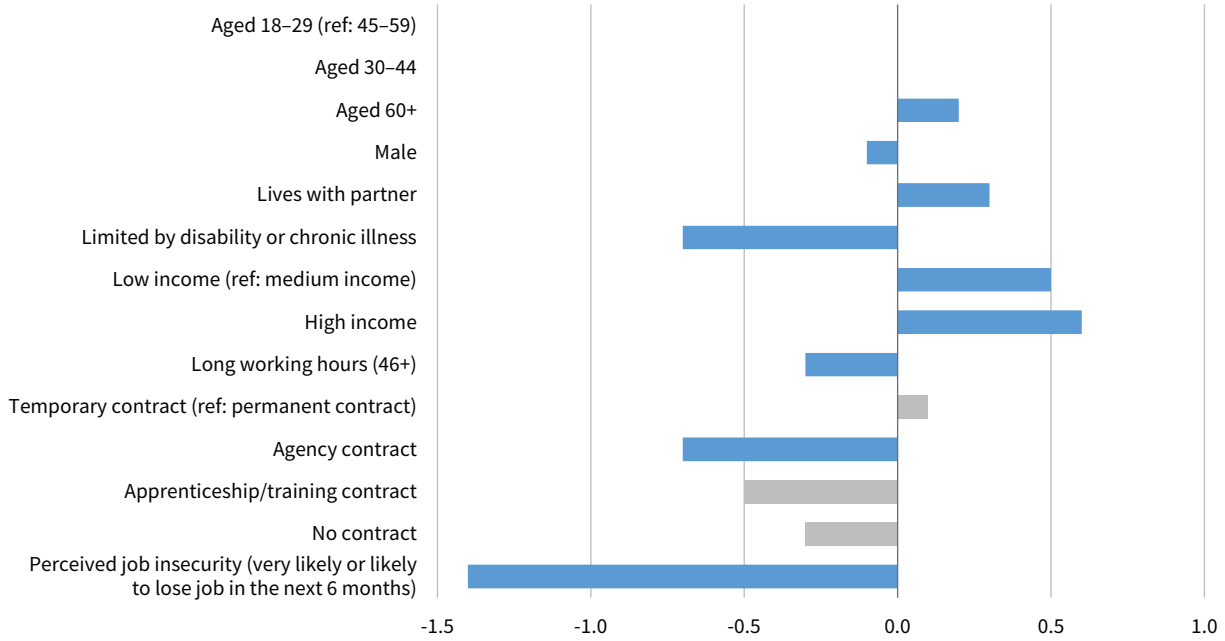
Source: *LWC e-survey, 2022*

Figure 26: Life satisfaction (on a scale of 1–10), by contract type and employment status



Source: *LWC e-survey, 2022*

Figure 27: Linear regression model of determinants of life satisfaction (on a scale of 1–10)



Notes: *Country is also included as an independent variable, but is not shown. Blue indicates that results are statistically significant at the level of $p < 0.05$.*
Source: *LWC e-survey, 2022*

association with life satisfaction: people who feel they may lose their job score on average 1.4 points lower on the 10-point scale (Figure 27). The same model also includes contract type, and shows that, even controlling for job insecurity, people with a temporary agency contract have significantly lower life satisfaction than those with a permanent contract.

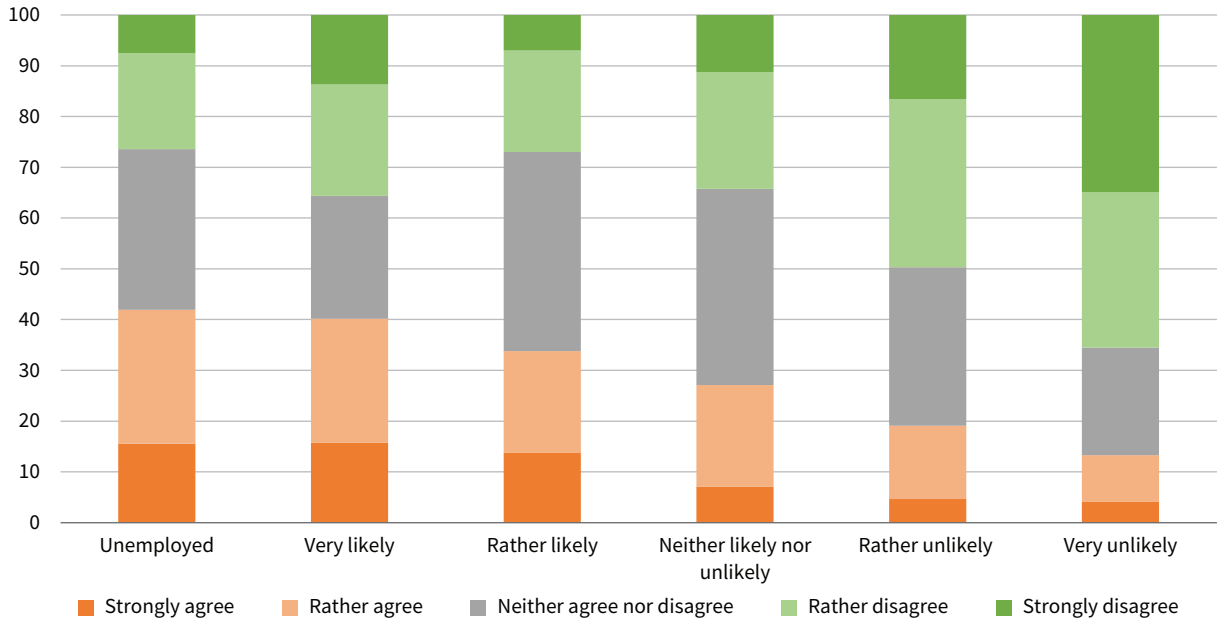
Social exclusion

According to the literature review, previous studies suggested that job insecurity may result in people questioning their identity as employed people, leading them to feel excluded from society.

The LWC e-survey asks people whether they agree with the statement 'I feel left out of society' on a five-point scale from 'strongly agree' to 'strongly disagree'. Figure 28 shows that, the less secure respondents feel their jobs are, the more often they feel excluded from society; people who think that it is 'very likely' that they will lose their job in the next six months have similar levels of perceived social exclusion to people who are unemployed.

Social exclusion can also be considered a binary variable, with 'strongly agree' and 'agree' answers categorised as indicating feelings of social exclusion, and all other categories indicating that respondents do not feel excluded from society. In this analysis, when

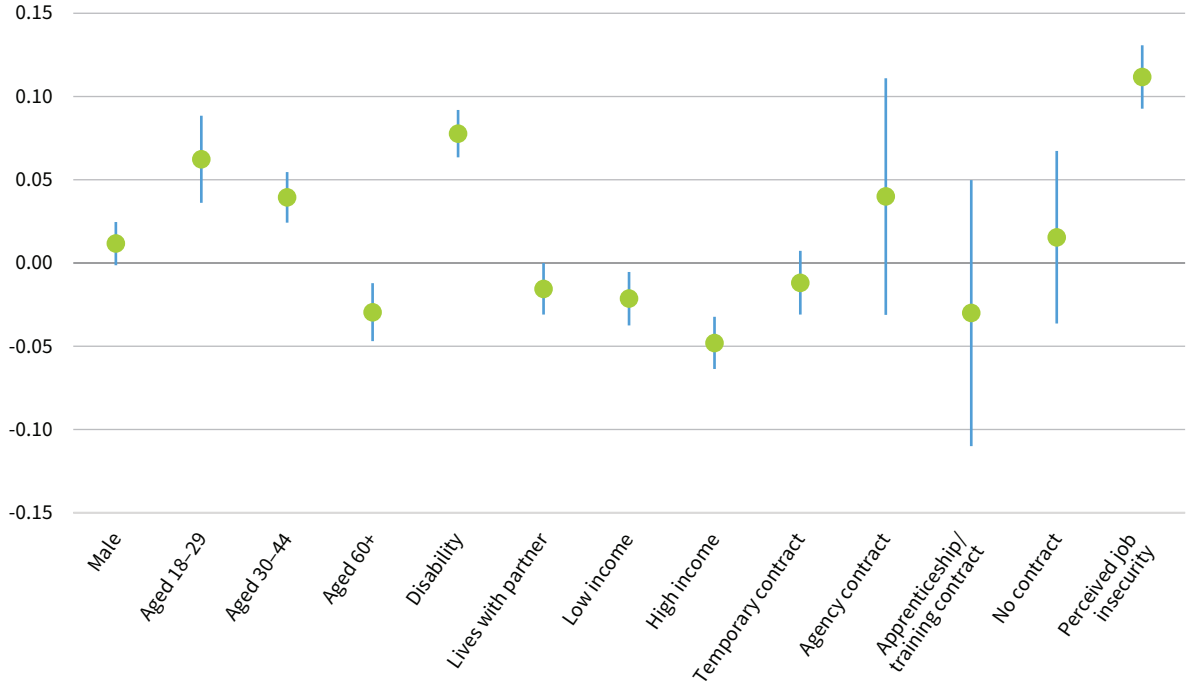
Figure 28: Perceived social exclusion, by employment status and perceived likelihood of losing one's job in the next six months (%)



Source: *LWC e-survey, 2022*

controlling for other variables (particularly disability, which is strongly associated with perceived social exclusion), the results show that, while the relationship between contract type and social exclusion is not significant,[1] job insecurity increases workers' likelihood of social exclusion by 11 percentage points (Figure 29).

Figure 29: Logistic regression model of average marginal effect of selected factors on perceived social exclusion



Note: *Bars indicate upper and lower confidence intervals.*
Source: *LWC e-survey, 2022*

1 The relationship is also not significant when job insecurity is not included in the model.

When including all respondents (not only workers) in the analysis, unemployment increases the likelihood of feeling excluded from society by 8 percentage points, based on LWC e-survey data. This association has been widely reported in previous literature. While unemployment is one of the most significant contributors to feeling excluded from society, the results regarding job insecurity suggest that the threat of unemployment also contributes to the perception of social exclusion.

Summary: Potential impact of labour market instability on well-being

Altogether, looking at different well-being-related outcomes, data from the LWC e-survey show that perceived job insecurity is associated with lower life satisfaction, poor perceived health, lower mental well-being and a higher likelihood of perceived social exclusion.

Workers with temporary agency contracts have lower life satisfaction, even when controlling for income and perceived job insecurity. However, in general, different contract types were not associated with worse mental well-being or worse outcomes based on any of the other measures of well-being, when controlling for other factors, such as income. This suggests that it is the perceived risk of losing one's job (in the near future) that is associated with poorer well-being, and not the contract type on its own.

For most measures of well-being, their associations with job insecurity for workers are similar to their associations with unemployment for the entire population, particularly when it comes to social exclusion. This suggests that the threat of unemployment is nearly as damaging as unemployment when it comes to feeling excluded from society.

3 Consequences of labour market instability: Trust, fairness and discontent

As seen in the previous chapter, unstable attachment to the labour market – particularly unemployment and perceived job insecurity – is related to a feeling of being excluded from society. While there is limited research available on the relationship between labour market instability and the quality of society, some previous research (Jiang et al, 2022) suggests that feelings of social exclusion may lead to the feeling of distrust. This chapter examines the relationship between labour market stability and trust in people, perceived fairness, and trust in and satisfaction with institutions. Data from the ESS (2018) – a pre-pandemic representative survey conducted in 23 EU Member States – are used to establish the relationship between these measures and contract type. These data are complemented with post-pandemic data from the LWC e-survey (2022), which are available for all EU Member States and include data on perceived job insecurity.

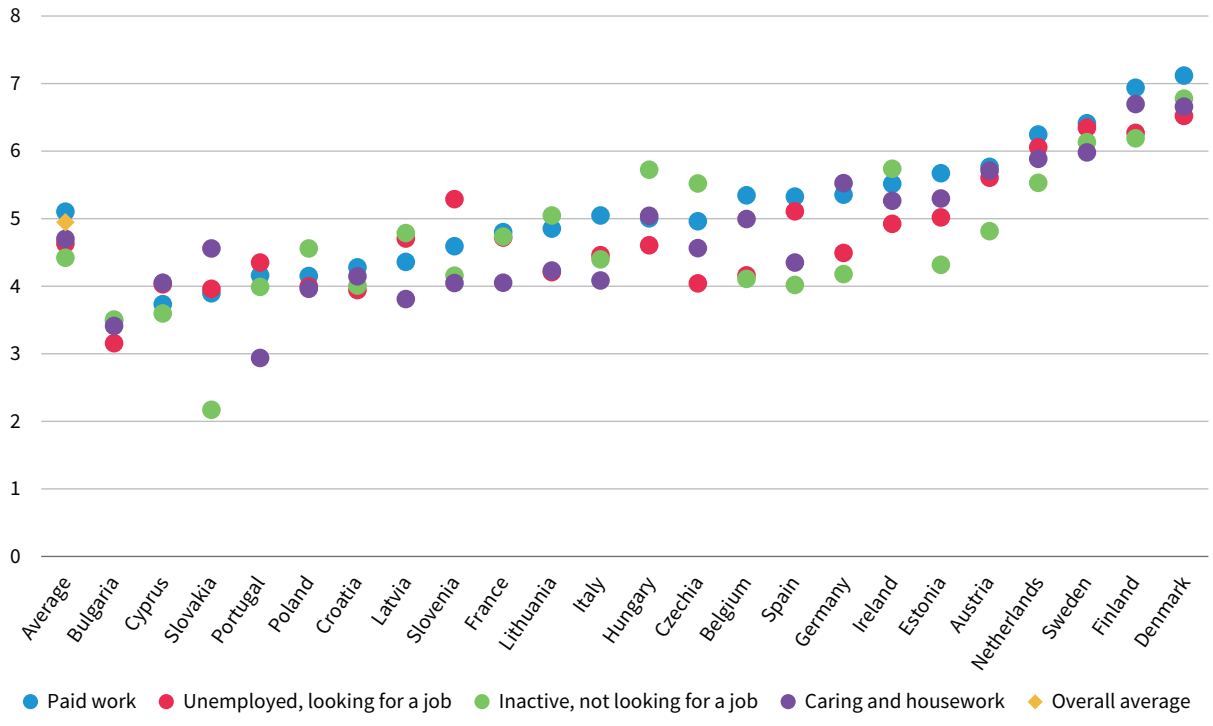
Trust in and perceived fairness of people

In its multiple rounds, the ESS has consistently included a question on trust in people, where respondents are asked to rate their trust in others on a scale of 0 to 10, with 0 indicating 'you can't be too careful' when dealing with people, and 10 indicating 'most people can be trusted'.

On average, across the various sets of EU Member States included in the ESS, trust in people was measured at its lowest (4.7) in 2008 and 2020 – notably during periods of acute crisis. The highest level of trust was measured in 2016 (5.2).[2]

In 2018, average trust in people ranged from 3.5 in Bulgaria to 6.9 in Denmark and Finland. Figure 30 shows trust in people by main activity for each EU Member State in 2018. According to these data, unemployed

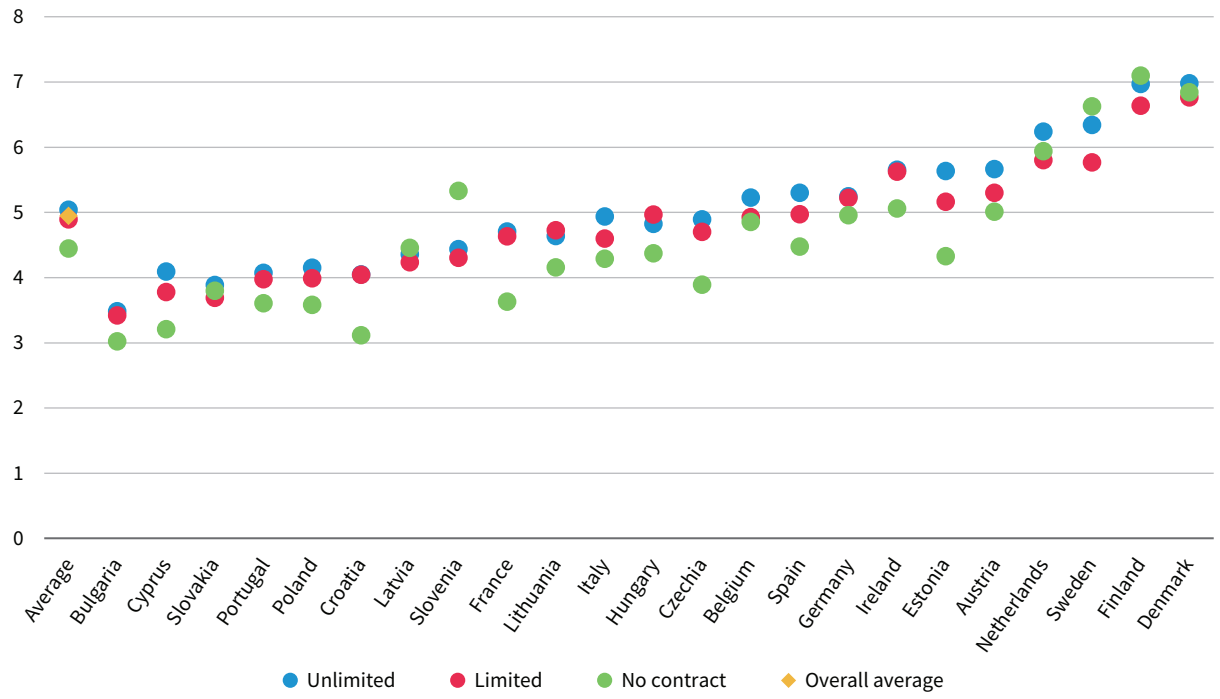
Figure 30: Trust in people (on a scale of 1–10), by main activity, 2018



Source: *ESS, 2018*

2 It is important to note that each round of the ESS, conducted once every two years, included a different set of EU Member States, and these values refer to the averages of the EU Member States that were surveyed in those rounds.

