

Chapter Two

►► HOUSEHOLDS, WORK AND FLEXIBILITY Survey Comparative Report (Volume 2: Thematic Reports)

Are the flexible working arrangements across Europe worse than regular employment?

[Petra Štěpánková, Institute of Sociology, Czech Republic]

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1. INTRODUCTION

For the last two decades employment arrangements in transition countries have been undergoing fundamental changes. This development is associated not only with restoring the market mechanism and economic restructuring but also reflects the general economic trends in western labour markets. The labour markets in the new economies will be different. Globalization and new technologies constitute new pressures for product markets such as intense foreign and domestic competition, changes in the customer purchasing patterns, increases in small orders and the shortening of delivery periods. Firms have also had to cope with more stringent financial conditions. The amount of customer credit that firms are expected to provide has increased as well as the length of time that they have to pay their bills. Intense competition has made customers more selective about goods, prices and quality.

The pressures from the product markets are transmitted to labour markets and affect the choice of working arrangements. In the past, the typical working arrangement was characterised by permanent full time employment with a single employer and promotion within the internal job ladder. But life-long employment is becoming less the norm, while the more flexible work forms such as regular part-time jobs, independent contracting of the self-employed, temporary workers, contracts on call, temporary work agencies or shadow work in the less developed or overregulated countries is growing more and more common.

The changing pattern of working arrangements is a consequence of two factors. Firstly, the economic reasons for internal (career) labour markets offering stable life-long jobs and the possibility of career development are less pronounced than in the past. The shift from a capital intensive to a labour intensive tertiary sector has been accompanied by an increase in labour turnover and the use of more flexible labour.

Secondly, the prevailing internal labour markets are changing and some economists talk about the erosion of the labour market (Standing, 1999, Tilly, Tilly, 1998). The characteristic internal markets with steep hierarchical structures with a focus on vertical relations and with entry ports for external labour only on the lowest level, are a thing of the past. Today's organisations rely more on co-ordination and co-operation rather than on the subordination principle in human resource management. Therefore, the hierarchies become flatter; also the core employees who aspire for promotion more often face competition from external candidates. The working tasks are more often organised in temporary projects, which give the employers more room to fire the less productive workers when the project is over.

In this article, flexibility is defined as a share of atypical workers as opposed to full time workers with permanent contracts. The category of flexible workers includes: part-timers with open contract, fixed term workers, workers without any formal contract, the self-employed and one heterogeneous category including on call workers,

temporary workers, workers via agency, workers with zero working hours, workers on a fee basis and subject to performance.

The article attempts to address three questions:

- Are the transition countries less flexible than EU countries?
- What factors affect the total share of flexibility (i.e. atypical work forms) and the occurrence of the different kinds of working arrangements within this share in different countries?
- Is the greater degree of flexibility associated with the greater degree of labour market segmentation? Does segmentation mean lower incomes and worse working conditions for flexible workers?

There are two possible ways to compare the EU and Central and Eastern Europe (CEE) countries. Either we can focus on cross-country comparison

and determine the role of national conditions and institutions in determining the national differences or we can regard them as being different time stages in the development of flexible employment. We will combine both approaches, but stress the second one as we are interested in future trends in flexible employment in CEEC countries. We assume that the greater the economic convergence to the EU economies, the more the pattern of flexible employment will resemble the pattern common in member states. However, even within the EU states on a similar level of development there are visible differences in the scope and nature of flexible employment, which means that the adjustment in transition countries can follow several different paths. The final development will be to a great extent affected by policy makers. The comparison with developed countries may partially serve as a 'WHAT IF' analysis.'

2. METHODOLOGICAL CONSIDERATION ON FLEXIBILITY

The term flexibility of the labour market, although used excessively, is rather vague. However there exists common knowledge that the flexible labour market should both a) allow firms to adjust quickly to an abrupt change in the consumer demand and b) use the labour potential of the economy rather than waste human resources. In other words, a flexible market should have a low level of unemployment and a maximized level of labour force participation. Most academic discourses about the labour market flexibility have been therefore focused on the comparison between the US economy with higher labour turnover and lower unemployment and a more rigid EU labour market struggling against the unemployment hysteresis.

Some attempts to measure flexibility have been undertaken by the OECD when they constructed flexibility indicators based on the efficiency of the labour market institutions. Riboud et al. (2002) used the OECD methodology and ap-

plied it in the context of transition countries. In their study they assume that labour market adjustment is the result of the interactions between the labour market and the institutions outside the labour market (Blanchard and Wolfers, 1999) and examine 6 CEE countries (CR, Slovakia, Slovenia, Poland, Hungary and Estonia). They focused on the following areas: employment protection legislation, costs and effectiveness of the passive and active labour market policies, union strength and tax burden on labour (pay-roll roll taxes). Their conclusion is that CEE countries do not constitute a monolithic group, with Hungary as the most flexible and Slovenia with the most rigid institutions. However, most of the studied CEE countries, with the exception of Slovenia which has accepted rather strict regulation, are in the middle of the labour market flexibility scale when we compare them to the EU states.

Although the labour markets in central Europe might be performing better than some of

the southern EU markets, there are several reasons why we should devote more attention to this topic. Specifically: low employment creation, an increasing proportion of long term unemployment, specific patterns of labour force participation and a substantial share of the informal economy (Riboud, Sánchez-Páramo, Silva-Jáuregui, 2002).

This article deals not only with accession countries (CR, Hungary, Slovenia) but also with less developed CEE countries (Romania, Bulgaria) and compares them to the selected EU countries (Netherlands, Sweden, UK). Rather than analyzing directly the institutions and policies it focuses on the analysis of working arrangements that are affected by both labour market regulation and other factors such as the economic and cultural environment, fiscal monetary policies, liberalization, privatization, workers' and employers' attitudes. Specifically we look at the random sample of workers aged 18-65 and inquire into flexible working arrangements whose definitions are described in detail in Table 1.

To obtain a measure of flexibility we construct two indicators.

F1= percentage of atypical workers (100 - percentage of workers in permanent full time)

F2= percentage of atypical employees (F1- percentage of the self-employed). In many cases the self-employment may be a survival strategy of individual workers in unemployment, especially when the social benefits are insufficient. Thus the second indicator is a better measure of the internal flexibility of firms.

The reasons why the higher percentage of atypical workers (employees) should benefit the economy is narrowly associated with the firms needs. In her article analysing the flexible working arrangements S.N. Houseman point out the following facts (Hausman, S.H, 2001: 155-157). Firms trying to be competitive may use the flexible staffing arrangements for several reasons. Usually the firm have used the flexible working arrangements to reduce the labour hired. Through flexible staffing arrangements they can also faster adjust to fluctuations and thereby avoid the need to continually maintain peak workload staffing. Similarly, flexible workers can replace the sick or absent employees.