Figure 31: Trust in people (on a scale of 1–10), by work contract, 2018



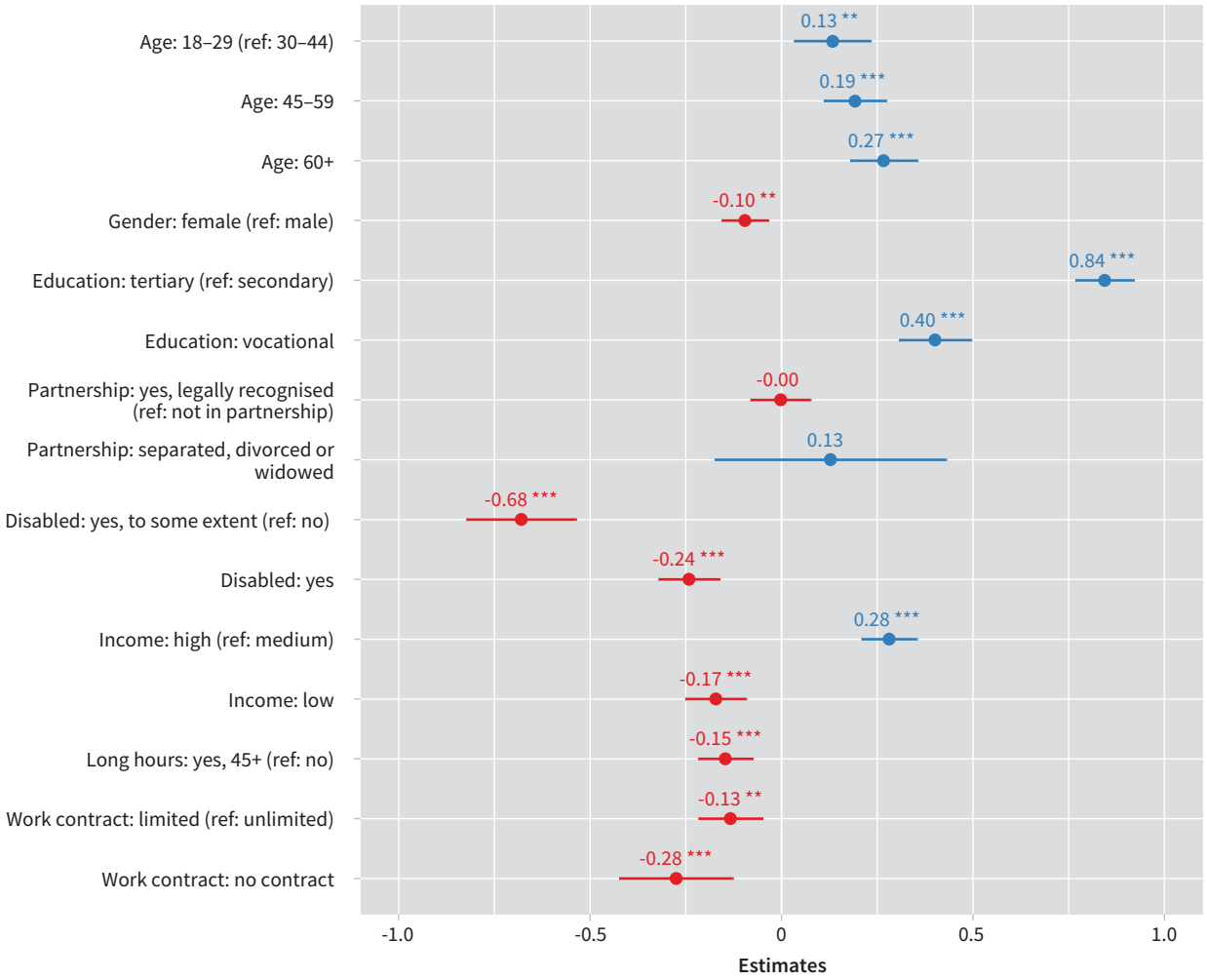
Source: *ESS, 2018*

people who are not looking for a job often have the lowest trust in people, particularly in high-trust countries, and those in paid work often have the highest trust. In countries where average trust in people is low, these findings are less clear, and are sometimes reversed.

Differences in trust in people are smaller between workers with different contract types. Generally, people with no contract have the lowest trust, although this is not always the case, particularly in countries with the highest trust (Figure 31).

When controlling for variables related to trust in people, such as age, educational level and income, people with no contract have 0.28 points lower trust on the scale than those on permanent contracts, and people with limited contracts scored their trust 0.13 points lower (Figure 32).

Figure 32: Linear regression analysis of determinants of trust in people among those in employment, 2018

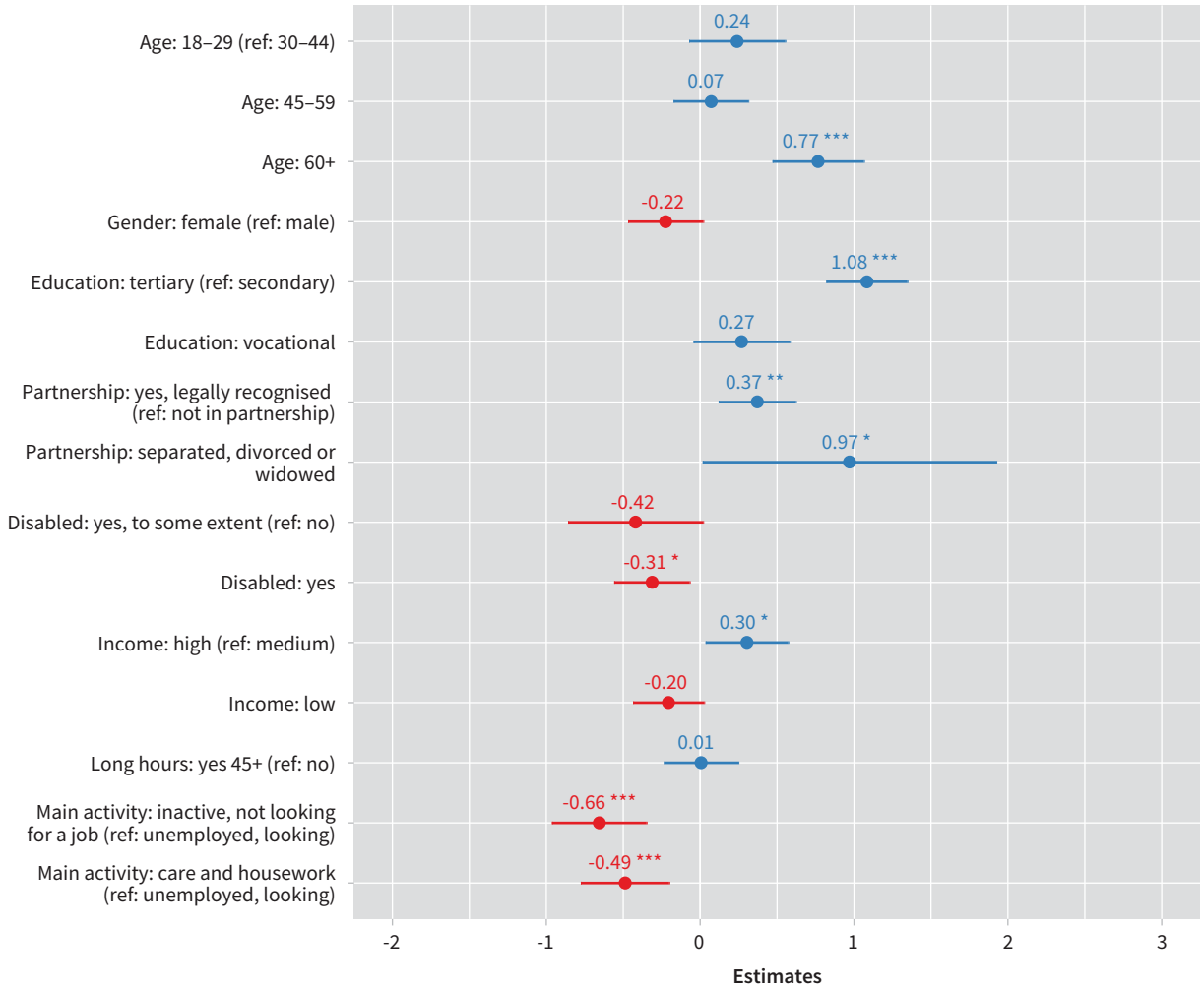


Note: *Country is also included as an independent variable, but is not shown.* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.*
Source: *ESS, 2018*

Meanwhile, among the unemployed, those not looking for a job have 0.66 points lower trust than those unemployed but looking for a job. Those whose main activities are caring and housework also have 0.49 points lower trust in people than those who are unemployed and looking for a job (Figure 33).

Not having a secure job may be related to one's perception of fairness. In addition to asking about trust in other people, the ESS asked respondents to rate other people's fairness on an 11-point scale, from 0, meaning 'most people try to take advantage of me', to 10, meaning 'most people try to be fair'.

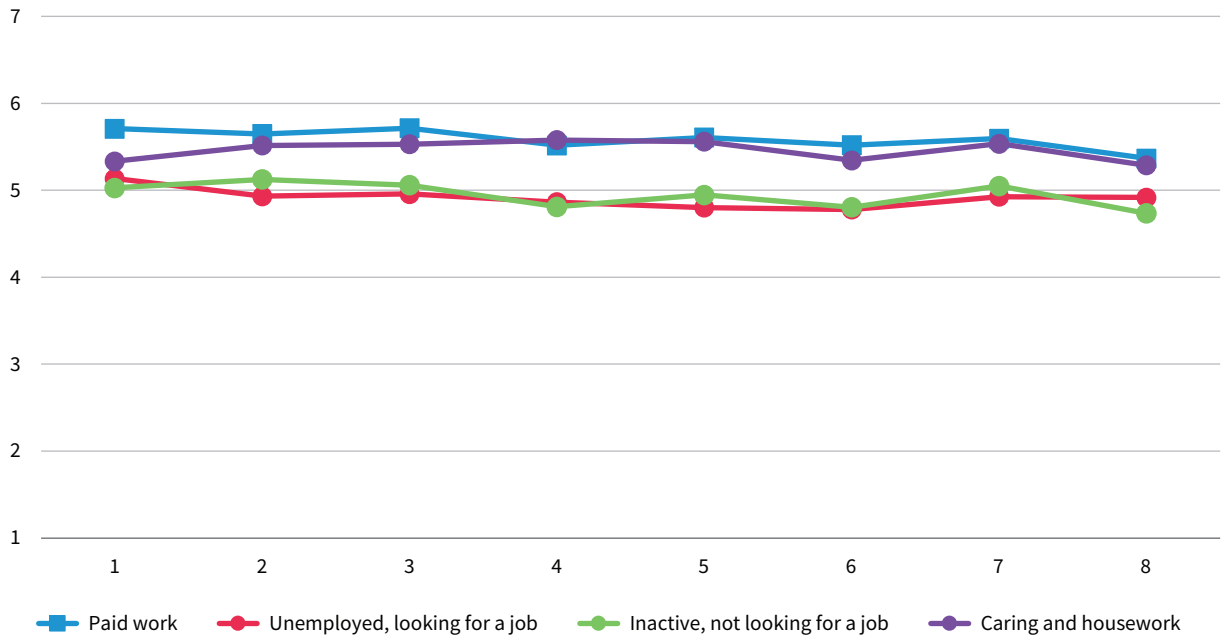
Figure 33: Linear regression analysis of determinants of trust in people among those not in employment, 2018



Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

As can be seen in the longitudinal graph below showing perception of fairness stratified by main activity from 2004 to 2018, both people who are unemployed and looking for a job and people who are inactive and not looking for a job consistently have a lower perception of fairness (Figure 34). On the contrary, those in paid work and those whose main activities are caring and housework consistently perceive higher levels of fairness.

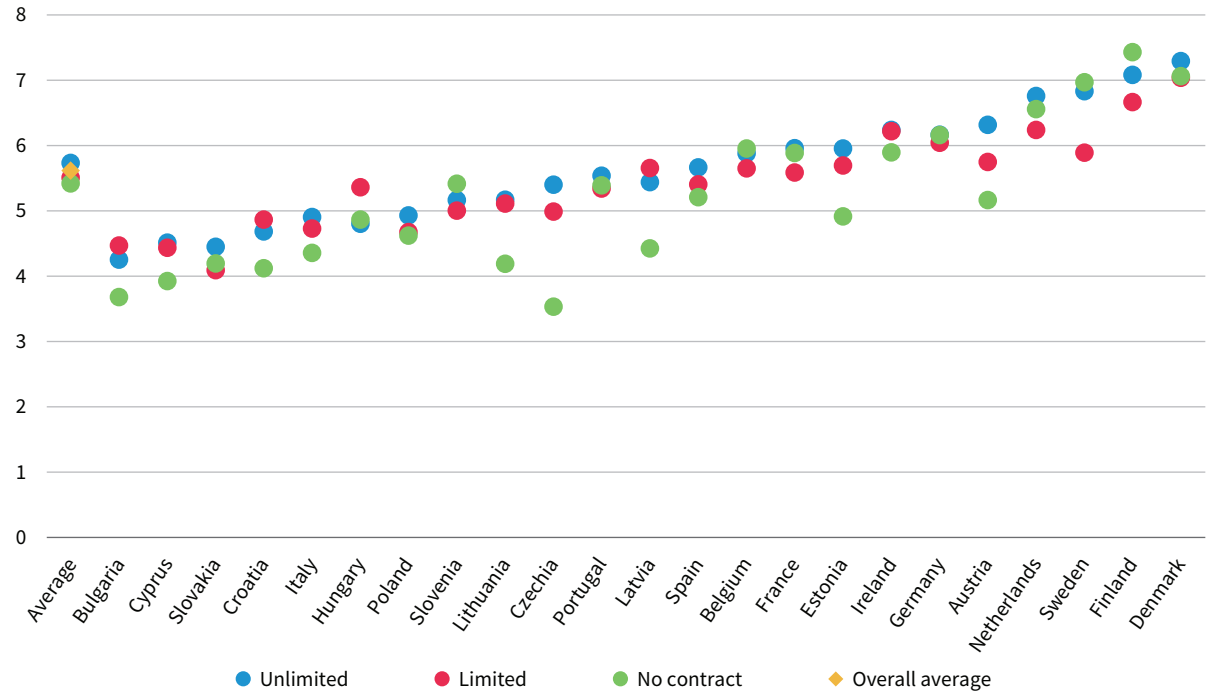
Figure 34: Perception of fairness (on a scale of 0–10), by main activity, 2004–2018



Source: *ESS, 2018*

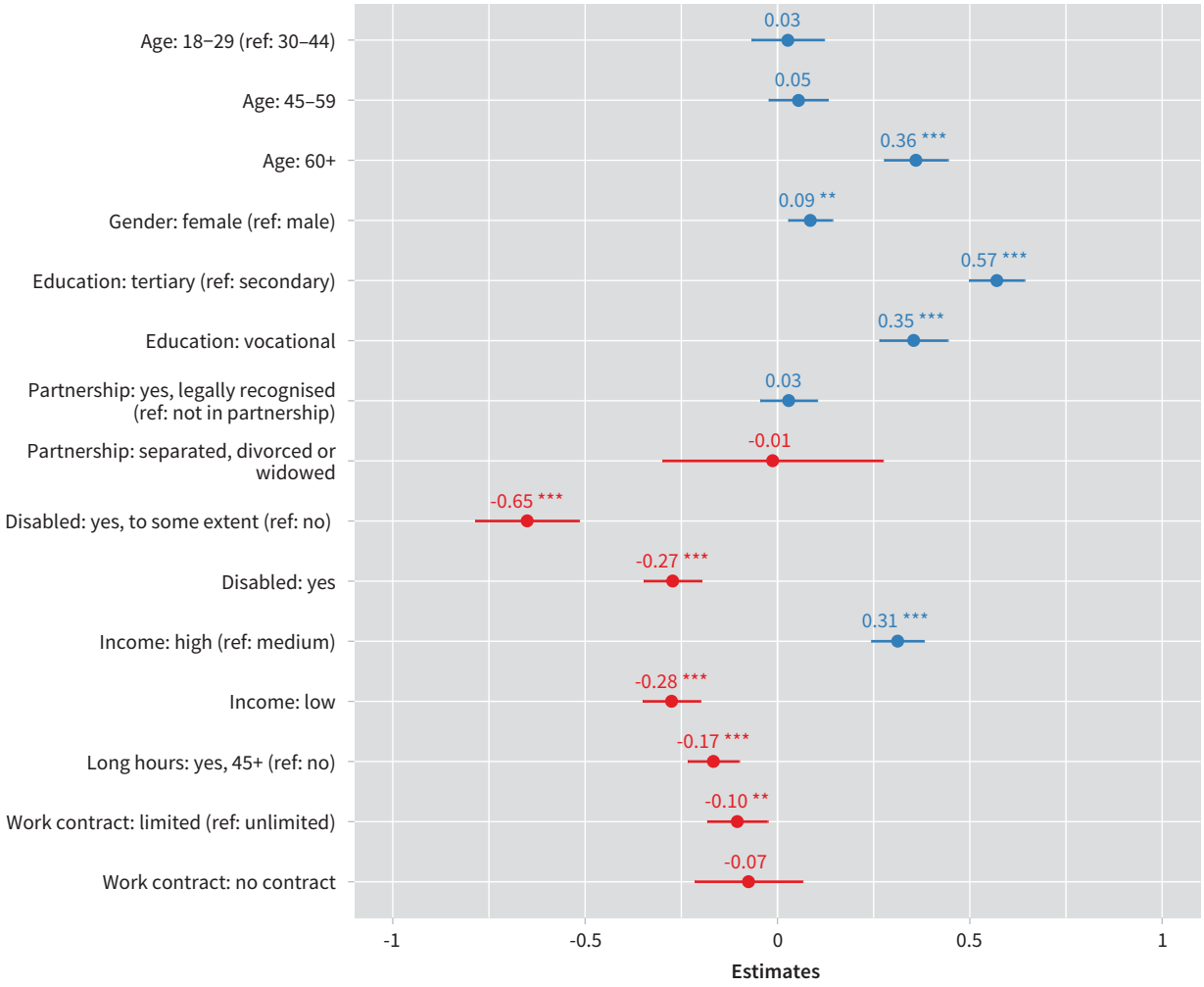
In 2018, the ratings of fairness in 2018 ranged from 4.2 in Bulgaria to 7.2 in Denmark. On average across all 23 countries included in the survey, there is a small difference in the perception of fairness according to work contract. However, this is not the case in all countries. In some countries, people with no contract score significantly lower on perception of fairness than others do (although this should be cautiously interpreted, as the sample size of people with no contract is comparatively low), while in others, people on temporary contracts are least likely to think that other people are generally fair (Figure 35).

Figure 35: Perception of fairness (on a scale of 0–10), by contract type, 2018



Source: *ESS, 2018*

Figure 36: Linear regression analysis of determinants of perception of fairness among those in employment, 2018



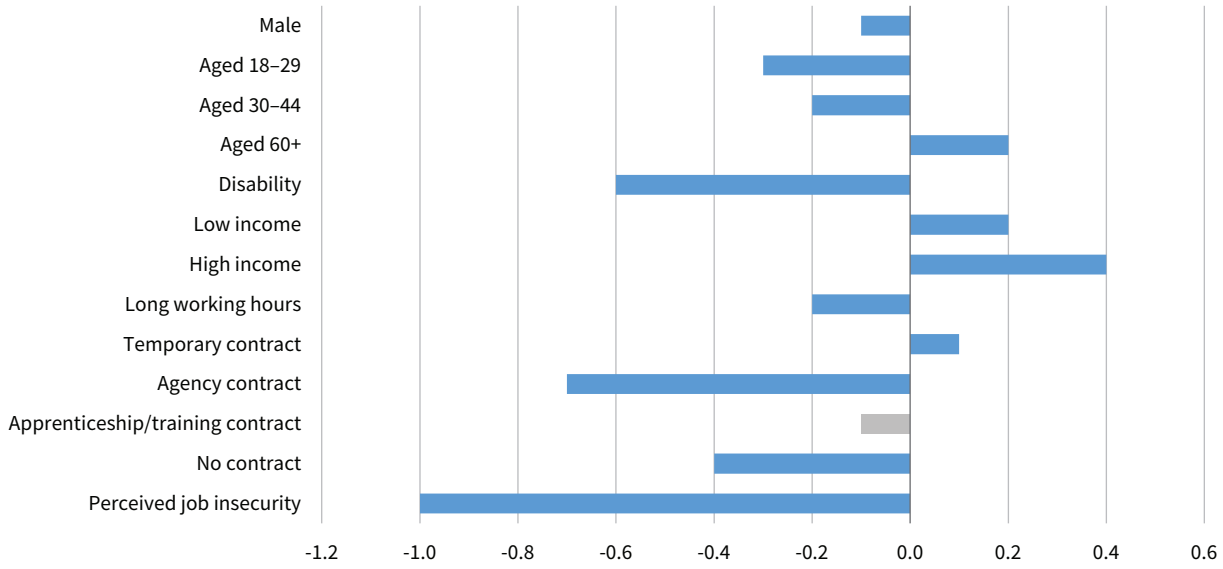
Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

A linear regression model controlling for other variables shows that, among workers, the factors that have the strongest positive association with perception of fairness include being older than 60 and being highly educated (Figure 36). Being on a temporary contract is also associated with a lower perception of fairness when controlling for all other variables, including country.

While the ESS provides pre-pandemic representative data for 23 EU Member States, the LWC e-survey includes post-pandemic (albeit non-representative) data for all 27 Member States, and in 2022 asked respondents to rate their trust in people on a scale of 1 ('you can't be too careful') to 10 ('most people can be trusted'). According to the findings, average trust in people ranged from 3.9 in Slovakia to 7.1 in Denmark.

Results of a linear regression model for trust in people in 2022, based on the LWC e-survey, are shown in Figure 37. These results suggest that, among respondents to the survey, people on temporary agency contracts and people with no formal contract had significantly lower levels of trust when controlling for other variables, such as income, than people on unlimited contracts. People on a limited contract had slightly higher trust when controlling for other variables. Perceived job insecurity has the strongest negative relationship with trust: people who think they might lose their job in the following six months have one point lower trust in people on a 10-point scale than those who do not.

Figure 37: Linear regression model of determinants of trust in people, 2022



Notes: *Country is also included as an independent variable, but is not shown. Blue indicates that results are statistically significant at the level of p < 0.05.*
Source: *LWC e-survey, 2022*

These findings confirm that there is a relationship between insecure contracts and perception of other people, their trustworthiness and their fairness.

Satisfaction with institutions and democracy

The previous section showed that being unemployed, having a temporary contract and/or being in an insecure employment situation are negatively associated with trust in others and perception of other people's fairness.

This section looks at determinants of wider trust in and satisfaction with political and democratic institutions. It look first looks at pre-pandemic data (ESS), then at the post-pandemic situation (LWE e-survey).

Satisfaction with and trust in government

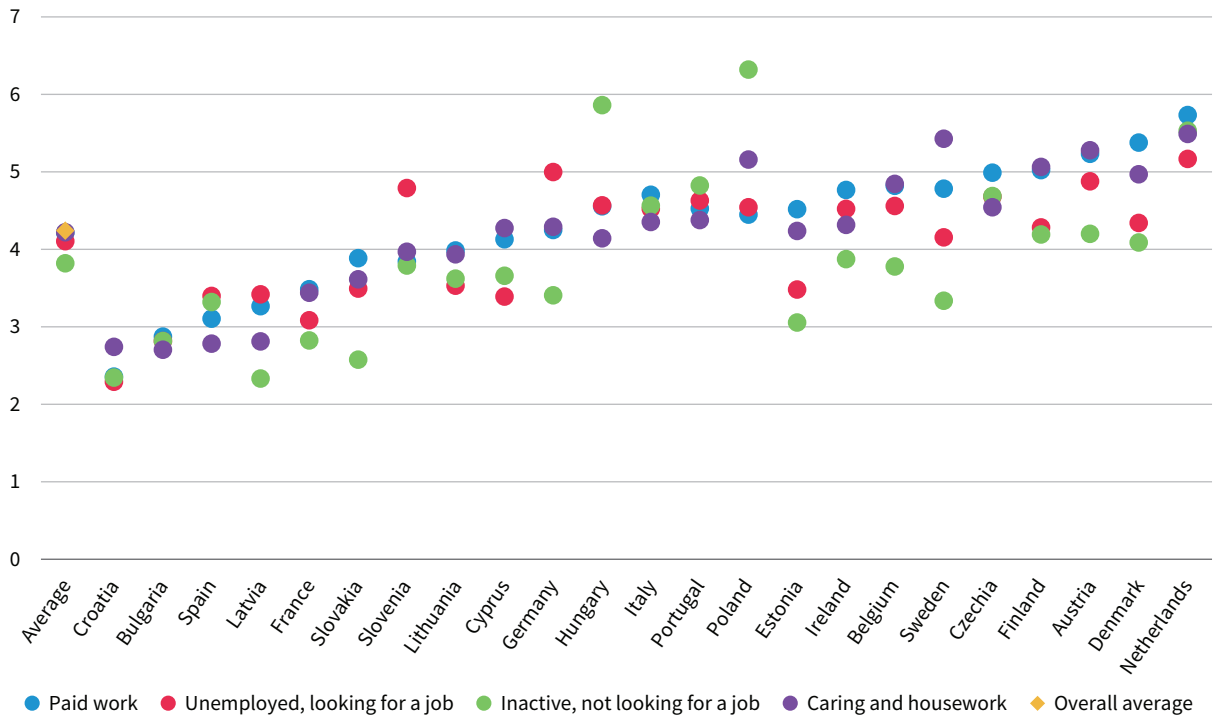
The ESS measures people's satisfaction with the national government (unlike some other surveys, which sometimes instead ask about trust in the government). Individuals' satisfaction with the government is related to their political affiliations (whether they voted for the government currently in power), and recent government measures and how these are presented in the media consumed by them. It is also related to people's current economic and social situations.

Over the past two decades, people's satisfaction with the government was measured at its lowest in 2010 (3.7 on a scale of 0 to 10; 2008 and 2012 values were close to this), and at its highest in 2006 (4.5). Once again, it is important to note that different countries were involved in different rounds of the ESS, affecting the average.

In 2018, people's satisfaction with the government was rated lowest on average in Croatia (2.6) and Bulgaria (2.9) and highest in the Netherlands (5.7), followed by Denmark (5.3).

Satisfaction with the government varies significantly by activity status when looking at individual countries; however, there is little variation in the average across the 23 countries (Figure 38). This might be explained by the different directions of differences among Member States: in countries such as Poland and Hungary, people who are inactive and not looking for a job tend to be most satisfied with the government. In Germany and Slovenia, people who are unemployed and looking for a job are most satisfied. However, in Slovakia, Estonia, Sweden and others, unemployment seems to be related to low satisfaction, based on an analysis without control variables.

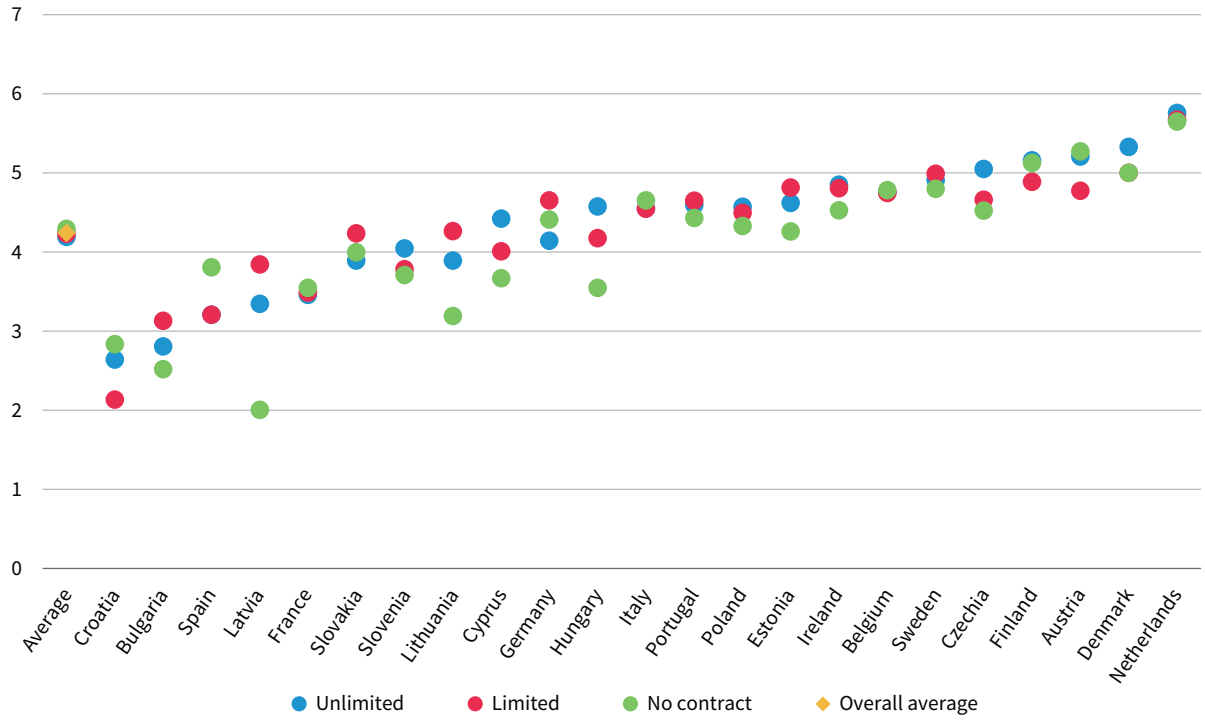
Figure 38: Satisfaction with the government (on a scale of 0–10), by activity status, 2018



Source: *ESS, 2018*

Looking at different contract types, there is much less variation, both in the average across the participating countries and at country level (Figure 39), suggesting that the relationship between contract type and satisfaction with the government is weak. Exceptions include people with no contract, who seem to be less satisfied, although this is based on a smaller sample size.

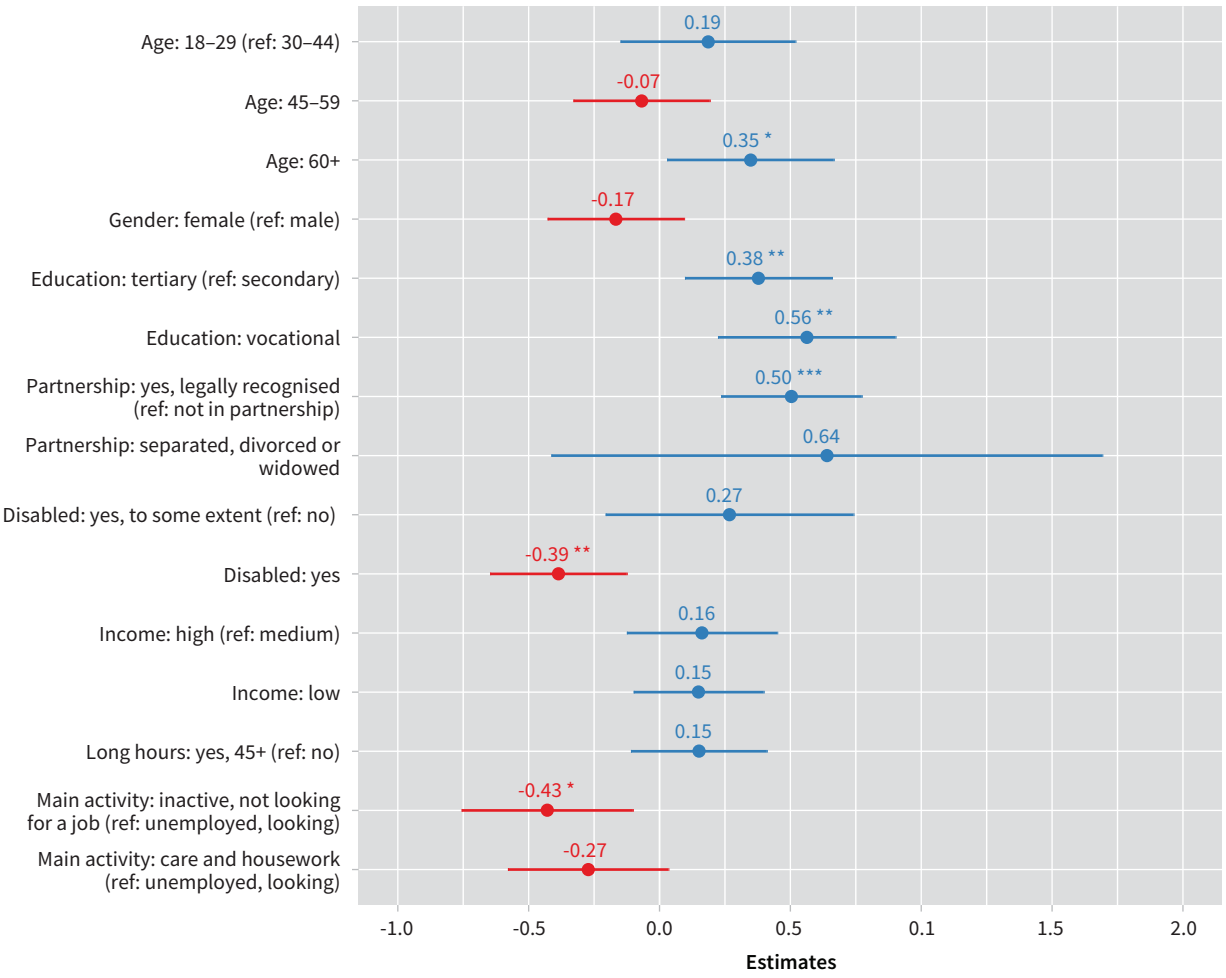
Figure 39: Satisfaction with the government (on a scale of 0–10), by contract type, 2018



Source: *ESS, 2018*

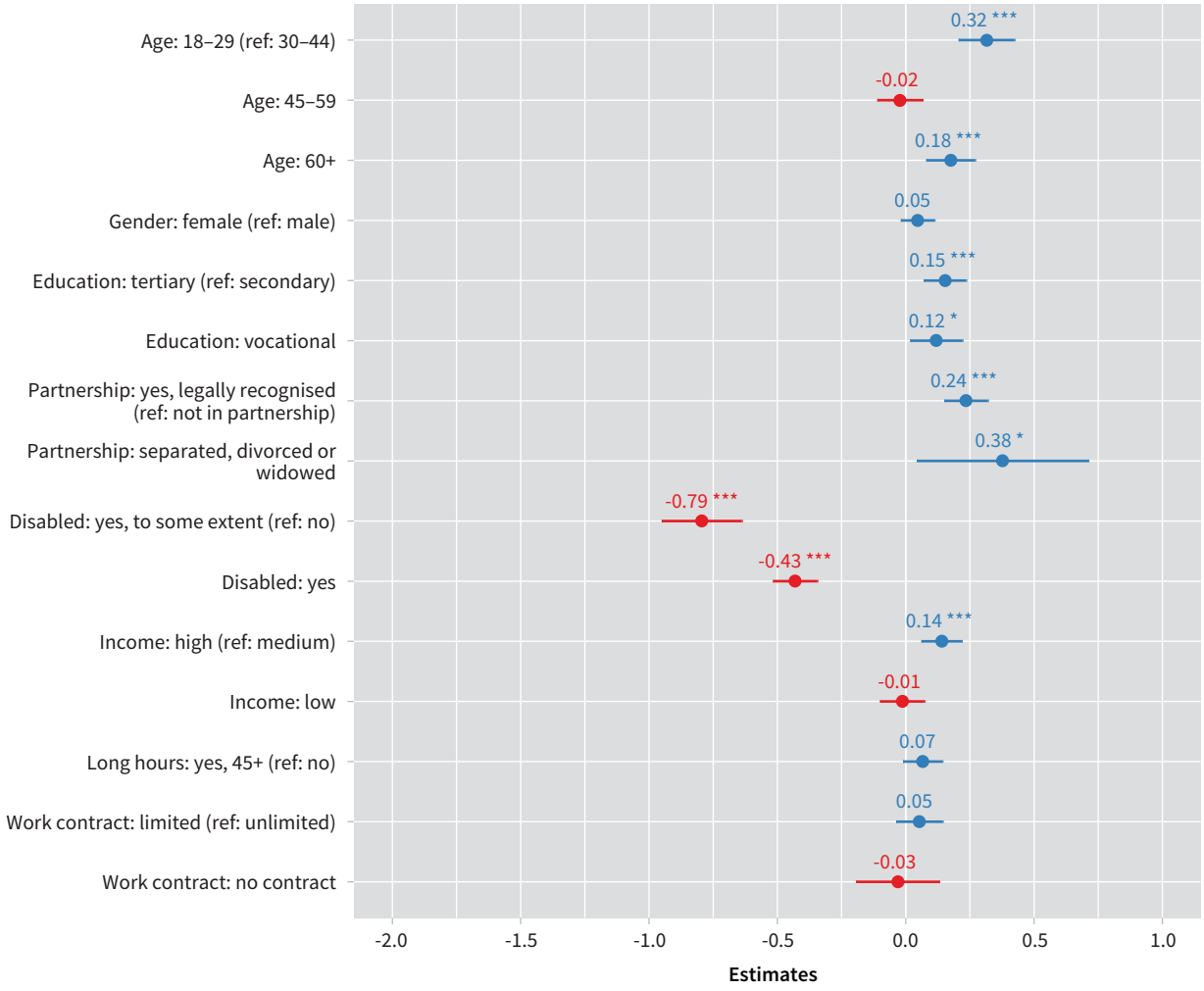
Linear regression models (Figures 40 and 41) confirm the findings based on the results displayed in Figures 38 and 39 above. Once important factors closely related to satisfaction with the government, such as age, education and income, are controlled for, people who are inactive and not looking for a job are 0.43 points less satisfied with the government than those who are unemployed and looking for a job (Figure 40). On the other hand, contract type does not have a significant impact on people's satisfaction with the government (Figure 41).

Figure 40: Linear regression model of determinants of satisfaction with the government among those outside paid employment, 2018



Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

Figure 41: Linear regression model of determinants of satisfaction with the government among those in employment, 2018

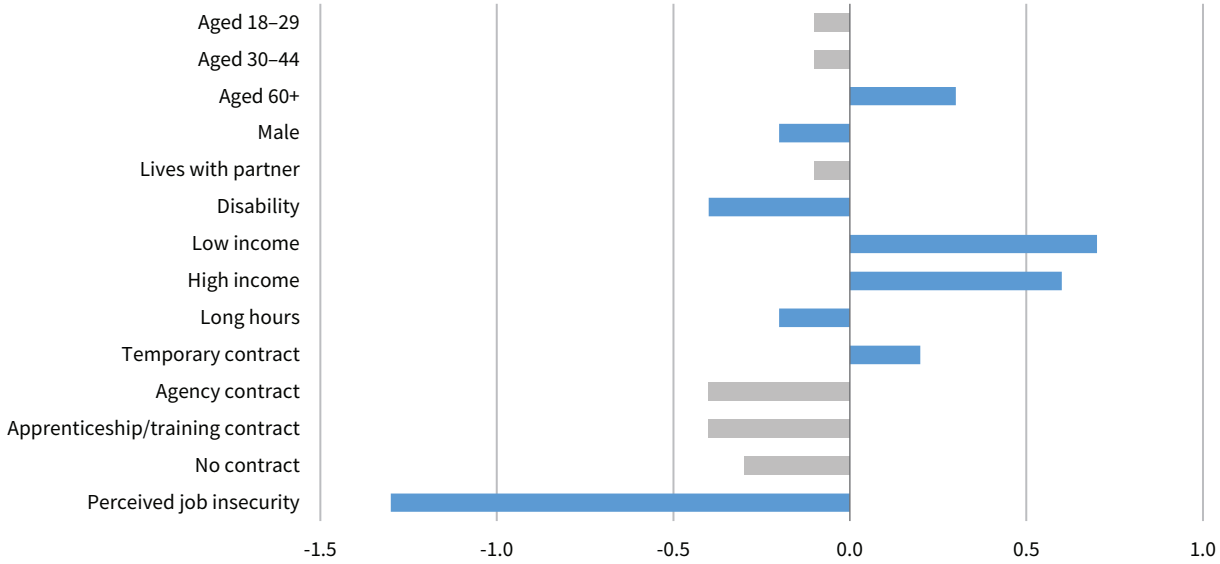


Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

The LWC e-survey conducted a similar analysis based on all EU Member States and from recent, though non-representative, data (2022). However, this survey asked respondents about trust in the government, rather than satisfaction, and measured it on a 10-point, rather than 11-point, scale. In this survey, trust in the government ranged from 2.0 in Poland to 5.9 in Denmark and Finland.