Table 1. Definitions of atypical work forms

Variable	Definition
permanent full time	Workers who have in their main income earning activity a permanent contract and work 30 hours per week or more
permanent part-time	Individuals on the organization's payroll who work less than 30 hours per week.
fixed term	Individuals whose contract is only for a limited time period. Includes the fixed term workers with the perspective for the regular employment
self-employment	Workers who in their main income earning activity work on their own account or with employees. Includes the self-employed in agriculture.
No contract	Individuals working without a written contract because labour law allows it (mainly in Britain) or in informal economy. This category comprises mainly free professions (artists etc.) Excludes the self-employed
other forms	<u>Contract with reduced or no working time</u> <u>On call</u> subject to the requirement of the employer: called to work only when needed. They can be scheduled for several days or weeks in row <u>On a fee basis</u> <u>Subject to performance</u> <u>Work experience projects:</u> for school graduates <u>Temporary work via an agency:</u> individuals who work for different firms but are not on their payrolls because they are paid through an employment agency
Note:	the respondent decides what is the main income earning activity
Source:	HWF Survey 2001 – Unified international data collection

The use of atypical arrangements may also be a tool to provide certain group of workers with lower wages or benefits. Also a unionised company may pay above average wages and also try to employ temporary agency workers who are not covered by the terms of collective agreement. Another reason, also mentioned by Hausman, stems from the theory of efficiency wages. Some firms pay above average wages only to reduce turnover or shirking among workers with high level of firm specific human capital or who are difficult to monitor. For workers who do not have these characteristics the firm offers an alternative wage scheme. However, workers' perception of wage inequality might damage employee moral. The use of the flexible work arrangements such as part-timers could either confuse employees and make it difficult to detect the inequality or through the subcontracting they would gain legitimacy to offer lower wages.

The use of the flexible work arrangements also allows the employers to screen the potential

workers for permanent full time positions. 'Moreover, using fixed term workers, workers via agency allows managers to avoid the unpleasant task of hiring new employees who display poor or mediocre performance. Arguably, managers are less likely to fire a mediocre employee than they are 'not hire' a mediocre flexible staff member. (Houseman, 2001: 156).

Table 2 considers some of the benefits associated directly with the flexible arrangements analyzed here and Table 3 then provides illustrative empirical results from a survey of 155 Czech personnel and line managers, who were asked to indicate from a list of choices (including no advantage) the two most important advantages of atypical working arrangements. Although these answers can be rather country specific, reflecting mainly the differencing in the tax and labour law it might reveal, at least roughly, the attitudes of managers in transition countries to this problem.

Table 2. Selected aspects of studied working arrangements

Dimension of flexibility	better performance of firms
no contract	- labour cost savings (tax avoidance, possibility to pay below minimum wages, minimum responsibilities toward the worker)
Self-employment	- the self-employed are able to operate on small market niches which are not profitable for bigger firms. Therefore they might more easily capture certain market opportunities. This fact encourages job creation - an alternative for the unemployed who cannot find a dependent work in labour market - tax optimisation (the self-employed have greater space than employees to control their business expenditures and reduce significantly their tax base)
permanent part-time	- encourages the labour participation of people outside the labour force (women with children or caring for a sick relative, students, older people, disabled). Activates the labour potential. - saving for overtime bonus for full time employees - short working hours can be associated with higher labour productivity - part-timers can serve as a storage of available labour in peak demand. They might help firm to save expenditures on permanent hire of peak staff or overtime for full timers. - balance work life and family, study or leisure
fixed term contracts	- in times of low expectations about the future labour requirements the employers may hesitate to increase the pool of regular workers. Fixed term can be the only acceptable solution - may help to minimize moral hazard for the employees that are difficult to monitor (intellectual workers such as researchers, teachers often get this kind of contract)

Source: Houseman, 2001

Part-time jobs seem to be attractive first of all because they allow more effective organization of work and help to maintain experienced workers, mainly qualified female workers with small children who do not want to stay at home on full time parental leave. Managers are also aware of the positive role of part-time work in combining work and family. The importance of workers being able to bring into balance family and job is, according to this survey, recognized especially in smaller firms up to 15 employees where the workers are not easily replaceable. Concerning fixed term contracts, more than one fourth of managers questioned assume that this allows quicker response to changes in consumer demand. In other words, it allows easier dismissal in periods when consumer demand is low. Fixed term contracts are also used as an incubator of young talented workers. Workers on a fee basis, or with a contract subject to performance, allow firms to reflect faster changes in consumers demand. Nevertheless, they also minimize the labour costs. The reduction stems mainly from lower social benefits and lower social

and health insurance. Outsourcing is quite a new form of flexibility and 40 percent of Czech managers do not have any experience with it. As compared to other forms, the biggest share of managers (still quite low) perceived this form as having no advantage associated with this external flexibility. On the other hand one quarter of managers believe that outsourcing provides the tool to quick adjustment to consumers' wishes. Furthermore, 16,3 percent appreciate the direct cut in personal costs and 14,6 percent welcome the reduction in expenditures for administration.

The opinions presented in the Table 3. comply with the flexible-firm thesis (Atkinson and Maeger, 1986; Doeringer and Piore 1971) according to which these atypical working arrangements provide firms with numerical flexibility. More specifically, flexibility is numerical when the number of employees or the permanency of the employment contract or the number of working hours or other external factors are manipulated to meet production needs.

Table 3. The main advantages of flexible work forms in the Czech Republic

	Part-time	Fixed term	On a fee basis, subject to performance	Outsourcing	Self-employment
Reduction in wage costs and social benefits	11.0	7.6	27.8	16.3	25.7
Reduction in administration costs	4.6	2.0	7.7	14.6	14.7
Allows tax optimization	1.4	3.0	3.8	4.5	8.4
Incubator of talents	9.1	16.2	8.1	6.2	1.6
Flexible workers have greater productivity	3.7	7.1	4.7	1.7	4.2
Allows quick response to changes in consumer demand	4.1	25.8	20.5	25.3	16.2
Allows more effective work organization	23.7	13.6	16.7	15.7	9.4
Allows to maintain experienced workers	20.5	3.0	0.9	0.0	2.6
Allows to combine family and job	17.4	1.0	0.9	0.0	7.9
Replacement for employees outside the personnel files*	0.9	11.6	6.4	7.3	3.7
No advantage	3.7	6.6	1.3	7.3	4.7

Notes: * mainly the replacement for women on maternity leave

Source: HWF Survey 2001 – Unified international data collection

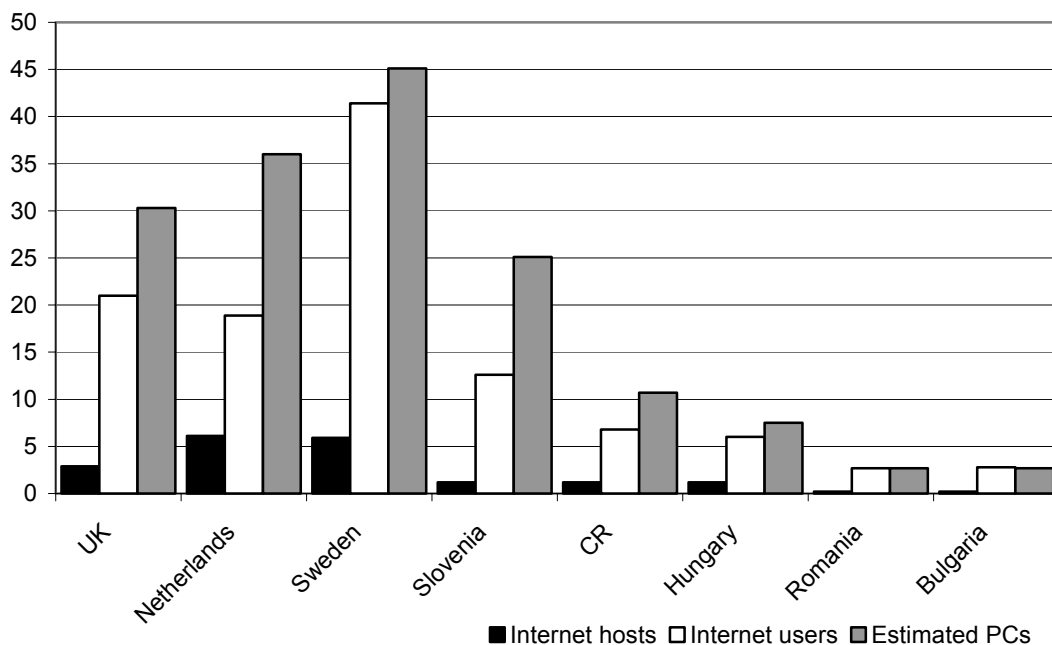
Besides the numerical form of flexibility, there is also functional flexibility involving a more comprehensive utilisation of the employees' skills, improvement of work conditions, development of work or the work environment, or other similar measures which aim at increase efficiency through conditions which are inherent to the work process or work force. The form of flexibility used is dependent on the skills of the labour force as well as on the specialisation of the skills required by the company. The more skilled the labour and the more specialised the skills required in production, the more likely it is that functional flexibility will be the most used, whereas if skills are low or have other characteristics needed in production we are more likely to find numerical flexibility. (Valverde, Tregaskis, Brewster, 2000).