A linear regression analysis using data from people in employment from the LWC 2022 confirms the findings from the 2018 ESS that, among workers, non-permanent contracts are not associated with lower trust in the government (Figure 42). However, perceived job insecurity was associated with a 1.3-point decrease in trust.

Figure 42: Linear regression model of determinants of trust in the government, 2022



Source: *LWC e-survey, 2022*

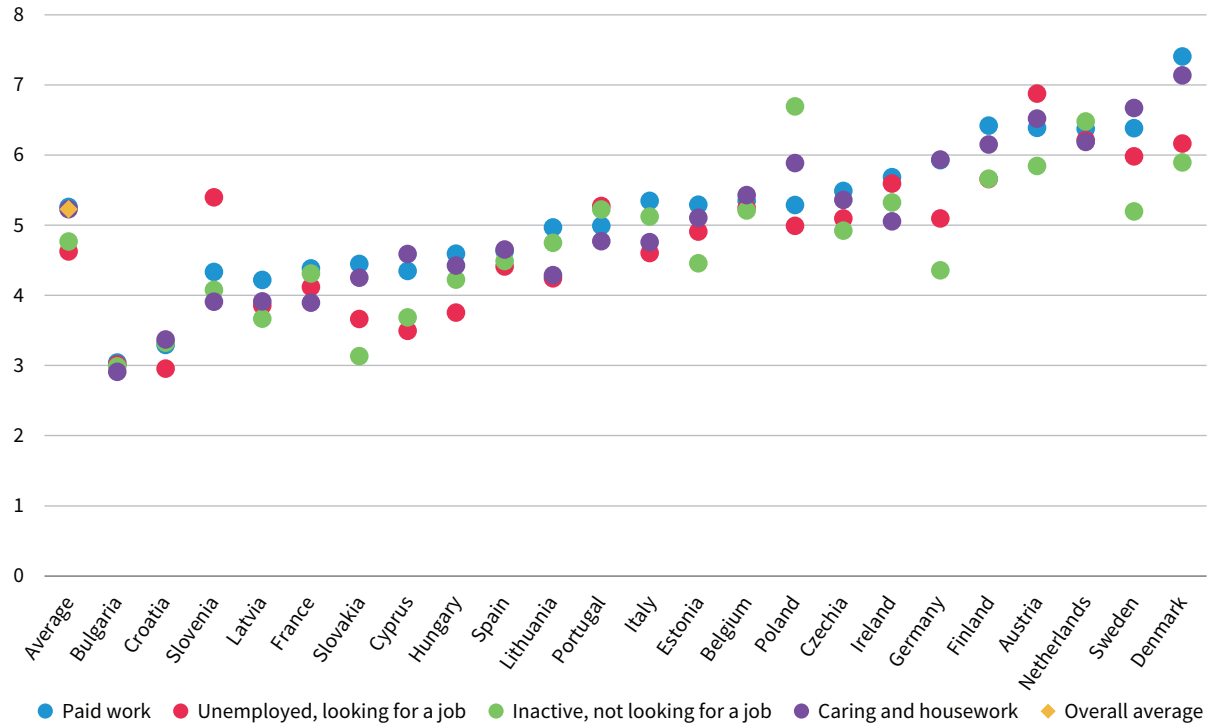
Satisfaction with the way democracy works

A more general question asked ESS respondents how satisfied they were with how democracy works in their country overall. Across different ESS rounds, satisfaction with democracy was measured at its lowest in 2010 (4.7 on a scale of 0 to 10) and at its highest in the first ESS round, in 2002 (5.5) – once again, with the caveat that different EU Member States were excluded from different survey rounds.

In 2018, satisfaction with the functioning of democracy across the whole population was lowest in Bulgaria (3.0) and Croatia (3.4) and highest in Denmark (7.3).

There is variation across countries regarding people's satisfaction with democratic functioning according to the respondents' main activity (Figure 43). In Bulgaria, the country where satisfaction is lowest, all groups are very close to the average. There are larger differences in some of the countries where satisfaction is high, such as

Figure 43: Satisfaction with the functioning of democracy, by activity status, 2018

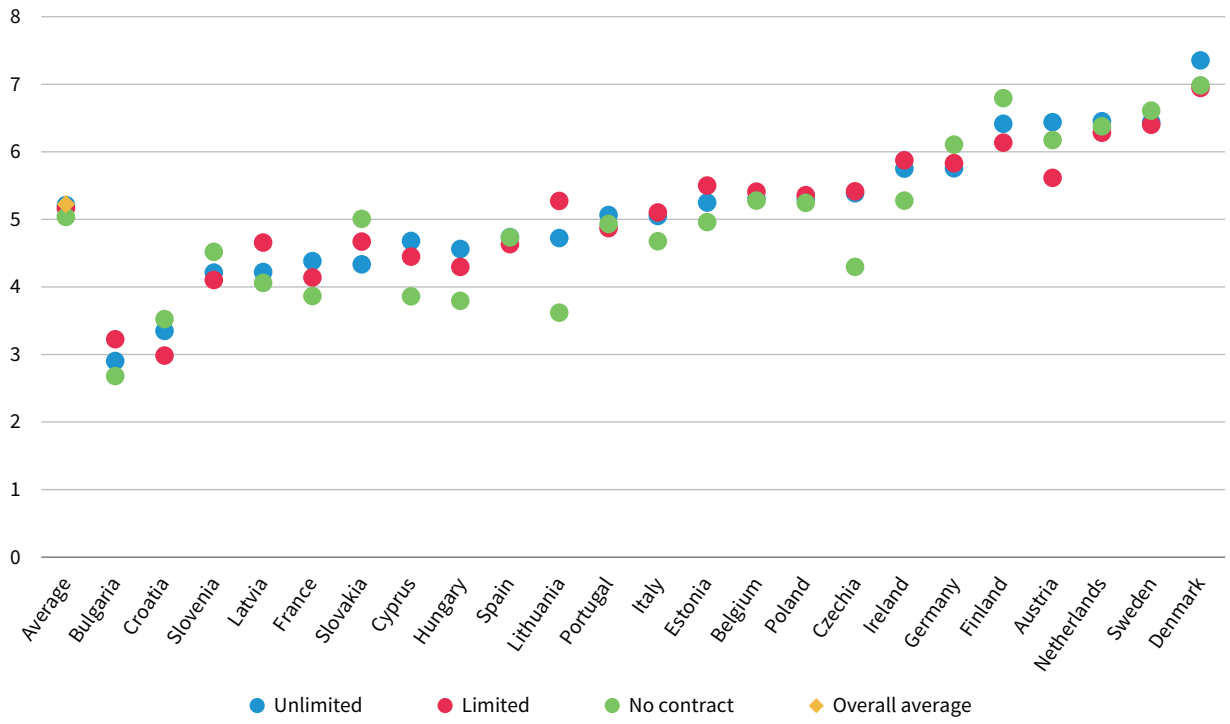


Source: *ESS, 2018*

Denmark, Sweden and Germany, as well as in Poland and Slovakia.

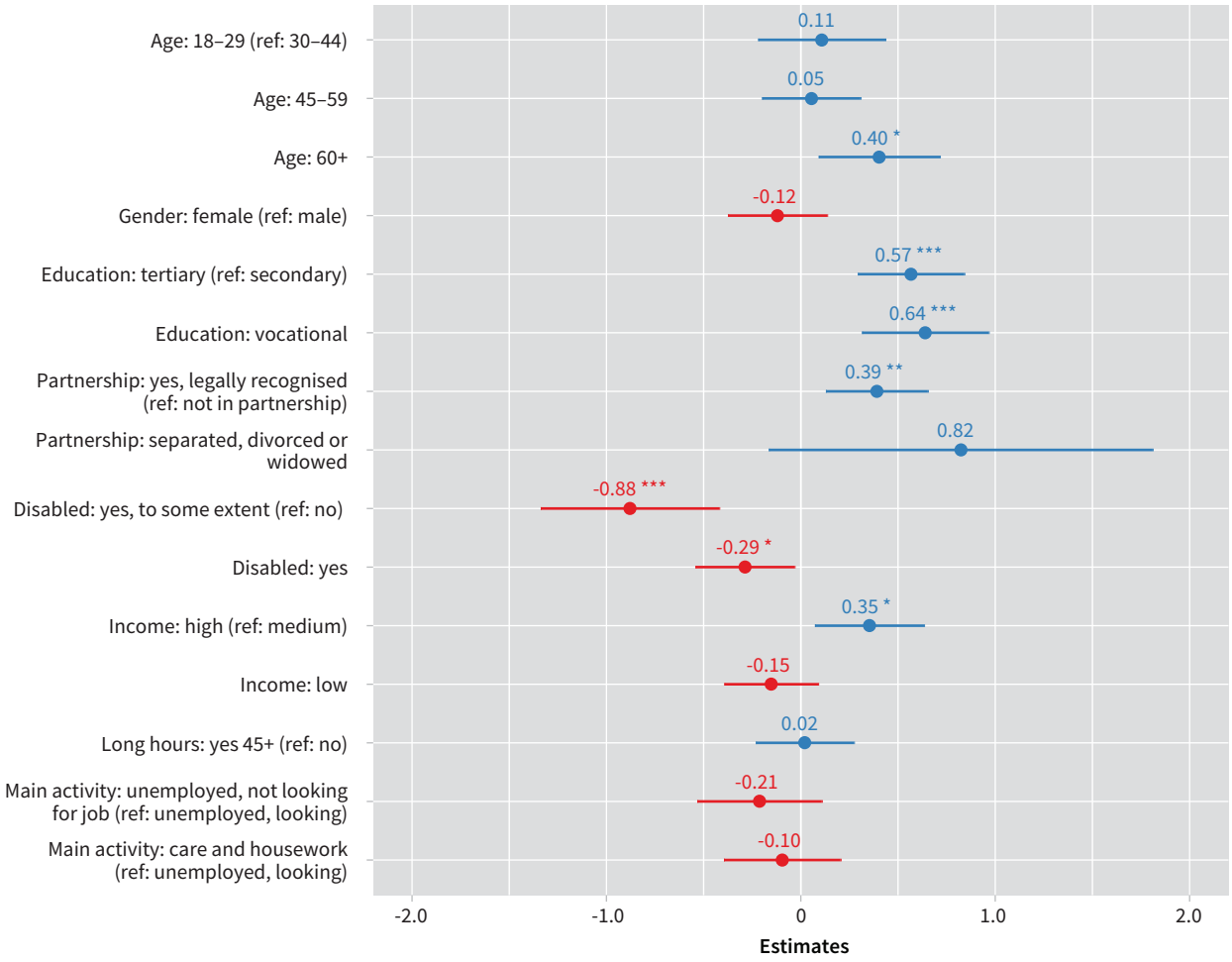
As in the case of satisfaction with the government, there is less variation in people's satisfaction with the way democracy works according to contract type (Figure 44). Exceptions include people with no contract; however, the sample size is comparatively low for this group.

Figure 44: Satisfaction with the functioning of democracy, by contract type, 2018



Source: *ESS, 2018*

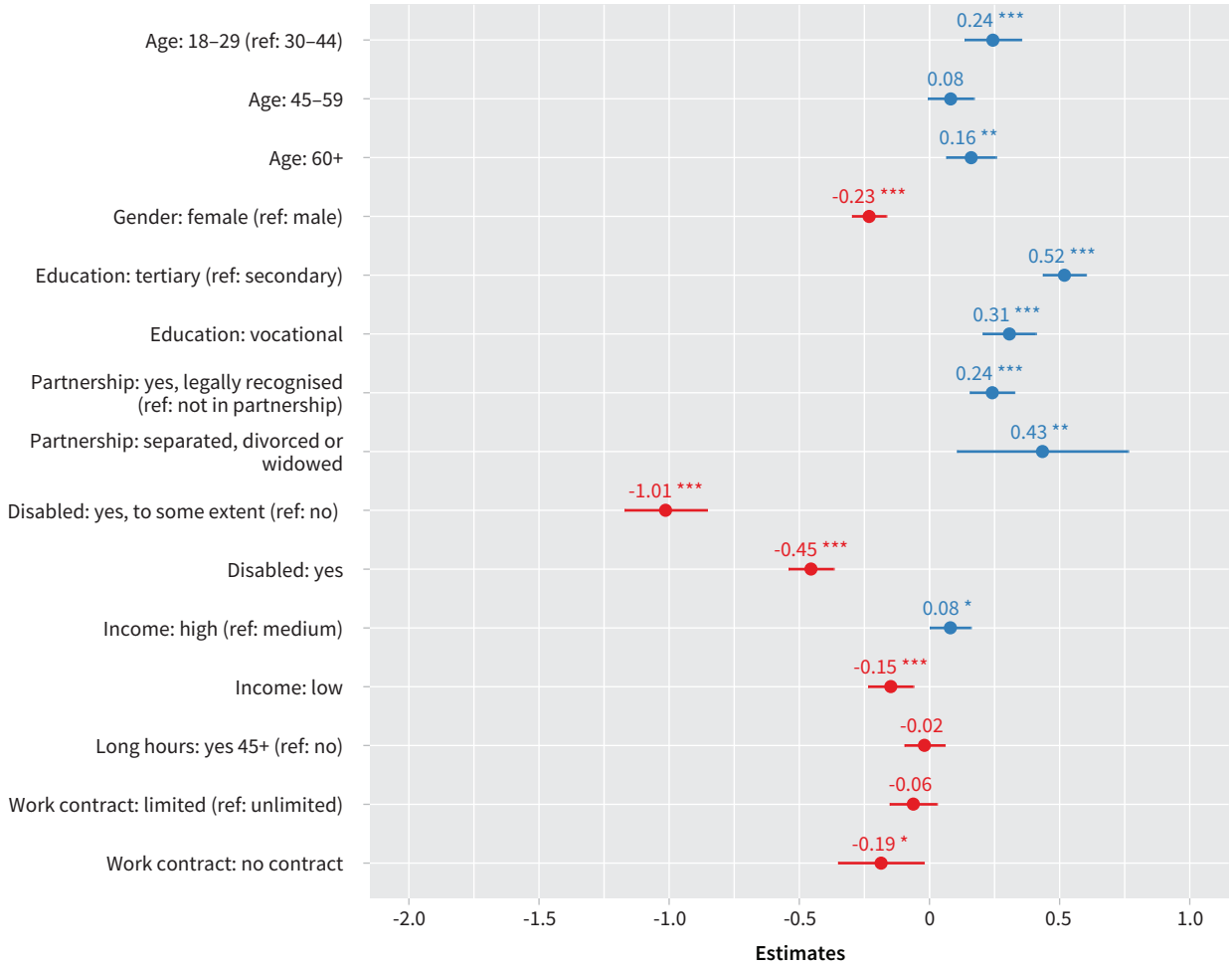
Figure 45: Linear regression model of determinants of satisfaction with democracy among those outside employment, 2018



Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

When controlling for other variables in a regression analysis, findings for satisfaction with democracy are slightly different from those for satisfaction with the government. When a linear regression was performed for satisfaction with democracy using the ESS 2018 data, none of the categories regarding those outside employment was significant (Figure 45). However, those with limited contracts were significantly less satisfied with democracy, by 0.19 points, than those with unlimited contracts (Figure 46).

Figure 46: Linear regression model of determinants of satisfaction with democracy among those in employment, 2018

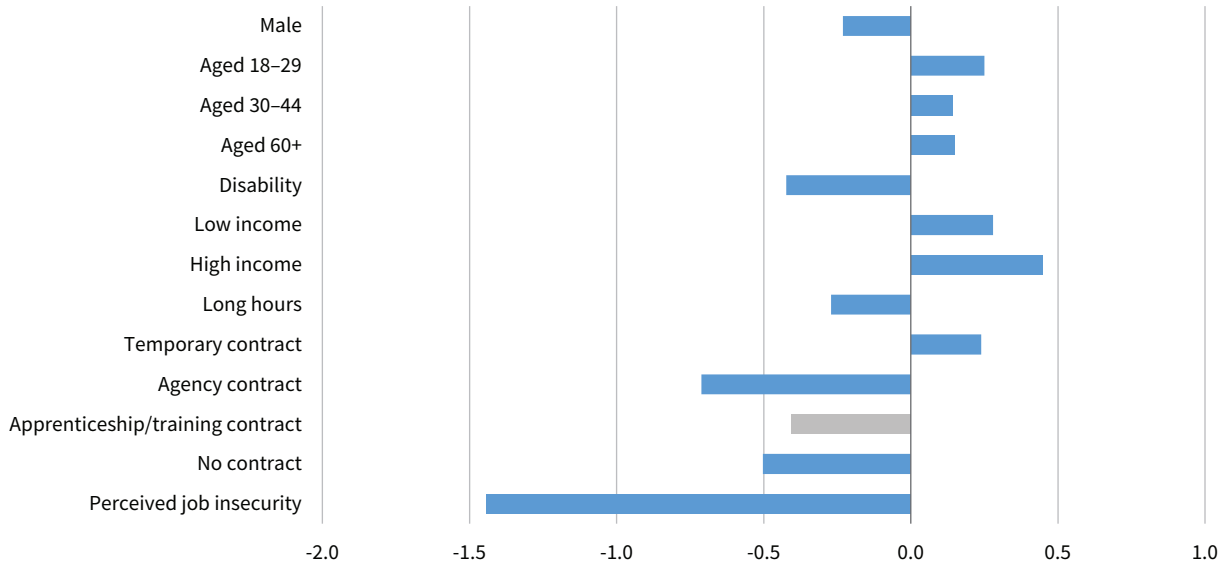


Note: *Country is also included as an independent variable, but is not shown. * p < 0.05, ** p < 0.01, *** p < 0.001.*
Source: *ESS, 2018*

To examine the relationship between satisfaction with the functioning of democracy and perceived job insecurity, LWC e-survey data from 2022 were analysed. Among respondents to this survey, satisfaction with the way democracy works, measured on a scale of 1 to 10, was lowest in Bulgaria (2.8), Poland (3.2) and Croatia (3.3), and highest in Denmark (7.1), followed by Finland (6.5).

A regression analysis using survey data for workers only finds a statistically significant negative association between temporary agency contracts, or the absence of a contract, and satisfaction with the functioning of democracy, although workers on temporary contracts are more satisfied than those on permanent contracts (Figure 47). Perceived job insecurity is associated with a 1.4-point lower level of satisfaction on average, when controlling for other variables.

Figure 47: Linear regression model of determinants of satisfaction with the functioning of democracy, 2022



Source: *LWC e-survey, 2022*

Political participation

Voting in elections

The previous section showed that people on non-permanent contracts may have less trust in government, while people with temporary agency contracts or no formal contract are less satisfied with the way democracy functions. This section investigates whether people on non-permanent contracts are more or less likely to participate in society by voting in elections or attending demonstrations.

Across the different ESS rounds, and excluding people not eligible to vote, the highest participation in elections by respondents was measured in 2002 and 2020 (both 80%) and the lowest in 2014 (75%), showing a consistently high level of participation, despite different countries being included in different rounds of the survey.

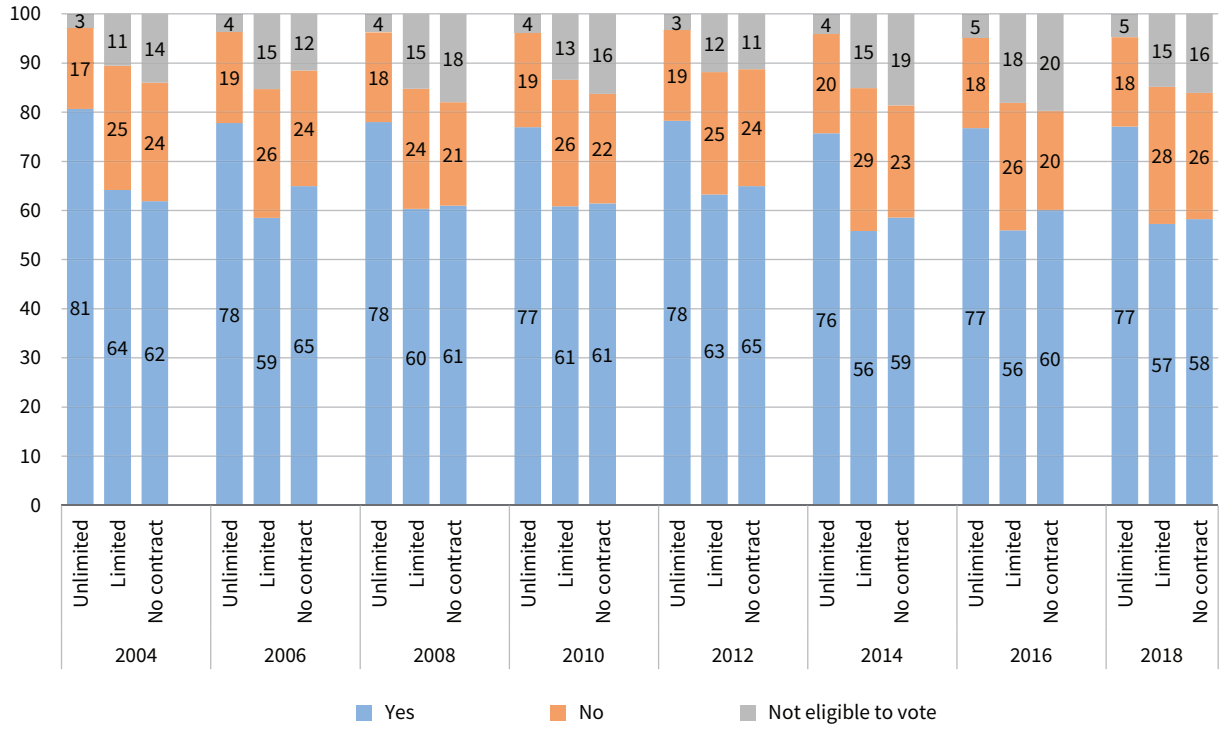
At country level, the highest rates of participation in voting in the last election among 2018 ESS respondents, when excluding people who are not eligible to vote, were measured in Sweden (94%) and Denmark (92%), while the lowest were measured in Czechia (63%), France and Latvia (both 65%).

With regard to contract type, the picture is complicated by different proportions of people being ineligible to vote. Those with unlimited contracts consistently have higher rates of participation in elections, ranging from 76% in 2014 to 81% in 2004 (Figure 48). Moreover, those with unlimited contracts also have the lowest proportion of people not eligible to vote, consistently a third or less of the proportions of those with limited contracts or no contracts. This difference in voting habits is accentuated by the fact that those with unlimited contracts also have the lowest rates of non-voters, ranging from 17% to 20%. This range is higher for those with no contracts, ranging from 21% to 26%, and even higher for those with limited contracts, ranging from 24% to 29%.

Some of these differences are explained by immigration: non-citizens are often ineligible to vote, and are also less likely to have a permanent contract. Looking at country differences in the 2018 survey, it is important first to note that several countries have a high proportion of people who are ineligible to vote, particularly France (16%), Belgium and Estonia (14%), and Cyprus and Latvia (13%).

The proportion of those ineligible to vote is over 20% among people on temporary contracts in eight countries, while among those on permanent contracts the proportion is generally much lower, but is highest in Estonia (11%) and Latvia (10%). Ineligibility to vote is also more prevalent among those who are unemployed (12% among those looking for a job).

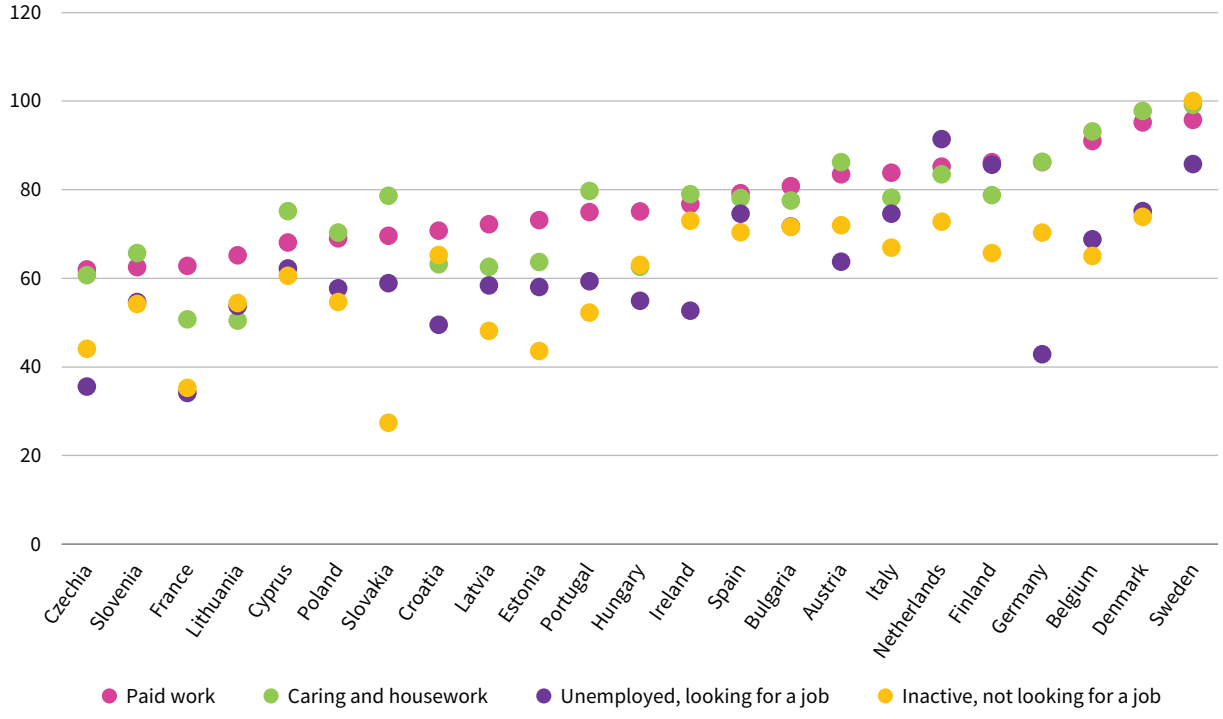
Figure 48: Proportion of people who voted in the last election, by work contract type (%)



Source: *ESS*

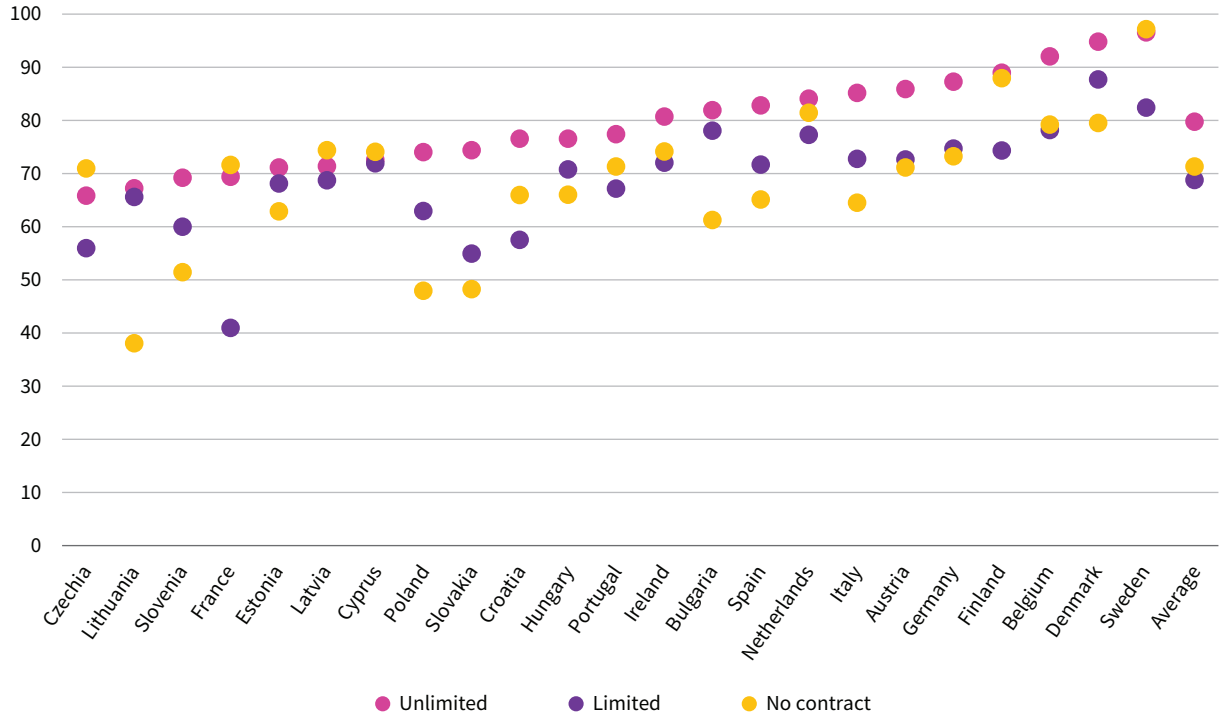
However, when excluding people who are ineligible to vote, in most countries, people who are unemployed are less likely to have voted in the last election (63%) than those in paid work (77%). This pattern is consistent across countries, except for the Netherlands and Finland, where those unemployed (and looking for a job) were slightly more likely to have voted (Figure 49).

Figure 49: Proportion of people who voted in the last election, by activity status, 2018



Source: *ESS, 2018*

Figure 50: Proportion of workers who voted in the last election, by contract type, 2018

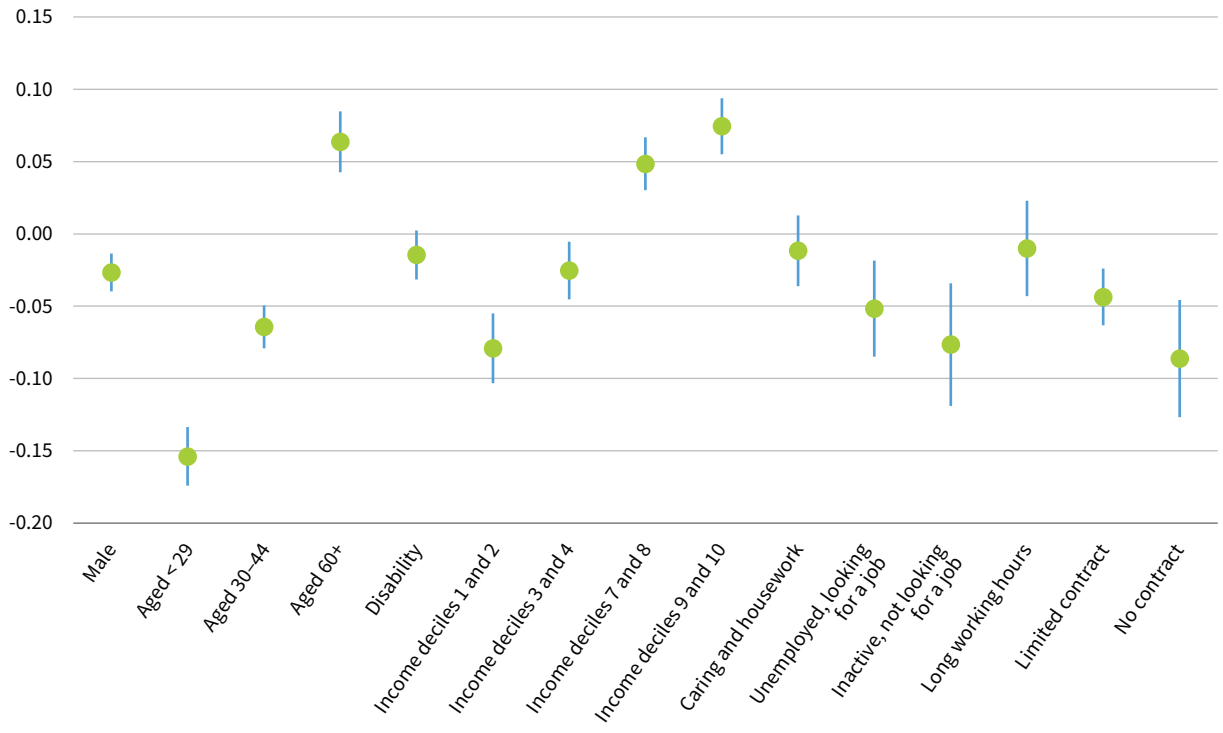


Source: *ESS, 2018*

In addition, people on unlimited contracts had higher rates of participation in voting than people on non-permanent contracts, even when excluding those not eligible to vote (Figure 50).

Differences in voting behaviour, when controlling for other variables, are summarised in Figure 51. A logistic regression model finds significant differences according to activity status: unemployed people who are looking

Figure 51: Logistic regression model of average marginal effect of selected factors on voting in the last election



Note: *Bars indicate upper and lower confidence intervals.*
Source: *ESS, 2018*

for a job are 5 percentage points less likely to vote than those employed, while those not looking (inactive) are 8 percentage points less likely to vote than those employed. In addition, the results show that, controlling for other variables, and excluding respondents who are not eligible to vote, compared with those on a permanent contract, people on limited contracts are 4 percentage points less likely to have voted in the last election, while people with no formal contracts are 9 percentage points less likely to have voted.

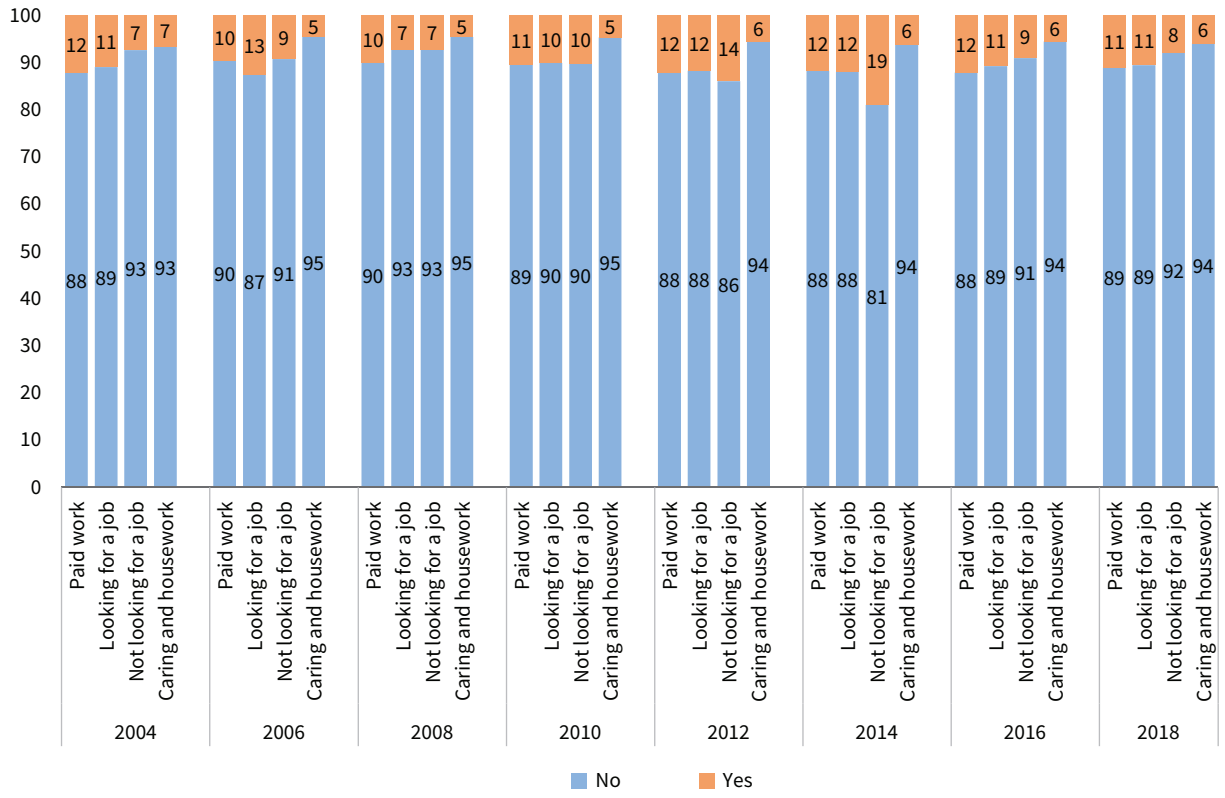
Attending demonstrations

Another form of participation in political activities is attending protests or demonstrations. Figure 52 shows respondents' participation in public demonstrations by activity status across different rounds of the ESS.

While those in paid work and those for whom caring and/or housework is their main activity maintained relatively stable rates of self-reported attendance at public demonstrations, those who are unemployed and looking for a job and, particularly, those who are inactive and not looking for a job experienced much more variation. Those not looking for a job attended the most public demonstrations in 2014, with the number increasing year on year since 2008, in the midst of the global financial crisis. In fact, the percentage of those not looking for work who self-reported going to a public demonstration in 2014 (19%) is the highest across all main activity groups and all the years included in Figure 52. There is less variation over time in the percentage of people protesting among those who are unemployed and looking for a job, remaining stable between 10% and 12% after 2010. This is also true for those in paid work, across all the years shown in Figure 52. Those whose main activity is caring and/or housework, however, had considerably lower rates of participation in demonstrations, but their rate of attendance remained stable, between 5% and 7%.

In 2018, the proportion of people who participated in demonstrations was highest in Spain (20%) and France (14%). The relationship between participation in demonstrations and activity status, and contract type, is less clear than for other variables, with countries having very different patterns and 0% participation observed for several groups.

Figure 52: Proportion of workers who participated in public demonstrations, by activity status (%)

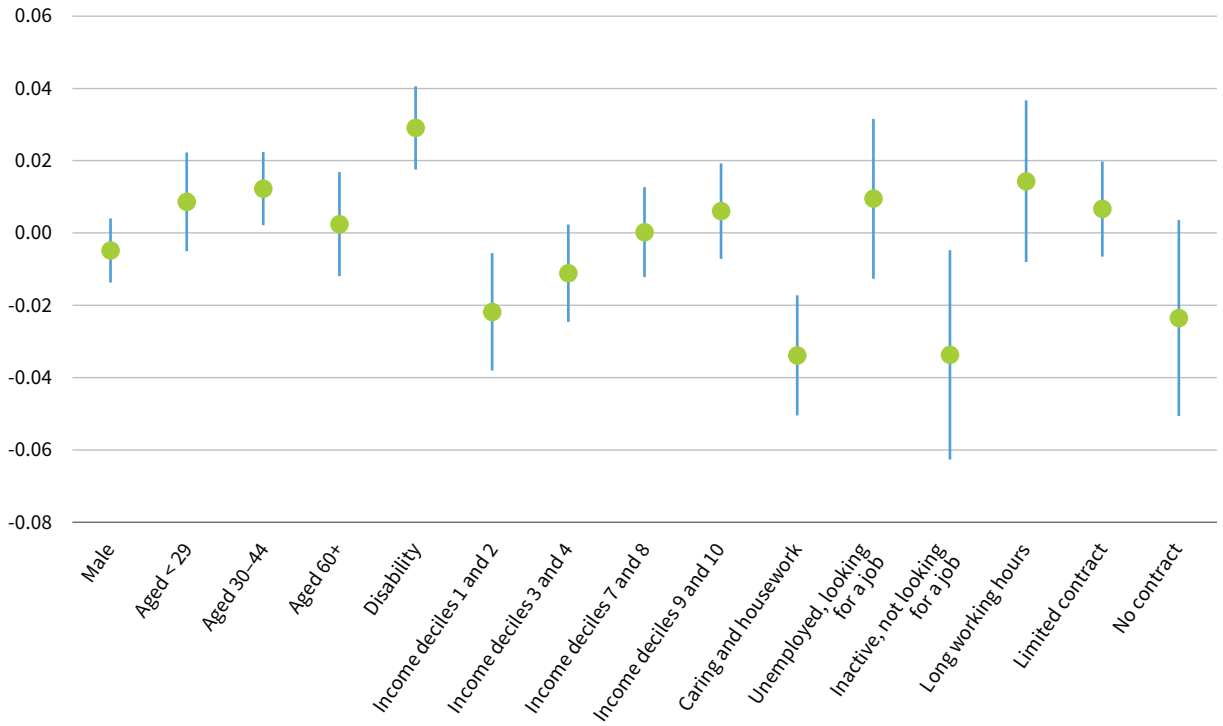


Source: *ESS*

Therefore, it is most interesting to analyse demonstrations using a logistic regression model, similar to the one used for voting. While this analysis does not show any statistically significant differences by contract type, it does suggest that those who are inactive and not looking for a job are less likely to participate in demonstrations, as are people whose main activity is caring/housework (Figure 53).