The use of the information technologies can indirectly describe the reliance on the skilled labour. The Figure 1 suggests that EU countries with much higher share of internet hosts, internet

users and estimated PCs are closer to the knowledge society and may have better prerequisites for the use of functional flexibility. Specifically Sweden is ahead in the information technologies use and is well known for the use of functional flexibility.

However, functional flexibility is more difficult to implement and maintain as it requires social consensus among the social partners. Also at the beginning its implementation might need some initial time and financial investment (for example associated with training). These costs might be too high a cost burden and thus be discouraging for a transition country with lower levels of GDP. Thus we might expect that they will focus on enhancing numerical flexibility. Functional flexibility will remain important but mainly among skilled core workers, whose share will decline due to the erosion of internal labour markets.

Figure 1. Information technology indicators in 1999



Source: ILO, Key indicators of the labour market 2001-2002, ILO

Numerical flexibility can now be a more efficient tool than ever in combating unemployment thanks to the permanently decreasing costs of turnover. The lower costs of turnover reflect easier matching of workers to jobs and the diminishing importance of firm specific skills. The easier matching is allowed by the internet and globalization in general magnifying labour markets and allowing more intense spatial mobility. In such an environment, the cost of tracking down and hiring a productive employee is lessened compared

to times when employers had to rely on local school graduates and the local labour office. The other reason for the reduction in turnover costs is the fact that the new IT technologies are more user friendly and their use does not require any special training provided by the firm. Moreover, labour turnover helps to spread technological knowledge. For example, the success of the 'Silicon valley' stems partly from the high concentration of IT firms who were often changing their employees and their skills. (CTEHP, 2001)

3. THE DEGREE OF FLEXIBILITY

Two designed measures of numerical flexibility F1 and F2 indicate that the patterns of flexible working arrangements are very diverse in different countries and it is very difficult to detect common features. Specifically, due to Sweden having the smallest share of atypical workers (F1=26,3) and employees (F2=16,6) and Romania and Bulgaria having more than 40 percent of atypical workers it is difficult say that there is a clear remarkable line between the EU and CEE countries.

Moreover, not only are the shares different in various countries, but also the pattern of flexible working arrangements (Table 4). In the UK the most common non-standard work form is job without contract or permanent part-time work. Many workers (8 percent) belong to the 'other category' with most of them being workers with reduced or zero working hours. On the other hand, the fixed term contracts are least common

in the UK from all the observed countries and this might be associated with the weaker regulation that allows easy dismissal. For example, the period of notice is only one month. The Netherlands has approximately the same level of flexibility as the UK, however, the pattern of flexibility is rather different. Less than 4 percent work without written contract. More common atypical work forms of work are permanent part-time and fixed term contracts. Of the other flexible working arrangements in the Netherlands, the most common are on-call work, work via the work agency or work on a fee basis. Sweden is a rather specific country with more than 73 percent of workers in permanent full time employment. This is the highest number among the surveyed countries. The most widespread forms of non-standard work in Sweden are self-employment and fixed term contracts.

Table 4. Work forms and flexibility measures

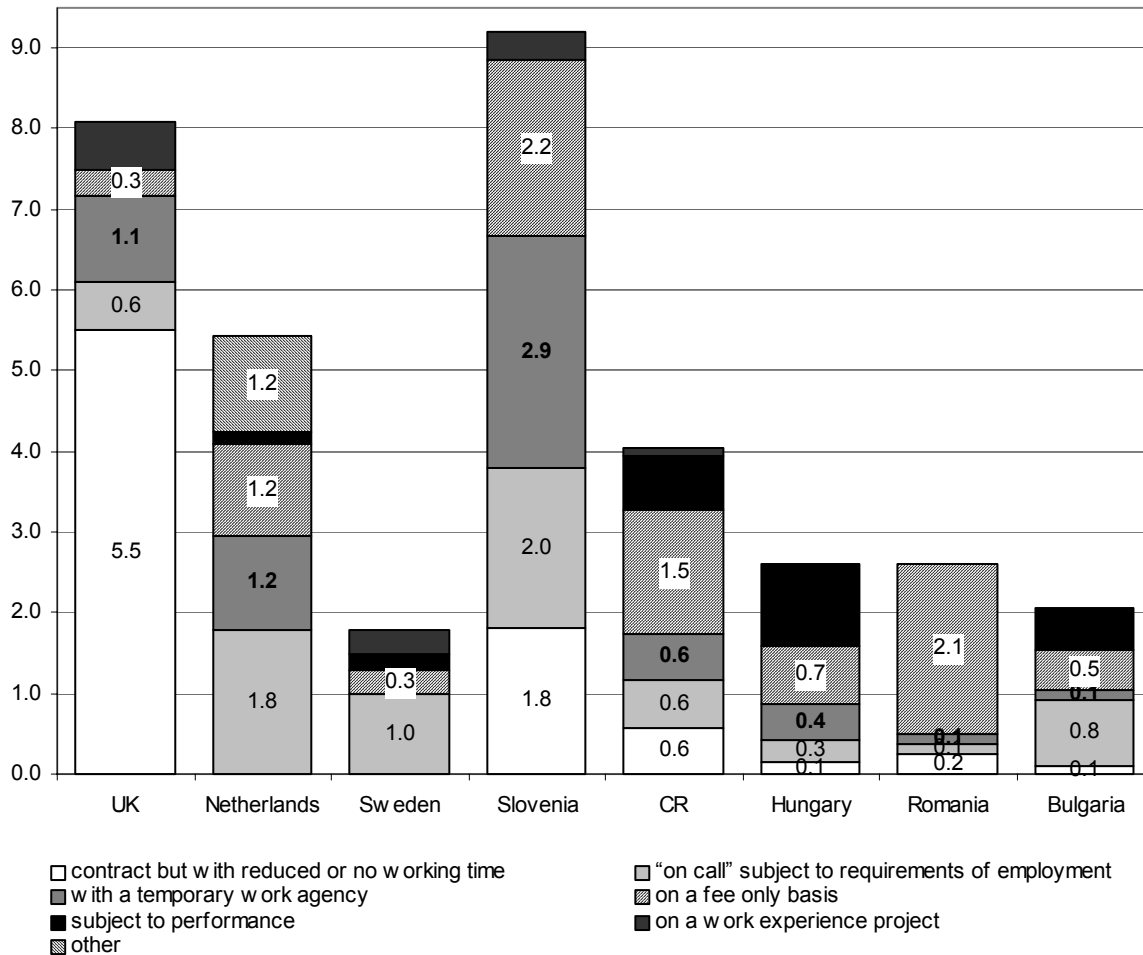
	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
no contract	14.9	3.8	0.8	5.1	5.9	10.9	9.0	8.6
self-employed	9.2	6.5	9.7	7.6	11.9	9.5	22.0	11.7
Permanent part-time	13.3	17.6	5.9	1.4	1.8	2.8	4.1	5.3
fixed term	1.0	10.8	8.1	12.3	9.9	7.4	2.9	20.1
Other	8.0	6.5	1.8	9.2	4.0	2.9	2.6	2.1
Permanent full-time	53.5	54.9	73.8	64.4	66.4	66.5	59.4	52.3
atypical workers (F1)	46.4	45.2	26.3	35.6	33.5	33.5	40.6	47.8
atypical employees (F2)	37.2	38.7	16.6	28.0	21.6	24.0	18.6	36.1