Overall, when it comes to political participation, the findings show that people in unstable employment situations either participate to a similar extent to people with paid work and permanent contracts or are less likely to participate than others.

Figure 53: Logistic regression model of the average marginal effect of selected factors on participation in demonstrations



Note: *Bars indicate upper and lower confidence intervals.*

4 Policies addressing labour market instability

EU-level policies

One of the principles of the 2017 European Pillar of Social Rights (EPSR) is 'secure and adaptable employment'. This includes, apart from providing equal working conditions regardless of contract duration, the aim of fostering a 'transition towards open-ended forms of employment', while allowing employers to have the flexibility necessary to adapt to economic changes and encouraging entrepreneurship and self-employment. The principle also calls for the elimination of precarious working conditions and prohibits the abuse of non-standard contracts.

The action plan on the implementation of the EPSR (European Commission, 2021a), published in March 2021, was written at a time when the post-pandemic recovery was at the forefront of planning and adjusting EU policies, and includes several relevant points.

- The revised Social Scoreboard includes three secondary indicators relevant to temporary contracts: employment in current job by duration, transition rates from temporary to permanent contracts and share of involuntary temporary employees.
- The action plan focuses on a 'job-rich recovery'. This includes helping those at risk of losing their job, or already unemployed, by providing 'support to apprenticeships and entrepreneurship or re-employment plans' and by 'investing in skills required in emerging sectors' to provide them with a possible route back to work.
- To facilitate the job-rich recovery, the Commission provided a recommendation on effective active support for employment following the COVID-19 crisis. This invites Member States to develop policy packages that still focus on pandemic recovery but also include permanent measures, with three components: (1) hiring incentives and entrepreneurial support, (2) upskilling and reskilling opportunities, and (3) enhanced support from employment services.
- Regarding seasonal and agency workers, in 2020, the Commission adopted guidelines on the free movement of workers and on seasonal workers; using evidence on the use of temporary agency work (especially cross-border work), the Commission will assess the potential need for a temporary agency work directive.
- The Commission pledged to present a legislative proposal on the working conditions of platform workers.

The European Labour Authority was established in 2019 to help implement and enforce EU labour mobility rules, and thereby protect mobile workers, including seasonal workers.

When it comes to the informal economy, the action plan includes a brief reference to the 'fight against undeclared work'. While there is currently no common regulation on or monitoring of undeclared work at EU level, one of the tasks of the European Labour Authority is to help Member States tackle it. The European Platform tackling undeclared work became a working group of the authority (ELA, undated).

The reason for undeclared work falling mostly under national policy is its relationship with taxation policies, which are determined at country level. As workers in the shadow economy are among those most vulnerable to labour market instability, it is important to examine country-level policies, including those aimed at improving the situation of workers and those aimed at collecting lost revenue.

As a follow-up to the European Pillar of Social Rights Action Plan, the Commission proposed in 2021 a directive to improve the working conditions of platform workers (European Commission, 2021b); since 12 June 2023, it has been subject to interinstitutional negotiations (European Parliament, 2023). It establishes a set of criteria; if any two of them are met, the worker is entitled to the rights of an employee. The directive is expected to increase transparency specifically when it comes to digital platforms.

National policies

In October–November 2022, Eurofound collected information about labour market policies addressing labour market instability through its Network of Eurofound Correspondents in all EU Member States and Norway. Specifically, contributors were asked to report on measures addressing temporary workers, part-time workers (particularly those who are underemployed) and workers in the informal economy (those without a formal contract). Data collection focused on policies implemented in the past few years, but excluded temporary pandemic-related measures that were due to expire when the restrictions related to COVID-19 were over.

A total of 121 policy measures were collected from 26 countries (correspondents from Czechia and Latvia did not find any specific measures that had been implemented in the past few years). Of these, most were targeted at non-standard workers. The category most often covered was 'other non-standard workers'. These workers were included in 50 of the measures, often because the measures were general or were aimed at multiple groups of workers, but sometimes because specific groups, such as platform workers, on-call workers, temporary agency workers and the self-employed, were included. Nearly 35% of the measures were aimed at part-time workers, and just over 31% were targeted at those on a temporary contract (Figure 54). Some 36% of the policies targeted those who are unemployed, and 31% were aimed at specific social groups (e.g. categorised by age or gender). Over a quarter of the measures targeted workers in the informal economy, and just under a quarter were aimed at employers. Examples of policies in the 'other' category included those aimed at Ukrainian refugees, victims of labour law breaches, workers in specific sectors or all workers.

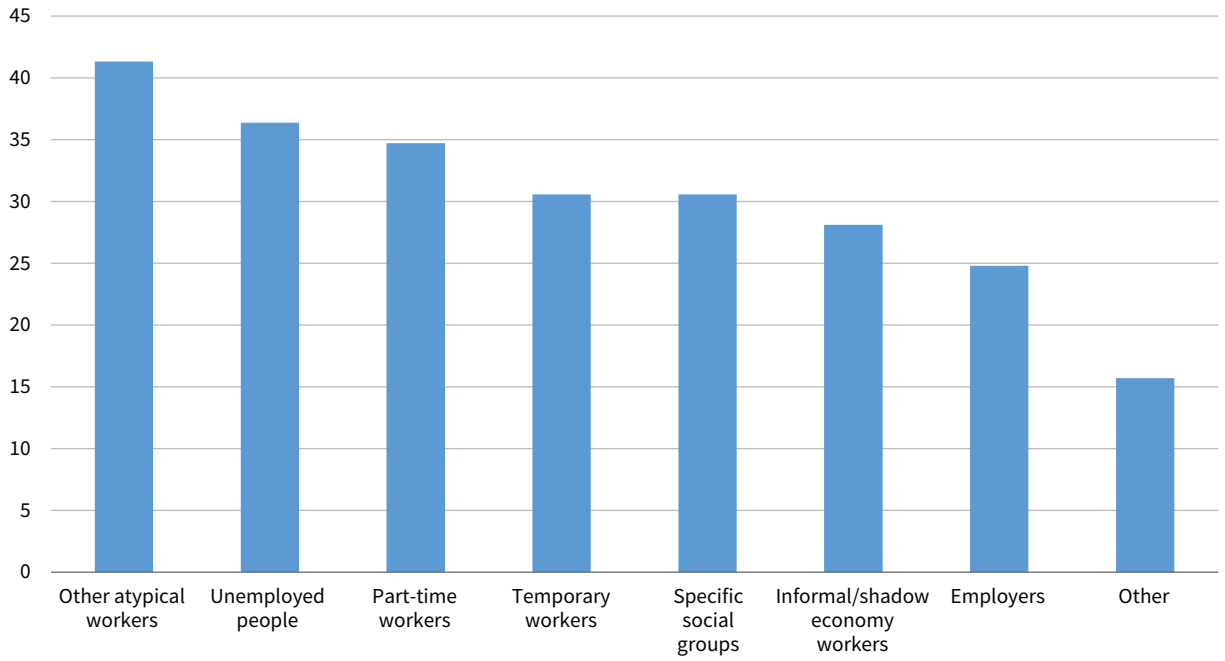
Nearly all measures found were implemented at national level; only 10 were regional and 6 were local.

About a quarter (24%) of the measures had a sectoral focus. Examples included measures targeting care workers, healthcare workers, platform workers, workers in accommodation and food services, domestic/household workers and workers in construction.

Labour market instability in general

Before listing specific policies, correspondents were asked to report on the main social groups affected by labour market instability in their countries, the specific circumstances applying to those countries and the main social implications of instability they have observed.

Figure 54: Target groups of policy measures addressing labour market instability (%)



Source: *Network of Eurofound Correspondents on-demand questionnaire, 2022*

Box 1: Main social groups affected by labour market instability

Young people are among the most affected groups in nearly all countries. Notable examples include **Ireland**, where more than a third of workers under 25 are working on temporary contracts, and those aged 45–54 are most likely to be employed permanently (Gallagher and Nugent, 2022); **Greece**, where in 2021 the difference in the underemployment rate between those in the 15–24 age group and those in the 25–74 age group was 28.4 percentage points; and **Italy**, where in the 15–34 age group the share of fixed-term employment in total dependent employment increased from 19% in 2004 to 36.8% in 2019, before the onset of the pandemic.

Women are exposed to job insecurity in most countries, often because they have caring responsibilities. Parents with young children, particularly mothers, are at risk of underemployment in several countries, for example in **Hungary**. A United Nations Children's Fund report (Unicef Hungary, 2020) found that the Hungarian government's policies are in line with the opinion of society as a whole: that young mothers should work part time only, and that their roles as workers and caregivers are equally important. In addition, the report found that employers supported the employment of young mothers only when they were returning from parental leave; in those situations, employers have a legal obligation to do so. In **Poland**, childcare services for children under three years are not extensive compared with many other EU Member States, and mothers (or grandmothers) provide essential childcare, as well as caring for frail family members, with negative consequences for women's labour market participation.

People with a migrant background often work in sectors and jobs characterised by low employment security. This is highlighted in **Malta**, where migrants and asylum seekers, particularly from sub-Saharan Africa or Asia, are likely to enter into exploitative, undeclared employment, particularly in the construction sector. Many 'are vulnerable to trafficking in the country's informal labour market, including within the construction, hospitality, and domestic work sectors' (US Department of State, 2022). In **Poland**, the inflow of Ukrainian workers started in 2007, when the procedures enabling them to enter the country for work were simplified. The peak inflow occurred in 2017, after which there was a decline – up to the outbreak of the war. Many Ukrainian workers are employed in sectors where informality, exploitation and non-standard employment are common, such as agriculture, construction and services. In **Norway**, an analysis comparing employees of the same company showed that immigrants were more likely to have their working hours reduced than native Norwegians, including when skills and family status were considered (Altstadsæter et al, 2022).

Source: *Network of Eurofound Correspondents*

Box 2: Country-specific examples of social implications of labour market instability

A unique feature of the labour market in **Romania** is that a disproportionately large part of the employed workforce is made up of the self-employed (25% in 2020, or 2.1 million people) and unpaid family workers (9.4% in 2020, or around 800,000 people), while employees comprise just 64.1% of the employed workforce. This disproportionately affects agricultural workers and women, and is part of the divergent trajectories of large cities from the rest of the country. Romania has among the lowest activity rates in the EU, due to lack of opportunities in large parts of the country as a result of deindustrialisation and the structural transformation of the economy over the past few decades, which has pushed large parts of the working-age population into inactivity, and fuelled migration to large cities and especially abroad.

In **Croatia**, an increase in long-term unemployment can be observed, related both to low educational attainment and to discouragement due to the inability to find a job.

Discouragement is also a frequent issue in **Cyprus**, and this worsened during the pandemic. While long-term unemployment has declined from its highest point, it still affects a third of unemployed people.

In **Greece**, the economy is reported to be struggling with both unmet demand for labour and high unemployment. During the pandemic, the proportion of people available for work but not looking for a job increased, and labour market slack was most prevalent in low-skill, low-pay, seasonal sectors. Meanwhile, systems to match jobseekers with opportunities are underdeveloped.

Lithuania is another country experiencing both severe labour shortages and comparatively high unemployment. The situation is made worse by its being among the countries hardest hit by the energy crisis, which resulted in employers decreasing their employees' working hours. The energy crisis and labour market instability both result in an increased need for social support.

In **Italy**, young people and women are particularly hit by precariousness, which then exacerbates demographic pressures. The increase in platform work in Italy has resulted in the fragmentation of operations, leading workers to be more exposed to exploitation and isolation.

Increased labour market segregation was reported in **Denmark**, as the number of people with non-standard jobs is on the rise. As a result, many are outside the social security net, which is crucial to the Danish model (which traditionally prevents insecurity through collective agreements). Policymakers are concerned about the potential discontent caused by the phenomenon.

Meanwhile in the **Netherlands**, the labour market includes a wide variety of employment relationships and (mostly voluntary) non-standard forms of work, as reported in the first chapter. The different choices of flexible contracts for the same work can result in unequal working conditions. 'Permanent temporary work' is common for employees, who then find it difficult to achieve a level of financial security.

Source: *Network of Eurofound Correspondents*

Non-standard workers

Correspondents were asked to identify policies addressing non-standard workers to increase their job security and/or to improve their ability to cope with social impacts of job insecurity. Non-standard employment in this context means any form of employment that does not conform to that of a single employer providing full-time, regular and open-ended employment; examples include temporary contracts, part-time and seasonal work, and some forms of self-employment.

In **Cyprus**, policymakers consider non-standard work a positive characteristic of a flexible labour market. Although very few measures address it as a problem, protective provisions are included in relevant laws. For example, discrimination due to a part-time contract is prohibited, so part-time employees enjoy the same benefits as full-time employees. Employers may not change an employment contract from full time to part time (or the other way around) without the employee's consent, and are obliged to grant an employee's request for change, if there are suitable vacancies, to inform part-time workers if a full-time position is available and to inform the relevant trade unions about the existence of part-time workers in their companies. Meanwhile, fixed-term contracts should not be used to fill the existing needs of a company, and after 30 months a fixed-term contract is automatically changed to an open-ended one.

Since the beginning of 2020, policy measures in **Germany** to increase job security have mostly related to the transposition of the EU directive on transparent and predictable working conditions. For this purpose, the law on part-time and fixed-term employment, the temporary agency work act and the act on providing proof on the essential aspects of an employment relationship were changed, with effect from August 2022. In addition to these changes, the earning threshold for 'mini-jobs' was raised (see next section).[3] Other reform projects, such as obligatory pension insurance for self-employed persons or reforming fixed-term employment regulations in public administration, are yet to be realised.

In **Ireland**, while few recent policies have directly addressed non-standard workers and job insecurity, a number of universal social measures implemented have helped workers cope with the social impacts of job insecurity. Since 2001, part-time workers, including casual workers, are entitled to certain types of statutory protective leave, such as maternity leave, paternity leave, parental leave, parent's leave,[4] adoptive leave and carer's leave, generally in proportion (pro rata) to full-time employees' entitlements. Minimum hourly wages apply to full-time, part-time, temporary and casual employees, and to seasonal workers, although there are reduced rates for employees under 20 years of age. All employees must receive a payslip. A 2021 increase to the national minimum wage has been important in reducing the precariousness in employment and income insecurity experienced by non-standard workers. Meanwhile, the Tips and Gratuities Bill has been important for those working in the hospitality and service economy, and retail, where employment was increasingly based on if-and-when working arrangements. The 2018 Employment Act formalised employment contracts, banned zero-hours contracts in Ireland and gave employees the right to guaranteed hours (within bands) that reflect their normal working hours.

Several measures have been recently introduced in **France** as part of the unemployment insurance reform. The main aim is to discourage employers from using short-term contracts. Measures include revising the calculation of the daily reference salary used to fix the unemployment benefit, limiting the use of fixed-term employment contracts, and the introduction of a bonus–malus mechanism aimed at increasing the amount of social security contributions paid by employers who make excessive use of fixed-term contracts.

Similarly, in **Portugal**, the labour code was amended to restrict the possibility of using fixed-term contracts, other than to meet specific temporary needs, such as when starting a new (small or medium-sized) company or activity. The maximum duration of fixed-term contracts, and uncertain contracts, was also reduced, as was the maximum number of renewals of an agency

3 A mini-job is short-term employment involving fewer than 3 months or 5 hours a week or 70 working days per year.

4 **Parental leave** entitles parents to take leave from work (unpaid) to spend time looking after their children. Since 1 September 2020, both parents of children under 12 can take up to 26 weeks of parental leave. **Parent's leave** (paid) is specifically for parents during the child's first 2 years (7 weeks since July 2022).

contract. Additional contributions now need to be paid by businesses that have more fixed-term contracts than the sector average.

Underemployment

'Underemployment' refers to people who are dissatisfied with their employment, because they are working fewer hours than they would wish to, or not working to their full potential because their skill set, qualifications and ability to work exceeds the hours and job they work. Correspondents were asked to collect policies that address measures aimed at underemployed workers, particularly those in involuntary part-time work or not fully using their skills and qualifications.

Measures to reduce involuntary part-time employment in countries with a high rate of part-time work

In **Sweden**, the elderly care sector is an example of involuntary hourly part-time work, which gained particular notice during the pandemic. An attempt to address this was the performance-based state grant to municipalities that reduce the share of hourly employment in municipally funded care and care for the elderly. The grant was awarded if a municipality had fewer than 17% of its staff in the sector employed hourly or made a significant improvement in the share of people employed hourly (a reduction of at least 5 percentage points). If municipalities that had already achieved the 17% rate of hourly employees had a further decrease of at least 3 percentage points, they would be eligible for an additional grant.

In **Germany**, underemployment was mainly addressed by the adoption of a 2019 law to integrate long-term unemployed people into the labour market, introducing wage subsidies for employers who recruit a long-term unemployed person and support for local employment agencies to help long-term unemployed people. The mini-jobs scheme was extended in 2022, with the threshold raised from €450.00 to €520.00 per month (at the same time as the new statutory minimum wage of €12.00 per hour took effect). By raising the mini-job threshold, the federal government ensured that mini-job holders can work the same number of hours as before, given the higher minimum wage.

In **France**, no measures have been adopted since the 2013 Employment Security Act, which was significant, as it stated that employees with a part-time employment contract must work a minimum of 24 hours per week. The aim was to avoid employment contracts with too few working hours, which risk keeping employees in working poverty or preventing them from combining the contract with other jobs to achieve full-time employment. The minimum weekly duration of part-time work is set by the applicable collective agreement (concluded at branch or company level). A minimum duration lower than the duration applicable in the company may be set at the request of the employee due to personal constraints, to allow the employee to combine several activities (in order to reach an overall duration of activity corresponding to a full-time job or at least equal to the minimum working duration) or, if they are under 26, to allow them to pursue their studies.

In **Austria**, the latest step was in 2015, when information rights for part-time employees were improved. If a company advertises a job with an increased hourly scope (more hours than the part-time employment), this job offer has to be presented to its current part-time employees first.

In some countries there is a lack of measures despite a high part-time rate. For example, in **Ireland**, underemployment is comparatively high, due to the high incidence of part-time employment. Underemployment often results in college-educated workers taking casual or lower-skilled jobs that can offer more or continuous hours, which is emerging as a particularly prevalent problem in Ireland (Nugent, 2022). However, recent policies have focused mostly on unemployment instead.

Underemployment as a result of skills mismatch

In countries where part-time employment is very uncommon, it is less often part of public debate. In **Lithuania**, only 6% of employees worked part time in 2021. Part-time work is unattractive to employees due to low wages, and to employers because they have to pay full social insurance contributions (Blažienė, 2013). Around 25% of part-time workers are in involuntary part-time work. Part-time work is most common among teachers, physicians and researchers. During the pandemic, there was a temporary increase in underemployment, which ended when lockdowns eased.

Underemployment in terms of working hours is also low in **Romania**, where labour market slack has been on the decline, on the back of sustained economic growth, mass emigration and demographic trends. It reached a historic low in 2019, at 7.2% of the extended labour force. However, this seems to be an underestimation. On the other hand, skills mismatch has been the subject of public debate, but it has concentrated mostly on the education system, and less on the economy's reliance on low-skilled and low-wage jobs. A 2016 survey found that, among 15- to 34-year-olds, approximately 20% said their studies corresponded very little or not at all to the tasks they currently perform at work. This type of underemployment is less common among professionals and more prevalent in areas such as agriculture or sales.

In **Malta**, it is estimated that the proportion of involuntary part-time workers fell from 19.6% in 2010 to 7.3% in 2020, and it is among the lowest in the EU. While few measures have been introduced to tackle underemployment, several recommendations listed in the National Employment Policy 2021–2023 directly or indirectly address underemployment (but are yet to be implemented). These include the National Skills Census, incentives for retired workers to offer training/mentorship programmes at their place of employment or in trade schools, and some other measures related to skills, career pathways in different sectors and career guidance.

Skills are also at the centre of underemployment measures in **Estonia**, where recent policy goals have addressed the mismatch between skills and education, on the one hand, and labour market needs, on the other, a structural problem that may contribute to underemployment. As part of a 2019 reform, career guidance was restructured and centralised, and is now provided by the Estonian Public Employment Service, targeting young people and working-age people (both unemployed and employed) but also pension-aged people. The service also offers training courses based on training vouchers for (1) individuals who are unable to continue working in their current job for current health reasons and (2) people whose monthly salary is less than €1,553 and who are over 50 years of age, have no vocational or higher education or have insufficient Estonian language skills for occupational development. Recent policy actions regarding career guidance also include improvement of the labour market monitoring and future skills forecasting system, OSKA, and efforts to improve access to information about career planning.

Informal work

Finally, correspondents were asked to identify specific support measures introduced to help workers in the informal economy, including:

- measures to help workers transition to a job with a formal contract (or formalise their current job)
- measures to address the social implications of working in the informal economy

In this context, 'informal economy' refers to jobs that are neither regulated nor protected by governments or labour legislation (European Union, undated), including employment that is not officially registered, for which taxes are not paid erroneously, that is registered as fewer hours than are actually worked or that is registered as a different job from the one carried out. This definition includes all forms of undocumented or insufficiently documented economic activity, not just illegal forms, for example household cleaning, childcare, street vending. The focus is the consequences of insecurity for the workers, and not taxes paid/revenue lost.

Not all countries found measures aimed specifically at informal workers within the time period examined. However, statistics and policies, including pre-pandemic measures, were made available by some country correspondents. These are outlined below. Most of these efforts are aimed at formalising workers.

General measures and statistics regarding informal work

Several countries had already introduced measures to combat informal work before 2020.

For example, **Slovenia** introduced a new form of 'personal supplementary work' in the 2014 Prevention of Undeclared Work and Employment Act, opening up the possibility of registering short-term temporary jobs, such as housework, gathering and selling forest fruits and herbs, and domestic arts and crafts. Before starting personal supplementary work, the individual must declare it to the relevant government agency. Income has to be reported for each half year, and may not exceed three times the average Slovenian monthly net salary for the previous calendar year. Currently, 7,200 people are on the personal supplementary work list.

In **Greece**, between 2016 and 2020, the International Labour Organization, the government and social partners implemented a project, funded by what is now called the Directorate-General for Structural Reform Support, on 'Supporting the transition from informal to formal economy and addressing undeclared work in Greece'; this began with an assessment of the extent of undeclared work: the size of the undeclared economy was estimated to be 25% of Greek GDP (ILO, 2016). An action plan followed, providing technical support to the government in collective dispute resolution and increasing social dialogue and labour law reform.

Ireland also made efforts to formalise employment in 2019, requiring employers to notify new employees, in writing, within five days of the commencement of employment, of the core terms of employment, including the names of employer and employee, address of employer, contract duration, calculation of pay and number of hours the employee is expected to work per day/week.

In **Germany**, where the size of the shadow economy is estimated at 10.2% of the formal economy (JKU and IAW, 2021), the ongoing mini-jobs scheme was reformed.

In **France**, several measures have been adopted since 2016 to grant rights to workers considered 'self-employed' on transport and meal delivery platforms, to decrease job insecurity or mitigate its effects. Platform workers are entitled to have occupational accident and professional training contributions paid for by platforms once they are above a certain income threshold. They

are entitled to form or join a trade union, and to take industrial action without fear of termination. In 2019, the law was extended to grant workers the right to access and share data on their platform, and it obliges platforms to negotiate with worker representatives. Under the legislation, platforms may introduce a 'social responsibility charter' including aspects such as the right to disconnect, health and safety measures, and opportunities for skills acquisition and career development. In May 2022 (Eurofound, 2022), platform workers' representatives were elected with the aim of formulating collective agreements. Collective bargaining started on remuneration, vocational training and working conditions.

In the **Netherlands**, it is estimated that approximately 400,000 people carried out undeclared work in 2018, leading to a loss of approximately €4 billion in taxes, primarily in cleaning and hairdressing services and in construction.

In some countries, a lack of protective measures and negative consequences of illegal work were outlined. In **Sweden**, the informal sector is mostly discussed in terms of illegal employment. The authorities aim to identify and prosecute employers, primarily in the construction, restaurant and cleaning sectors. Workers in illegal employment often work long hours, have their wages stolen, are denied healthcare when injuring themselves at work, and are forbidden to seek help from their trade unions. A common setup for such businesses is that the employer provides accommodation and then deducts rent from the salary. Unfortunately, little protection against them exists – informal employees are usually illegal migrants, meaning that prosecuting the employer usually leads to the migrant worker being deported. Similarly, in **Cyprus**, there is a lack of measures protecting informal workers. Informal work is addressed only in the context of illegal undeclared work. Since 2020, the Department of Labour Inspection has conducted a number of sector-specific campaigns, but its role is limited to employers. Police involvement in illegal work consists of arresting third-country nationals (asylum seekers and students) who work in sectors where they are not allowed to. In Cyprus, undeclared extra working hours are not reported to the department.

Increase in the size of the informal economy during and after the pandemic

Several countries indicated that the size of the informal economy increased during the pandemic. Some countries have responded with new measures to combat this, while others have not done so yet. Post-pandemic information about the informal economy is outlined below.

In **Latvia**, in 2021 the size of the shadow economy was estimated at 26.6% of GDP, which is a decrease from 38.1% in 2010, but an increase from 20.7% in 2017. Construction, retail, services, manufacturing and wholesale are the sectors most affected. Under-the-table salaries represent 46.2% of the shadow economy, while unreported income is estimated at 30% and unreported employees at 23.8% (Sauka and Putniņš, 2022). However, workers in the informal economy are not protected by labour legislation. Governments, employers and trade unions organise regular campaigns explaining the importance of collective agreements and involvement in legal employment. Skills and qualification programmes are available only to those registered as unemployed and not working in the informal economy. The formalisation of platform workers' jobs has been raised as an issue by the Free Trade Union Confederation of Latvia, though measures have not yet been introduced.

An increase in the size of the informal economy was also reported in **Hungary**, but no recent measures have been implemented to combat that yet. Labour inspections decreased by 75% between 2012 and 2022, while the proportion of undocumented workers increased from 5% to more than 14%, with half of all irregularities registered in the construction sector (Kártyás, 2022).

In **Lithuania**, the size of the shadow economy is estimated at 22.9% of GDP, higher than the EU average of 17.3% (Schneider, 2022) and an increase from 21.9% before the pandemic (Schneider, 2019). Other researchers estimate an even higher increase in the shadow economy (Sauka and Putniņš, 2022). The largest components of the shadow economy in 2021 included envelope wages[5] (38.8%), undeclared income (37.7%) and undeclared workers (23.5%) (Delfi, 2022). In 2022, Lithuania implemented several measures aimed at reducing the shadow economy; for example, it restricted the possibility of paying wages and daily allowances in cash to reduce envelope payments to workers, and introduced the Transparent Worker Identification Information System for construction sites.

Similarly, in **Poland**, the informal economy was estimated to be 21.9% of GDP in 2022, representing an increase from 2019 (20.7%), but a decrease from 2020 and 2021 (22%), signalling that the effect of the pandemic may be subsiding. An estimated 1.4 million workers receive part of their wages under the table. Most informal labour takes place in microbusinesses (up to nine people), particularly in services such as catering, accommodation and beauty, as well as in trade and construction. From 2022, Poland introduced a legal change, which shifts complete responsibility for

5 Envelope wages are a portion of the salary paid by the employer which is undeclared (the main portion being the official declared salary).

back payment of tax and social security contributions to employers who employ workers informally. Previously, employees were required to pay this and this discouraged them from revealing informal employment. Protection for employees' incomes are also included in the new law, which is expected to benefit informal/shadow economy workers when their informal employment is disclosed to the public authorities.

In **Malta**, the pre-pandemic size of the informal economy was estimated to be stable at around 21% of GDP (Gauci and Rapa, 2020). Researchers, as well as several recent media articles, suggest that purchasing undeclared goods and services, as well as tax evasion, is rather common and accepted by Maltese citizens (Debono, 2012; Malta Today, 2020; Times of Malta, 2022). The government stepped up tax inspections in 2022.

An increase in the informal economy during the pandemic was also observed in **Bulgaria**, where most of the shadow economy consists of declared work with an undeclared element (under-the-table wages) and undeclared/off-the-books employment. In 2021, the share of the informal economy was estimated to be around 20% of GDP (Radio Bulgaria, 2021). A programme co-funded by the European Social Fund has been put in place to regulate the informal economy (as well as temporary and remote work). In 2022, amendments to the Labour Code, among other measures, aimed to continue this regulation work.

The size of **Denmark's** informal economy is estimated to be 15.2% of its GDP (World Economics, 2021). As part of the reform package 'Denmark can do more I', the Danish government aims to protect platform workers' rights in the gig economy, with employers able to consider them as employees and conform to stricter obligations. If companies treat the workers as self-employed, they need to make sure to frame the terms, tasks and work routines in such a way that it is clear the workers are acting as self-employed people when working through the digital platform.

In **Finland**, no post-pandemic data are available, but the informal economy is estimated to be 4–6% of GDP (Finnish Tax Agency, 2021). In 2022, a pay security system was extended, ensuring the payment of employees' claims arising from an employment relationship in the event of the employer's insolvency. The normal 3-month claim period was extended to 18 months in cases of suspected work-based exploitation.

Decrease in the size of the informal economy

In some countries, research indicates that the size of the informal economy has decreased in recent years. In **Estonia**, it is estimated (Eesti Maksu- ja Tolliamet and Norstat, 2022) that attitudes towards envelope wages have become more negative, and the proportion of salaried employees with undeclared wages decreased from between 10% and 15% in 2017 to 4% in 2021, with other metrics decreasing at a similar rate. For most workers, undeclared wages are proposed by employers, mostly in smaller companies; this particularly affects students, stay-at-home parents, the unemployed and those on parental leave. Undeclared income is most common among younger people and the Russian-speaking population, especially in food, retail and construction industries (Eesti Maksu- ja Tolliamet and Norstat, 2022).

In **Norway**, a survey estimated that the proportion of people who paid for services in the informal economy had decreased from 23% in 2009 to 11% in 2016 and to 8% in 2020. Services such as cleaning, childcare and joinery or painting are most commonly affected. In 2017, it was estimated that the total value of the informal economy represents 1.2% of gross national product.

5 Conclusions

This report investigated whether unstable attachment to the labour market, particularly in relation to some non-standard forms of work, such as limited-term contracts, involuntary part-time work or informal employment, and perceived job insecurity, has implications for people's well-being, social exclusion and trust.

Temporary employment

Recent trends in European labour markets show a decrease in temporary employment during the pandemic – probably related to job loss in the most affected sectors, due to the imposed restrictions – followed by a slight increase. However, the proportion of very short-term contracts (six months or less) has decreased significantly at EU level, although there are significant differences between countries. Temporary employment is most often involuntary. Young people, men, child-free/single individuals, people living in cities and non-nationals are the most likely people to have a temporary job, often with a lower income. However, professionals in education, health and science also tend to have fixed-term contracts. Temporary workers often work longer hours and feel underemployed and are more likely to be looking for another job.

Overall, a mapping of part-time and temporary work in Europe shows that, particularly in western Europe, countries have a small proportion of full-time, permanent workers, but most non-standard working arrangements in these countries are voluntary part-time workers. In several Mediterranean countries, however, involuntary temporary work, often also part time, is quite common. Meanwhile, eastern Member States are split between those where any form of non-standard arrangement is very uncommon and others in which they have begun to gain traction in recent years.

Part-time employment

Involuntary part-time work has been decreasing at EU level since the end of the Great Recession. While care responsibilities are the main reason for part-time work among both genders in some countries, in others, particularly Italy and Spain, the main reason remains the inability to find another job. Part-time work is also more common among younger people, but the differences are smaller than for temporary employment. Gender has the strongest association with the probability of part-time work, with women nearly three times as likely to work part time as men, and the difference is even higher for parents. However, child-free men are more likely to work part time than fathers. In contrast to temporary work, higher-educated people are more likely to work part time, particularly women. Part-time work is more likely to be permanent than temporary.

Self-employment

For many people, self-employment can be a source of insecurity of working hours and income. Overall, self-employment has been decreasing slowly over the past decade, particularly in southern Europe, along with a decrease in the number of family workers, although there are a few countries where this trend has reversed. Age and education play a less prominent role in self-employment, which is most often taken up by men.

Impact on well-being

When it comes to well-being, data available from late in the pandemic (spring 2022) show that, controlling for other variables, particularly income, it is the perceived likelihood of losing one's job within the next six months, rather than contract type, that affects workers' well-being. Perceived job insecurity is associated with lower life satisfaction, low perceived health, lower mental well-being and a higher likelihood of perceived social exclusion.

Workers with an agency contract have lower life satisfaction, even when controlling for income and perceived job insecurity. However, contract type in general was not associated with worse mental well-being or a worse outcome on any of the other well-being measures, once other factors, such as income, were controlled for. This suggests that it is the perceived (near future) risk of losing one's job that is associated with worse well-being, and not the contract type on its own.

For most measures of well-being, the association with job insecurity for workers is similar to the association with unemployment for the entire population, particularly when it comes to social exclusion, suggesting that the threat of unemployment is nearly as important as unemployment when it comes to feeling excluded from society.

Impact on trust in others and perception of fairness

People with insecure jobs are more likely to feel excluded from society, and this has further implications for their trust in others and perception of fairness. The unemployed and people who have less secure work contracts have lower than average trust in other people, controlling for other variables. When rating whether they see other people as fair, or most people as trying to take advantage of them, being on a temporary contract

(as well as being unemployed) is found to be associated with a lower perception of fairness.

Post-pandemic survey data also confirm some of these findings, as people on an agency contract or with no formal contract have a lower level of trust in people (after controls), and perceived job insecurity has the strongest negative association with trust in others.

Impact on satisfaction with government and democracy and on political participation

Satisfaction with the government seems to be generally unrelated to contract type, once other factors are controlled for, as it is closely related to country, age, income and employment status, with unemployment associated with significantly lower trust. This is confirmed by post-pandemic data, which, however, show that perceived likelihood of losing one's job is associated with lower trust in the government.

When it comes to satisfaction with the functioning of democracy in one's country, the findings are different: both workers on a limited contract and workers with no formal contract are less satisfied with the way democracy works. Post-pandemic data once again show that job insecurity is also associated with lower satisfaction with the functioning of democracy.

Despite these associations, people on a temporary contract, people with no formal contract and unemployed people are less likely to have voted in the last election than others. While this analysis excluded people who are ineligible to vote, it is important to note that, because non-nationals are more likely to be employed on fixed-term contracts, the proportion of people ineligible to vote among people with temporary contracts is significantly higher. Unemployed people are also less likely to have participated in recent demonstrations, while no relationship is found with contract type.

People with some non-standard working arrangements, which are often related to high job insecurity, have less trust in other people, have a sense of unfairness and lack of satisfaction with the functioning of democracy, and are also less likely to participate in voting. This finding is important, as it signals disengagement, which may be related to lower well-being and more social exclusion. Notably, people who are not eligible to vote are unable to have their voices heard, and they are also overrepresented among people with the least secure contracts.

Policies aimed at tackling labour market instability

The EPSR signalled the aim of EU-level policies to foster a 'transition towards open-ended forms of employment'. It includes several relevant indicators in the revised Social Scoreboard, and makes significant steps in improving the situation of seasonal and agency workers, not least by establishing the European Labour Authority. While temporary employment increased somewhat in the past year, the continued decrease in very short-term contracts despite the end of restrictions on the economy is encouraging.

EU policies have also concentrated on encouraging entrepreneurship and self-employment, focusing on a job-rich recovery. In this regard, findings about the gradual decrease in self-employment might be seen as concerning, especially if it implies that self-employed people are experiencing greater instability.

Among national measures focusing on the situation of workers experiencing labour market instability, collected in late 2022, most were aimed at non-standard workers, such as platform workers, agency workers or the self-employed. Many measures target the unemployed, and targeting a specific social group is also common. Country correspondents highlighted young people, women and non-nationals as those most affected by labour market instability.

Several countries introduced permanent measures to increase job security for non-standard workers, in part as a response to the increase in platform work. Examples include Germany's law on part-time and fixed-term employment and its adaption of the mini-jobs scheme, giving casual and seasonal workers in Ireland access to statutory protective leave, and the efforts made to reduce the use of fixed-term contracts in France and Portugal.

Involuntary part-time employment was addressed, for example, in Sweden, where this form of work is most common in the long-term care sector. Grants are now available to municipalities that reduce hourly employment below a certain level. In Germany, the extension of the mini-jobs scheme is aimed at enabling participating job holders to work the same number of hours as before. In some countries, such as Austria and France, important steps had already been taken in the previous decade in trying to reduce involuntary part-time employment. Overall, however, there are several countries with no recent measures, sometimes despite a high prevalence of (involuntary) part-time work.

In countries where part-time employment is uncommon, underemployment often presents as a skills mismatch, and a few recent policy examples aim to address this. Estonia introduced a reform to career guidance, centralising the process and focusing on all age groups, both employed and unemployed. Training courses are offered to specific social groups. In Malta, the government is planning a National Skills Census, among other measures, to address this issue, although it is yet to be implemented.

The fight against informal work at country level most often happens in the framework of collecting lost tax revenue. However, several policies about informal work were found that benefit employees by encouraging formalisation, for example in France, Germany, Ireland and Slovenia. In some countries, however, identification of informal employment results in mostly negative consequences for the employee, given that it is often performed by immigrants, who then face the risk of deportation.

Overall, finding the right balance between enabling flexibility and encouraging entrepreneurship, while avoiding the negative consequences of unstable work on well-being, social exclusion and quality of society, remains a challenge for both national and EU-level policymakers. While pandemic-related insecurities have subsided, new challenges brought on by the sustained increase in less regulated but more precarious forms of work (such as platform work), and the energy crisis (especially in specific countries), need to be tackled by European policies, while taking into account the different circumstances of Member States when it comes to different forms of work.