Source: HWF Survey 2001 – Unified international data collection

In transition countries we can observe a big gap between economically more developed countries including Slovenia, the Czech Republic and Hungary on one hand; and Romania together with Bulgaria on the other. The first three countries have approximately the same share of both atypical employees (about 34 percent) and the share of atypical employees (from 21 to 28 percent) and in all countries we find many atypical workers mainly among the self-employed and those on fixed term contracts. However, each of these countries does have its specific features. In Slovenia, workers are more than anywhere else (Figure

1) used to work with a temporary work agency (2,9 percent), on a fee basis (2,2 percent) or on call (2 percent). In the Czech Republic the most preferred flexible work form is self-employment which is similar to Sweden and suggests that this may have something to do with a high taxation burden common for both welfare states. Almost 11 percent of Hungarian workers seem not to have a written contract. This figure is lower than in the UK. However, in the UK the work without contract does not necessarily reflect the shadow economy, which could be rather the case in Hungary.

Figure 2. Marginal categories of flexible work forms



Note Sum is equal to share of 'other' in Table.

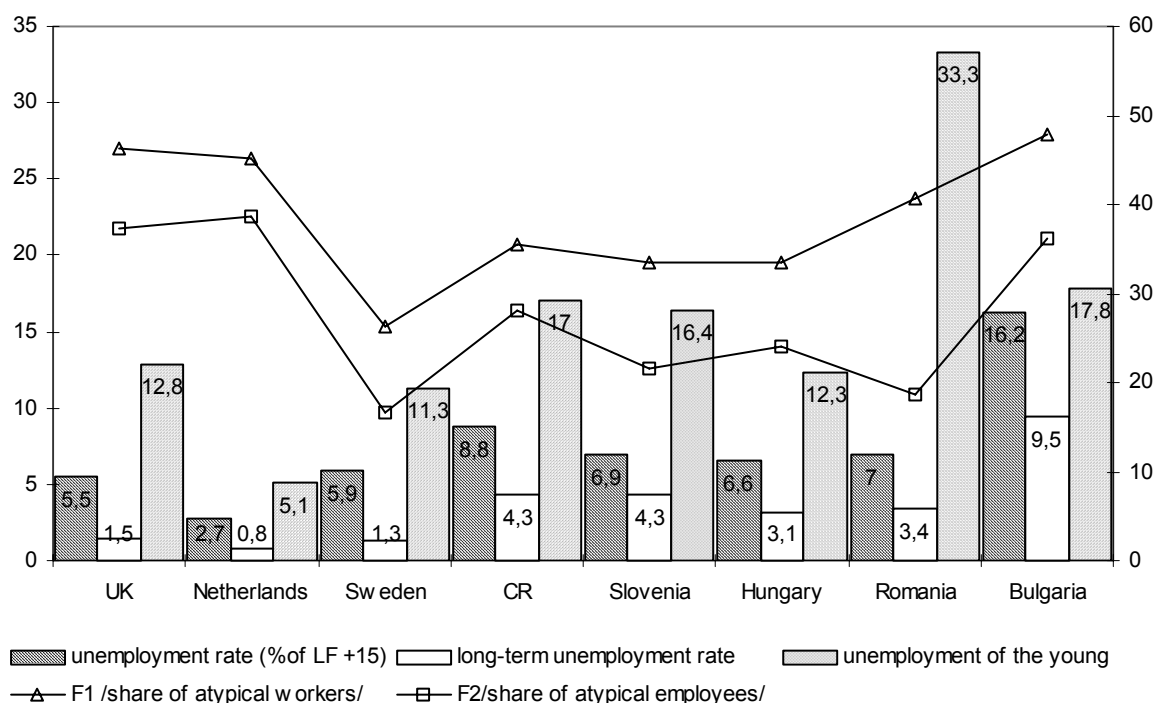
Source: HWF Survey 2001 – Unified international data collection

Romania is a country with an extremely high share of the self-employed (22 percent). However this number is not a sign of the entrepreneurial spirit of Romanians so much as evidence of the failure of the state. A malfunctioning economy together with the restricted social system pushes people into self-employment, mainly in agriculture. Also, the fact that the second most common atypical work in Romania is work without a contract indicates that the informal economy can provide workers [and firms] with a lot of flexibility. The Bulgarian pattern of atypical workers resembles more that in Central Europe, but its extent, especially with respect to 20 percent of fixed term contracts, indicates that the economy is in deeper difficulties.

Let us now examine how our flexibility measures are associated with unemployment and economic activity. Is the greater share of flexible

working arrangements associated with lower unemployment? When we look at Figure 3 we can see that this is not necessarily the case. The Netherlands and the UK are countries with the highest share of flexibility and the smallest share of unemployment, including the long-term unemployment rate. But Sweden has managed to achieve very low levels of unemployment by ways other than numerical flexibility. Nevertheless, we may claim that flexible working arrangements might help to decrease the level of unemployment and especially the levels of long-term unemployment. Without the possibility of work on their own account, most workers in Romania would be unemployed. Although the high share of self-employment is not an optimal solution, because this does not improve workers' living standards, without it the social consequences might be even worse.

Figure 3. The relationship between unemployment and share of flexible working arrangements



Source: HWF project and Employment in Europe 2001, data for 2000.