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Annexes

Annex 1: Outputs of regression analyses

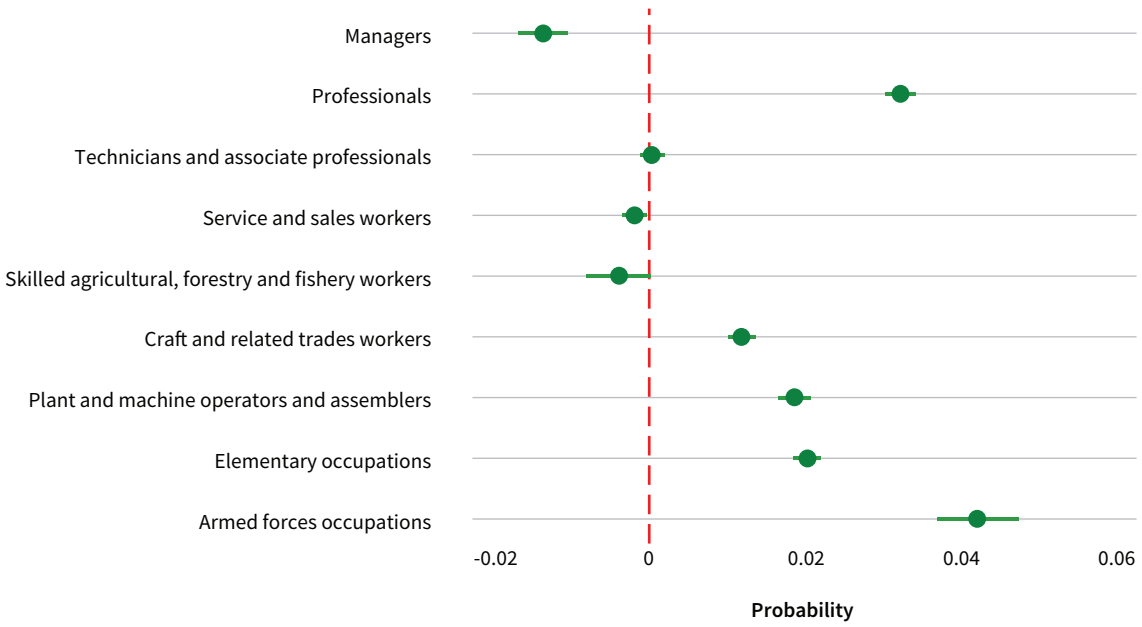
Table A1: Regression analysis output (multinomial logistic regression) – temporary work

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
Age group	-0.98***	-1.01***	-1.02***
Age group^2	0.04***	0.04***	0.04***
Sex (ref: male)			
Female	-0.16***	-0.15***	-0.13***
Education (ref: no formal education)			
ISCED 1: primary education	-0.19***	-0.11**	-0.10**
ISCED 2: lower secondary education	-0.08*	0.03	0.06
ISCED 3: upper secondary education	-0.37***	-0.26***	-0.20***
ISCED 4: post-secondary non-tertiary education	-0.53***	-0.46***	-0.38***
ISCED 5: short-cycle tertiary education	-0.23***	-0.18***	-0.13***
ISCED 6: bachelor's level	-0.07	-0.08*	-0.06
ISCED 7: master's level	0.20***	0.14***	0.11**
ISCED 8: doctoral level	1.24***	1.03***	0.95***
Relationship status (ref: single)			
Couple	-0.26***	-0.27***	-0.27***
Child(ren) in the household (ref: no children)			
Child(ren)	-0.05***	-0.07***	-0.07***
Degree of urbanisation (ref: cities)			
Towns and suburbs	-0.01*	-0.03***	-0.03***
Rural areas	0.06***	-0.00	-0.00
Earnings (ref: 1 (first income decile))			
2	0.34***	-0.37***	-0.37***
3	-0.81***	-0.85***	-0.85***
4	-1.15***	-1.20***	-1.21***
5	-1.38***	-1.44***	-1.45***
6	-1.62***	-1.70***	-1.70***
7	-1.87***	-1.95***	-1.97***
8	-2.09***	-2.18***	-2.21***
9	-2.38***	-2.46***	-2.50***
10	-2.63***	-2.62***	-2.65***
Citizenship (ref: national)			
Africa	0.55***	0.56***	0.54***
The Americas	0.13***	0.29***	0.26***
Asia	0.11***	0.24***	0.21***
Europe	0.18***	0.24***	0.22***
Part-time job	-0.22***	-0.17***	-0.16***

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
Number of hours usually worked	0.01***	0.01***	0.01***
Wish to work more than current number of hours	0.35***	0.36***	0.36***
Looking for another job	0.80***	0.85***	0.85***
Economic activity (NACE Rev. 2) (ref: other services)			
Agriculture, forestry and fishing		0.98***	0.95***
Mining and quarrying		0.04	-0.02
Manufacturing		0.07***	0.02
Electricity		0.05	0.03
Water supply		0.23***	0.17***
Construction		0.33***	0.28***
Wholesale and retail trade		-0.30***	-0.27***
Transport		0.07***	0.03
Accommodation and food		0.00	0.04*
Information and communication		-0.01	-0.07***
Financial and insurance activities		-0.20***	-0.17***
Real estate		-0.29***	-0.27***
Scientific and technical activities		0.04	-0.01
Administrative and support service activities		0.13***	0.10***
Public administration and defence		0.53***	0.50***
Education		0.81***	0.68***
Health and social work		0.35***	0.32***
Arts, entertainment and recreation		0.50***	0.50***
Activities of households as employers		-0.60***	-0.67***
Extraterritorial activities		1.51***	1.50***
ISCO-08 occupation (ref: clerical support workers)			
Managers			-0.16***
Professionals			0.34***
Technicians and associate professionals			0.00
Service and sales workers			-0.02*
Skilled agricultural, forestry and fishery workers			-0.05
Craft and related trades workers			0.13***
Plant and machine operators and assemblers			0.20***
Elementary occupations			0.22***
Armed forces occupations			0.43***
Constant	2.52***	2.32***	2.19***
Observations	7,855,292	7,829,086	7,819,661
Pseudo R^2	0.23	0.24	0.24
Degrees of freedom	64.00	84.00	93.00
Log pseudolikelihood	-355,176.63	-345,836.75	-344,292.98

Notes: *Regression models with country and year fixed effects. Base levels of factor variables are given in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001. ISCED, International Standard Classification of Education; ISCO-08, International Standard Classification of Occupations 2008; NACE, Nomenclature of Economic Activities.*

Figure A1: Temporary work, by occupation in the International Standard Classification of Occupations 2008 (average marginal effect)



Note: *The base level (level 0) is set to the category 'Clerical support workers'.*
Source: *EU-LFS and authors' calculations*

Table A2: Regression analysis output (multinomial logistic regression) – part-time work

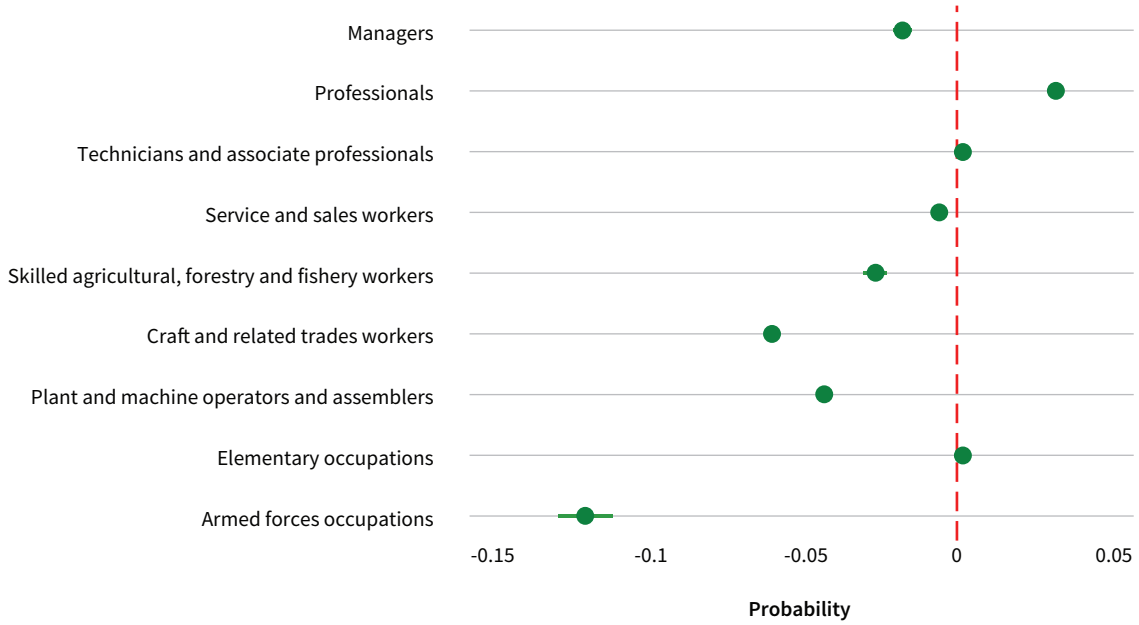
Variable	Coefficients: relative probability of working part time		
	Model 1	Model 2	Model 3
Age group	-0.11***	-0.09***	-0.09***
Age group²	0.02***	0.01***	0.01***
Sex (ref: male)			
Female	1.35***	1.18***	1.07***
Education (ref: no formal education)			
ISCED 1: primary education	0.15***	0.12**	0.13***
ISCED 2: lower secondary education	0.15***	0.13***	0.15***
ISCED 3: upper secondary education	0.60***	0.54***	0.54***
ISCED 4: post-secondary non-tertiary education	1.02***	0.88***	0.83**
ISCED 5: short-cycle tertiary education	1.10***	1.00***	0.90***
ISCED 6: bachelor's level	1.20***	1.07***	0.92***
ISCED 7: master's level	1.41***	1.24***	1.05***
ISCED 8: doctoral level	1.71***	1.50***	1.25***
Relationship status (ref: single)			
Couple	0.18***	0.21***	0.21***
Child(ren) in the household (ref: no children)			
Child(ren)	0.60***	0.61***	0.61***
Degree of urbanisation (ref: cities)			
Towns and suburbs	-0.12***	-0.06***	-0.05***
Rural areas	-0.20***	-0.12***	-0.09***

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
Earnings (ref: 1 (first income decile))			
2	-1.53***	-1.49***	-1.50***
3	-2.77***	-2.73***	-2.73***
4	-3.46***	-3.42***	-3.42***
5	-3.97***	-3.92***	-3.93***
6	-4.40***	-4.35***	-4.37***
7	-4.73***	-4.68***	-4.72***
8	-5.07***	-5.02***	-5.09***
9	-5.45***	-5.41***	-5.51***
10	-6.06***	-6.00***	-6.11***
Citizenship (ref: national)			
Africa	-0.29***	-0.29***	-0.30***
The Americas	-0.23***	-0.30***	-0.30***
Asia	-0.14***	-0.20***	-0.21***
Europe	-0.41***	-0.39***	-0.37***
Fixed-term job	-0.30***	-0.29***	-0.30***
Wish to work more than current number of hours	1.43***	1.42***	1.42***
Looking for another job	0.43***	0.43***	0.43***
Economic activity (NACE Rev. 2) (ref: other services)			
Agriculture, forestry and fishing		-0.77***	-0.76***
Mining and quarrying		-0.88***	-0.73***
Manufacturing		-0.71***	-0.51***
Electricity		-0.30***	-0.28***
Water supply		-0.49***	-0.48***
Construction		-0.68***	-0.41***
Wholesale and retail trade		-0.01	0.02
Transport		-0.19***	-0.09***
Accommodation and food		0.23***	0.21***
Information and communication		0.18***	0.06**
Financial and insurance activities		0.23***	0.20***
Real estate		-0.12***	-0.14***
Scientific and technical activities		0.06***	-0.01
Administrative and support service activities		0.06***	0.04**
Public administration and defence		-0.05***	-0.07***
Education		0.22***	0.06***
Health and social work		0.18***	0.13***
Arts, entertainment and recreation		0.42***	0.35***
Activities of households as employers		0.19***	0.13***
Extraterritorial activities		-0.36**	-0.35**

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
ISCO-08 occupation (ref: clerical support workers)			
Managers			-0.22***
Professionals			0.37***
Technicians and associate professionals			0.02**
Service and sales workers			-0.07***
Skilled agricultural, forestry and fishery workers			-0.34***
Craft and related trades workers			-0.82***
Plant and machine operators and assemblers			-0.57***
Elementary occupations			0.02**
Armed forces occupations			-1.93***
Constant	-1.61***	-1.57***	-1.43***
Observations	7,957,894	7,931,317	7,921,843
Pseudo R^2	0.46	0.47	0.47
Degrees of freedom	63.00	83.00	92.00
Log pseudolikelihood	-305,208.15	-298,067.66	-294,791.39

Notes: *Regression models with country and year fixed effects. Base levels of factor variables are given in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. ISCED, International Standard Classification of Education; ISCO-08, International Standard Classification of Occupations 2008; NACE, Nomenclature of Economic Activities.*

Figure A2: Part-time work, by occupation in the International Standard Classification of Occupations 2008 (average marginal effect)



Note: *The base level (level 0) is set to the category 'Clerical support workers'.*
Sources: *EU-LFS and authors' calculations*

Table A3: Regression analysis output (multinomial logistic regression) – self-employment

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
Age group	-0.18***	-0.03***	-0.00
Age group^2	0.02***	0.01***	0.01***
Sex (ref: male)			
Female	-0.48***	-0.45***	-0.31***
Education (ref: no formal education)			
ISCED 1: primary education	0.02	0.21***	0.07
ISCED 2: lower secondary education	-0.17***	0.18***	-0.01
ISCED 3: upper secondary education	-0.25***	0.21***	-0.04
ISCED 4: post-secondary non-tertiary education	-0.16***	0.36***	0.07
ISCED 5: short-cycle tertiary education	0.03	0.55***	0.13***
ISCED 6: bachelor's level	-0.05	0.55***	0.05
ISCED 7: master's level	0.18***	0.74***	0.09*
ISCED 8: doctoral level	-0.08**	0.55***	-0.15***
Relationship status (ref: single)			
Couple	0.06***	0.08***	0.07***
Child(ren) in the household (ref: no children)			
Child(ren)	0.08***	0.10***	0.08***
Degree of urbanisation (ref: cities)			
Towns and suburbs	0.09***	0.09***	0.10***
Rural areas	0.41***	0.25***	0.25***
Citizenship (ref: national)			
Africa	-0.42***	-0.60***	-0.24***
The Americas	-0.33***	-0.37***	-0.23***
Asia	0.29***	0.27***	0.43***
Europe	-0.03***	-0.13***	-0.06***
Part-time job	1.58***	1.33***	1.36***
Number of hours usually worked	0.09***	0.08***	0.08***
Wish to work more than current number of hours	0.23***	0.25***	0.29***
Looking for another job	-0.08***	-0.14***	-0.11***
Economic activity (NACE Rev. 2) (ref: other services)			
Agriculture, forestry and fishing		0.72***	-0.37***
Mining and quarrying		-3.72***	-3.48***
Manufacturing		-2.24***	-2.22***
Electricity		-3.37***	-3.36***
Water supply		-3.00***	-2.67***
Construction		-0.65***	-0.72***
Wholesale and retail trade		-0.93***	-0.93***
Transport		-1.98***	-1.37***
Accommodation and food		-0.99***	-1.07***
Information and communication		-1.25***	-1.32***
Financial and insurance activities		-1.66***	-1.48***
Real estate		-0.44***	-0.24***

Variable	Coefficients: relative probability of being employed on a temporary contract		
	Model 1	Model 2	Model 3
Scientific and technical activities		-0.17***	-0.15***
Administrative and support service activities		-1.38***	-1.32***
Public administration and defence		-5.65***	-5.52***
Education		-2.33***	-2.47***
Health and social work		-1.59***	-1.63***
Arts, entertainment and recreation		-0.37***	-0.34***
Activities of households as employers		-2.47***	-2.29***
Extraterritorial activities		-4.13***	-4.11***
ISCO-08 occupation (ref: clerical support workers)			
Managers			2.60***
Professionals			2.20***
Technicians and associate professionals			1.65***
Service and sales workers			1.81***
Skilled agricultural, forestry and fishery workers			3.76***
Craft and related trades workers			2.04***
Plant and machine operators and assemblers			0.92***
Elementary occupations			0.35***
Armed forces occupations			0.14
Constant	-6.14***	-5.74***	-7.32***
Observations	11,643,534	11,602,738	11,586,158
Pseudo R^2	0.14	0.26	0.30
Degrees of freedom	57.00	77.00	86.00
Log pseudolikelihood	-564,039.47	-487,207.63	-455,659.51

Notes: *Regression models with country and year fixed effects. Base levels of factor variables are given in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. ISCED, International Standard Classification of Education; ISCO-08, International Standard Classification of Occupations 2008; NACE, Nomenclature of Economic Activities.*

Annex 2: Network of Eurofound Correspondents

Table A4: Correspondents who contributed to the study

Country	National correspondent(s)	Organisation
Austria	Bernadette Allinger	Working Life Research Centre (FORBA)
Belgium	Dries Van Herreweghe	HIVA – Research Institute for Work and Society, KU Leuven
Bulgaria	Vassil Kirov	Institute of Philosophy and Sociology at the Bulgarian Academy of Sciences (IPS-BAS)
Croatia	Predrag Bejakovi	Faculty of Economics, Business and Tourism, University of Split
Cyprus	Alexandros Perdikes	Cyprus Labour Institute (INEK-PEO)
Czechia	Soňa Veverková	Research Institute for Labour and Social Affairs
Denmark	Line Schmidt	Oxford Research Denmark
Estonia	Ingel Kadarik	Praxis Centre for Policy Studies
Finland	Vera Lindström	Oxford Research Finland
France	Frédéric Turlan	IR Share
Germany	Sandra Vogel	German Economic Institute
Greece	Elena Kousta	Labour Institute of the General Confederation of Greek Workers (INE-GSEE)
Hungary	Nóra Krokovay	Kopint-Tárki Institute for Economic Research
Ireland	Andy Prendergast	Industrial Relations News Publishing
Italy	Alessandro Smilari	Fondazione Giacomo Brodolini
Latvia	Krišs Karnītis	EPC Ltd
Lithuania	Inga Blaziene	Lithuanian Centre for Social Sciences
Luxembourg	Nicaise Misangumukini	Luxembourg Institute of Socio-Economic Research
Malta	Christine Garzia	Centre for Labour Studies, University of Malta
Netherlands	Thomas de Winter	Panteia
Norway	Kristin Alsos	Fafo Institute for Labour and Social Research
Poland	Ewelina Wołosik	Ecorys Poland
Portugal	Maria da Paz Ventura Campos Lima	Centro de Estudos para a Intervenção Social (CESIS)
Romania	Stefan Guga	Syndex Romania
Slovakia	Daniela Kešelová	Institute for Labour and Family Research (IVPR)
Slovenia	Maja Breznik	University of Ljubljana
Spain	Alejandro Godino Pons	Autonomous University of Barcelona
Sweden	Nils Brandsma	Oxford Research

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This report investigates the social groups whose attachment to the labour market may be unstable and who are most likely to have non-standard working arrangements, and the implications of such arrangements, and job insecurity, for workers' well-being, social exclusion, trust, perception of fairness and political participation. The report finds that non-permanent contracts, informal work and insecure jobs are associated with negative outcomes when it comes to social exclusion and trust, while job insecurity is additionally associated with poorer well-being. Recent examples of policies addressing labour market instability are also presented, focusing on longer-term measures in the post-pandemic period.

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