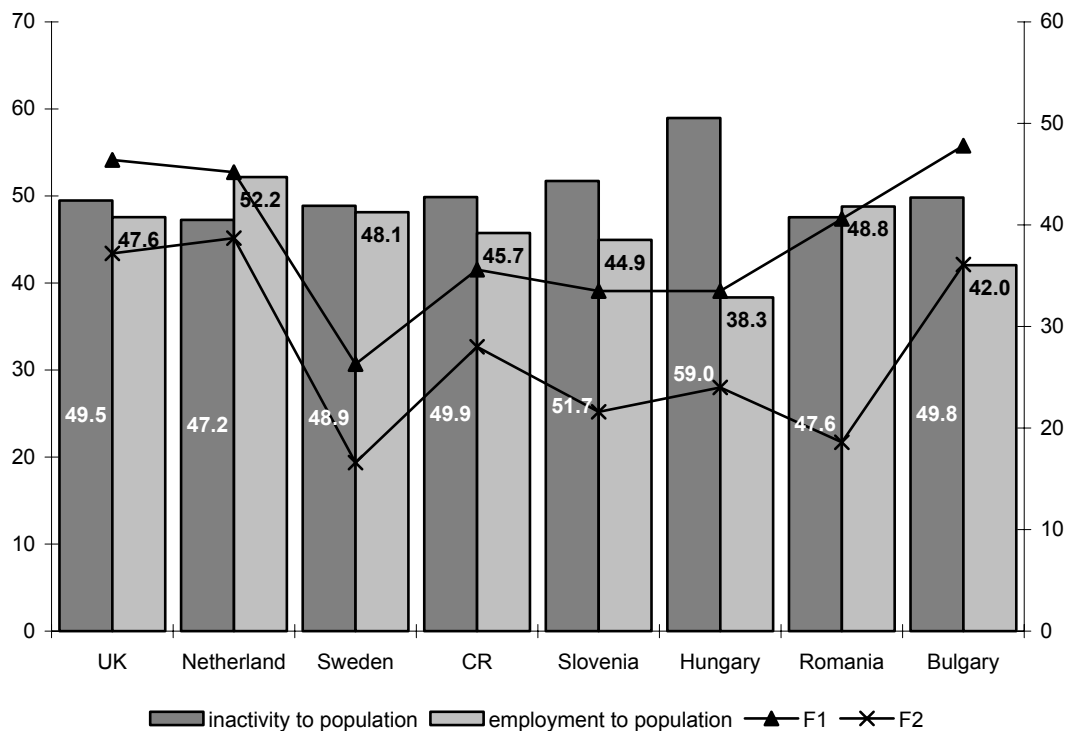
Moreover the extremely high unemployment of the young in Romania (one third) illustrates that the self-employment is not a universal cure for everybody. To become self-employed requires a certain amount of experience that the young have not yet acquired. Moreover, if we consider that factors that force people to turn to self-employment, the young are under less pressure than their older colleagues, who have family commitments, so they may prefer unemployment.

Another question is whether the greater flexibility of work helps to increase the labour potential of the economy. Figure 3 shows the positive correlation between levels of employment and measures F1 (correlation coefficient = 0,187) and F2 (correlation coefficient = 0,47). The ratio has been calculated as a ratio of the total number of employed people and the total population and thus includes all age categories. Again the relationship is weaker in case of Sweden, which is an outlier. The more diverse working arrangements

can also help to activate people who are outside the labour force altogether. This would mean the decline of inactivity. Figure 4 gives us a clear picture. When we disregard Sweden, which performs quiet well even without the high share of atypical work, the most diverse labour markets such as the Netherlands, UK and Bulgaria have the lowest share of the total inactivity to population ratio.

Summing up the main conclusions so far, Sweden with only 20 percent of atypical workers demonstrates that it is possible to achieve an efficient labour market with low unemployment and low inactivity and thus high labour potential without relying too much on numerical flexibility. However the analysis of the other countries indicates that the flexible working arrangements allowing numerical flexibility can provide a way to combat unemployment and activate the labour potential of the economy.

Figure 4. The relationship between employment and inactivity and share of flexible working arrangements.



Source: HWF project and Employment in Europe 2001, data for 2000.

4. FACTORS AFFECTING THE EXTENT OF FLEXIBLE WORKING ARRANGEMENTS AND HOW THEY ARE COMBINED

In the previous chapter we could see that share and composition of flexible working arrangements varies from country to country reflecting the structure of the economy (i.e. the share of the tertiary sector, shadow economy, unemployment), state interventions (less protection for flexible workers) and the institutional factors affecting the supply side (the lack of child-care facilities can increase the interest of women in part-time jobs). In this part we examine some of the main characteristics in more details. This chapter is not intended to analyse all the possible determinants of flexibility but rather to attempt to identify the key elements that can shed light on the differences between the EU and CEE countries.

Among the most important determinants belong without doubt the structure of employment. Specifically, the distribution of workers between agriculture, manufacturing and services (Figure 4), reveals the main reason why the working arrangements in the EU remain so different from the CEE countries. The manufacturing sector is traditionally associated with the internal market structures that are less often available in firms operating in the service sector. In industrial enterprises workers' labour usually enters the production process as a complement to a capital (machinery, appliances), which is not the case with services. The use of machinery often requires specific training. Therefore, industrial firms must very often invest into the further training of their employees. Such training is usually firm specific, which means that it cannot be used outside the enterprise. In such a setting, labour turnover is more expensive and firms seek to minimise it. Thus, workers in industry may be offered more job stability. In addition, workers in industries are better covered by trade union protection than the workers in services. The trade unions can discourage the employer from the using more flexible working arrangements as it might weaken their power, but the employer on the other hand can try to reduce the power of the trade unions by

trying to rely more on outsourcing or workers with fixed term contracts.

The above-mentioned dimension makes a clear cut between the eight countries analysed. The EU countries, with more than 73 percent of workers in services, provide much more scope for the creation of flexible employment. In Hungary, the Czech Republic and Slovenia the labour demand must still reflect the requirements of bigger industrial enterprises and thus flexibilisation might be slower. Similarly the fact that more than 60 percent in Romania and almost half of workers in Bulgaria work in agriculture imposes limits on the availability of certain working arrangements in the economy. Nevertheless, the employment structure is not the only feature that distinguishes the share and type of flexibility as we shall see below. Firstly, we will focus on the differences between the EU states, then on the 'industrial' CEE countries and then on Bulgaria and Romania.

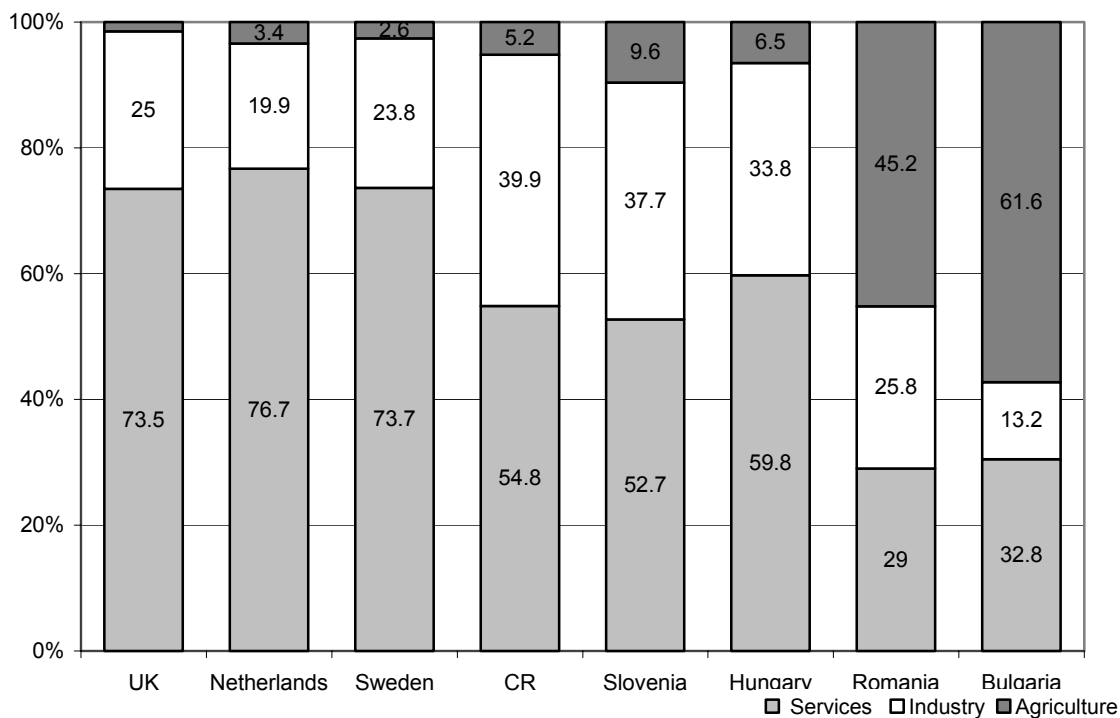
The first feature is the type of welfare system. In the UK, flexibility reflects the deregulated labour markets (Cousin, Tang, 2002). The payroll taxes are not higher than 13,8 percent (See Table C in appendix) and the period of notice for employment termination is only a month. In such an environment there is no need for flexible staffing arrangements such as workers on fixed term contract, which under other circumstances allow the easier dismissal of workers if the dismissal law is strict. Another aspect common for the Netherlands is the high price and poor availability of child care facilities. This together with the greater market wage inequality might contribute to the traditional separation of roles. Specifically, some economists claim that in countries with greater wage inequality workers tend to work longer hours, because this might lead either to promotion and/or pay increase which under conditions of unequal distribution is quite a motivating factor (Bell, Freeman, 2000). Indeed working hours in the UK belong to the longest in the EU. However long hours of work do not allow people to take

care of the family and household and thus indirectly encourage the division of roles in households with one partner focusing on the labour market and the other (usually the woman) on household activities.

Also Dutch families do not rely on childcare facilities and so those with children seek alternative working arrangements. The kindergartens in the Netherlands are rather expensive and usually available only for 3 days per week. Furthermore, the roles of Dutch women in a household still bear the legacy of the past. Even as late as the 1950s there was a regulation saying that married women were not obliged to work outside the household. The other important feature is the ability of the social partners and government in the Netherlands to formulate clearly their interests, debate them and find a compromise that would

have wide support, this is sometimes called concertation economy. This has been shown mainly in 1982 in the Vassenaar agreement that aimed to reduce fiscal deficits, combat unemployment and increase employment. The success has been achieved mainly through wage moderation and atypical work arrangements such as part-time work and allowing job sharing. As the share of part-timers increased, the government passed several laws to improve their situation. In 1993, all part-timers obtained the right to decrease their working hours together with maintaining all the same rights and social benefits as full timers. In 1995 the minimum working hours and minimum wage restriction for the eligibility for pensions were changed, which supported this kind of flexible work even more.

Figure 5. The structure of the employment.



Source: Employment in Europe 2001, data for 2000.

Table 5. The most prevalent flexible work forms

country	environment	Prevalent flexible work forms
UK	Free market, expensive child care facilities	part-times, no contract,
Netherlands	Concertation economy, flexicurity, important role of women in households, lack of childcare facilities	Permanent part-time jobs, fixed term contracts
Sweden	Strong unionization, high taxes, equalizing role of women, family friendly policies	Self-employment, fixed term contracts
CR	Smaller tertiary sector, high taxes, availability of childcare facilities	Self-employment, work without contract, fixed term contracts
Slovenia	Smaller tertiary sector, high taxes, increase in availability of new technologies	Other , fixed term contracts
Hungary	Smaller tertiary sector, high taxes, shadow economy	Work without contract, self-employment
Bulgaria	Big agricultural sector, informal sector	Self-employment, fixed term contracts
Romania	Big agricultural sector, informal sector	Work without contract, self-employment

Source: HWF Survey 2001 – Unified international data collection

The Netherlands has a very rigid dismissal law. It is the only EU country where the employer has to ask for the permission the local labour office if they intend to dismiss a worker (Kotrusova, 2001:32) Also the agency workers have to be offered a regular employment after 18 or 24 months of work with agency. Furthermore, fixed term workers they have to be offered another 3 months contract and if the agency does not have any work they have right to salary.¹ In 1999 the Netherlands attempted to balance more flexibility and security (Flexicurity law) (Jager, 2002). This enabled countries such as the Netherlands to combat high unemployment and flexibilize the labour market and at the same time maintain a strong welfare state, providing high levels of social security (Ganssen, 2000). One of the examples is the rule to have the right to a contract if the workers work for the employer for more than 2 month for at least 20 hours per week. Flexicurity also resulted in better conditions for on call workers (if they are called they have right to at least 3 hours wages regardless of whether they have worked). On the other hand the law abolished the maximal length of fixed term contract (6 months) and allowed fixed term contract chaining. So it is understandable that fixed term workers compose more than 10 percent of workers and together with the part-timers that

belong to the most widespread form of flexible work.

Sweden is sometimes comparable with the Netherlands in social consideration and the role of the social partners. However there are several differences associated with different welfare systems. In Sweden there is a very high coverage – more than 90 percent of workers are unionized (Table C in appendix). If we look at the share of regular workers (almost 75 percent) and then deduct the self-employed, we can see that majority of flexible employees are members of unions. So the incentive of Swedish firms to increase the share of flexible staffing arrangements in order to escaper trade union bargaining power is weakened. The other fact that makes a difference between The Netherlands and Sweden is the tax burden and social protection. Sweden provides 32,9 percent of its GDP for social protection, while the Netherlands provides only 28,1. This has implications for the tax burden. Swedish workers face payroll taxes of 37,7 percent and the total tax rate is even 70,7. This resembles more the transition countries than the UK (payroll taxes 13,8) or Netherlands (payroll taxes 27,5) and might encourage an increase the self-employment which can at least partially help to reduce the tax burden.

Compared to the Netherlands, Sweden also focuses more on life long learning. According to Social Situation in Europe in 2002, 22 percent of adults are enrolled in life-long learning programs. The Swedish firms get a certain amount of money from the Labour Ministry for training for each employee. There is a condition that the employee in training cannot be dismissed. Moreover, the employer can bargain for lower wage increases in the collective agreement if he or she decides to invest in human capital development. The workers receive 96 percent of their wages when being trained. In the Netherlands it is only 16 percent. Also, some of the policies such as rotation within jobs that have been used to integrate the unemployed, together with family-friendly policies indicate that in Sweden there is a tendency to provide for functional rather than numerical flexibility.

Hungary, Slovenia and Czech Republic represent quite an homogenous group thanks to the importance of the manufacturing sector. All three countries have relatively high payroll taxes with Slovenia the lowest (38 percent), Hungary in the middle (44 percent) and Czech Republic with the highest (47,5 percent). Such a big burden on the dependent labour may encourage people to turn to self-employment or the informal economy. An-

other common feature is the continuing low level of the standard of living. This can account for the lower demand for short hours working arrangements even among women. The full participation of women in poorer transition countries enables families to achieve a sufficient living standard. However, we can expect that with improving economic conditions, the number of part-timers will rise. In countries such as Romania and Bulgaria the slightly higher share of part-timers is often associated with the high level of underemployment.

Finally, in worse performing CEE countries (Romania and Bulgaria) the flexible working arrangements emerge on account of the poorly performing labour market. Poor law enforcement, inefficient state control and bad macroeconomic and microeconomic perspectives in case of Romania are associated with high (skilled and qualified) labour outflows² encourage the informal flexible forms such as the self-employed or work without contract (Stanulescu, M and Berevoescu, I., 2002). Although these arrangements are not beneficial for the state budget as they are often associated with tax evasion, they reveal the inherent strength of people to try to improve their situation when the state is not able to do this.

5. FLEXIBLE ARRANGEMENTS VERSUS REGULAR JOBS

The third chapter has discussed the benefits of the numerical flexibility for employers and its positive effect on unemployment and activating labour potential. In this chapter we examine what is the price for these benefits. 'Are not the non-standard jobs substandard?' It is often argued that certain flexible working arrangements provide workers with lower wages and worse working conditions and thus contribute to labour market segmentation with well protected and well assessed primary employees and secondary flexible workers. The dual labour market argument is taken up especially by those who believe that flexibilisation is a strategy for the deliberate seg-

mentation of labour market in order to minimize the bargaining power of trade unions. Although this is perhaps only one of the many 'push' and 'pull' factors enhancing flexibility, the risk of the labour market segmentation exists and when analyzing labour flexibility, this must be taken into account. Segmentation would decrease workers mobility across the segments of the labour market and this might later become an impediment to better economic performance or serve to trap workers in particular segments. Moreover this would deepen labour market inequality and could destroy social cohesion.

To test the labour market segmentation thesis is a challenge. For the theoretical discussion on this topic see Dickens and Lang (1992). From their discussion there are two main features of labour market. First the market has to be made up from several distinct segments with different rules for wage determination and employment policies. Second, access to at least some jobs is limited in the sense that more people want jobs than there are jobs offered (Dickens, Lang, 1992: 7). We first test the distinction between segments and then the barriers between segments. We employ the assumption that permanent full-time workers have primary jobs and use them as a benchmark for comparisons with workers in alternative working arrangements. The choice of characteristics has been determined by the availability of the data in the HWF survey and by the strength of correlation with satisfaction in jobs. Our research is rather complicated by the fact that satisfaction is determined by both objective and subjective factors. Especially the latter can be difficult to

compare in an international survey. It is very difficult to draw conclusions based on the absolute numbers as the subjective perception of the situation does not necessarily depend on the objective reality (see Večerník, 2002). Also, the relationship between the subjective perception and reality is qualitatively different in different countries. Relating flexibility to regular full-time workers might help to solve this problem. Therefore we do not examine directly if the flexible workers in the EU are better off than the flexible workers in CEE countries, but rather ask if the flexible workers in each countries are better or worse off than regular full timers in each country. Moreover, we are interested in whether this relationship is different in countries with a higher share of flexibility. The analysis is conducted on following dimensions: monthly personal income, working hours, additional training, promotion possibilities, changes in jobs and professions, autonomy in decision making, conflict between work and family and satisfaction with the job in general.

5.1. Personal monthly income

To examine the quality of jobs the flexible workers do have and also the quality of life they lead we examine personal monthly income provided by the HWF survey. This variable includes first of all wage, salary or income from the main earning activities, but also other financial sources. The income has not been adjusted to the number of monthly working hours as we focus on the financial well-being of flexible workers rather than on hourly wages differentials. For this analysis we have applied the multinomial logit⁴ (used for example in Kalleberg et al, 1997), with monthly personal income as the dependent variable with three categories: low income (belonging to the first quartile), high income (in the highest quartile) and base category is income in the second or third quartiles. The explanatory variables include: sex and age dummies, educational and occupational dummies and five dummies for the flexible work forms. Tables 6 and 7 provide the total list of explanatory variables included. It also shows the

odds ratios for every country, where the odd ratio is a relative probability of a worker with given characteristic - for example on a fixed term contract - to have low (high) income as compared to the base category (which is regular full time employment). For example, the odds ratio 6 for fixed term workers in the Netherlands (Table 6) say that they have six times bigger probabilities to be in a low income category. Table B in the Appendix provides the various tests on the quality of the model in each country. The model fits better the countries such as the Netherlands, Romania and UK. The explanatory power is weaker in transition countries, which can be associated with the lower number of flexible workers in the sample. We also have to mention that results have been calculated under the assumption that the data collected describe approximately the equilibrium state in economies. However, if the incomes of the flexible workers show more variability during economic cycle and wages of full-time workers

are sufficiently rigid, then assessing the data in recession would mean the probability of receiving a low income would be overestimated and the probability of receiving a higher income would be overestimated. In 2001 when the data were collected, the countries under consideration had positive levels of economic growth.⁵

Table 6 provides the odds ratios for low income workers and help us to draw several conclusions. First, in the UK, Netherlands, Slovenia, Hungary and Bulgaria all flexible workers (even after controlling for differences in their education, sex, age and occupation) are more prone to belong to the low income category. The risk of segmentation on these markets is therefore bigger. Moreover, the biggest overall income differences seem to be found in the Hungary and the Netherlands. To illustrate this, the self-employed Hungarian worker has 16 times higher probability of having a low personal income than the Hungarian regular full time worker. In case of the Netherlands, they have a 3 times higher chance of being in an

unfavourable situation. Moreover the flexible workers in 'other' category, with many workers working subject to performance, have even a 26 times higher chance of finding themselves on a low income. This supports the conclusion by other researchers working with HWF data, that Hungarian market may be more precarious than the Czech Republic (Keune, 2003) or Slovenia. The differences between the flexible and regular workers are visible, although less pronounced, in the UK and are common especially among permanent part-timers, workers without contract (and employment protection) and in the category 'other forms.' Among the more precarious arrangements in Bulgaria we find arrangements in the 'other forms' category, part-timers and the self-employed. In Slovenia, we find significantly higher odds for being in the lowest income quartile among workers without contract and in the 'other category' with a large share of workers employed via an agency.

Table 6. Atypical workers' odds of being paid a low wage compared to regular full time workers (Odds ratio)

	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
women	3.937***	3.644**	0.422***	2.262*	1.443'	0.662	1.709*	0.605
primary	0.904	0.970	0.918	4.934'	1.331	1.230	1.399	1.709
tertiary	0.532'	0.281***	1.218	0.563	1.120	0.158'	2.985	0.525
18-29	1.401	2.062*	1.558*	0.951	0.872	0.680	1.502	0.524
60+	0.868	1.435	0.975	0.933	1.560'	0.434'	0.495'	1.525
legislators, senior managers and professionals	0.769	0.936	1.247	3.069'	0.763	0.979	1.288	0.391
service workers, craft and agriculture workers	3.571***	1.237	0.665'	1.641	0.924	0.503	2.077	0.880
plant and machine operators and elementary occupations	4.372***	1.633	0.973	1.560	1.147	1.191	5.167*	1.902
permanent part-time	4.057***	15.732***	0.696	2.832	2.143	22.755***	0.000	7.168**
fixed term	1.067	6.049***	1.092	2.131	0.989	11.769***	0.602	1.215
self-employment	1.919	3.316*	0.373*	1.597	1.340	16.202***	5.944***	4.412**
no contract	6.874***	12.868***	0.941	6.248**	0.741	6.319*	0.632	4.352'
other forms	2.707**	6.078**	1.865	6.634**	1.287	26.125***	4.230***	7.528***

Notes: *** $p < 0,001$ ** $0,001 < p < 0,01$ * $0,01 < p < 0,05$ ' $0,05 < p < 0,1$
Data for Hungary, Netherlands and UK weighted

Source: HWF Survey 2001 – Unified international data collection

In Romania, with a high share of flexible working arrangements, we find a significantly higher probabilities of being poor among the self-employed and in the 'other category.' An interesting picture is provided by the low odds ratio in Sweden. Swedish self-employed workers have only a one third higher probability of low income than the full timers. Also in the UK, Czech Republic and Slovenia the relative probabilities of the self-employed being on a low income is quite low, which might indicate that in these countries, self-employment is a good opportunity for increasing the living standard.

With the exception of Sweden and the Czech Republic, in other countries the flexible workers are more prone to receive low personal incomes. Among the most precarious arrangements, according to the wage criteria, belong all the Hungarian flexible workers, part-timers and workers without a contract in the Netherlands, permanent part-timers and workers in the 'other category' in Bulgaria and British and Slovenian workers without a contract and the self-employed in Romania.

The fact that the flexible workers more often receive a lower income might be associated with the greater risk in the labour market. If the wages

of flexible workers are more determined by market forces (for example they might be paid on a daily productivity basis) then this may disadvantage them when the market is low but it may be also advantage them when the market situation is good. Greater risk might mean that they have also lot to win. To examine this hypothesis we will test whether the flexible workers are also more likely to have a higher income as opposed to the regular employees. Table 7 provides the odds ratios for this case.

In general, the small odds ratios indicate that the relative probability of atypical workers being in the highest income group is usually smaller than for regular full-timers. The exception is those holding part-time jobs in the Czech Republic which might be accounted for mainly by the multiple job holding of part-time workers.

Interesting picture is presented by the Romanian results that show that certain flexible work forms, namely fixed term contracts and 'other forms' do decrease the probability of having higher incomes. It is not so much that workers with these arrangements are prone to be poor as that their working arrangement do not allow them to become rich.

Table 7. Atypical workers' odds of being paid a high wage compared to regular full time workers (Odds ratio)

	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
Women	0.265**	0.170***	0.286***	0.546*	0.837	0.718'	0.531**	0.316***
Primary	2.087	2.342	0.890	0.000	1.167	0.782	0.251*	0.191
Tertiary	2.010'	3.365***	1.231	2.451*	1.283	1.010	7.600***	1.790**
18-29	0.233*	0.268***	0.370***	0.657	0.984	0.754	0.537**	0.917
60+	0.510	1.081	0.684'	1.199	1.065	1.237	1.275	1.106
legislators, senior managers and professionals	1.511	1.479	3.379***	2.076	1.393	1.003	0.606	1.124
service workers,craft and agriculture workers	0.584	0.359**	0.535*	0.343***	0.634*	0.727	0.291***	0.538**
plant and machine operators and elementary occupations	0.000	0.649	0.439*	0.177***	0.382***	0.441*	0.388***	0.653'
permanent part-time	1.100	0.498'	0.475	1.859	2.573'	1.492	1.348	1.307
fixed term	4.637	0.782	0.000	0.445	0.536*	0.515	0.173***	0.590**
self-employment	1.127	0.782	0.390**	1.039	1.290	0.669	0.197***	0.872
no contract	1.317	0.761	1.082	0.657	0.723	0.192	0.352'	0.318'
other forms	0.678	0.349'	1.000	0.000	0.712	0.793	0.165***	0.436*

Source: HWF Survey 2001 – Unified international data collection

5.2. Working hours

Although being less attractive in terms of wages, flexible working arrangements might offer non-pecuniary benefits, for example in the form of shorter and more pleasant working hours. Alternatively the flexible working arrangements can be associated with long hours, against the workers wishes, due to the weaker bargaining power of flexible workers or the pressures of market forces (customers) in the case of the self-employed. Which of these hypotheses is more likely is shown in Table 8.

In all countries the regular employees display on average the longest weekly working hours among the dependent workers. However, the self-employed in all countries apart from Netherlands work even more. Their weekly working hours are at least 46 hours. Average working hours in transition countries are higher than in surveyed EU countries. This claim holds for every studied form of work with the exception of part-time work. Unfortunately, the long working hours do not necessarily mean higher productivity. The opposite is true and transition country display less than half-labour-productivity of the level common in the UK, Netherlands or Sweden.

However, the comparisons of the working hours of regular and flexible employment alone do not tell us the whole story. The national differences in working hours are not so important if

they match workers' preferences. Since the flexible workers' usually have different preferences, requirements and wishes than regular full-timers, we will examine how the real time spent in work suits them.

Table 9 suggests that in Hungary, Romania and Bulgaria there is high underemployment (a higher share of people who want to work more). This is very pronounced not only among flexible workers but also among regular workers who would like to work on their main activity more hours. The percentage of the underemployed part-timers who want to work more is however even higher across most countries. In all EU countries as opposed to CEE there is higher share of part-timers who are satisfied with the working hours, which confirms that here this work form is associated mainly with workers' preferences; while in the CEE countries, mainly in Slovenia, Czech Republic and Hungary many part-timers workers would like to work less. There are two main reasons why they do not. First they cannot afford it given the smaller relative wages; second, shorter part-time jobs common mainly in services may not be available. Concerning the fixed term work, the survey reveals quite a high share of underemployed workers with this arrangement in the UK, Netherlands and Sweden, Slovenia Hungary and Romania.

Table 8. Average working hours per week in main earning activity

	UK	Netherlands	Sweden	Slovenia	CR	Romania	Bulgaria
permanent contract	41.9	39.9	40.6	42.8	42.8	45.7	41.8
permanent part-time	19.8	18.9	23.2	17.5	14.3	21.1	15.7
fixed term	33.2	30.1	34.8	39.4	40.9	34.4	38.8
self-employed	46.2	38.8	44.4	57.1	49.4	49.9	50.4
other	30.7	25.1	21.6	29.6	31.9	40.4	27.6
no contract	27.2	30.7	35.4	34.4	45.4	39.8	38.6

Source: HWF Survey 2001 – Unified international data collection

Table 9. Preferences on working hours

A. Would you like to work on the main earning activity the sam, more hours, or less hours?									
		UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
permanent contract	less	32.1	36.2	39.8	69.2	39.0	30.1	18.2	6.8
	same	62.8	58.0	57.0	29.1	59.9	61.5	62.7	11.5
	more	5.1	5.8	3.1	1.7	1.2	8.4	19.1	81.7
permanent part-time	less	5.7	12.6	11.9	71.4	63.2	29.4	18.8	14.0
	same	83.0	75.5	64.4	28.6	31.6	41.2	59.4	10.0
	more	11.3	11.9	23.7	.	5.3	29.4	21.9	76.0
fixed term	less	14.3	21.7	22.5	72.3	40.2	16.0	13.0	11.1
	same	57.1	58.0	50.0	21.5	58.8	66.0	56.5	13.2
	more	28.6	20.3	27.5	6.2	1.0	18.0	30.4	75.7
Self-employment	less	34.5	45.5	35.1	51.3	37.4	30.0	31.3	20.4
	same	61.8	43.6	58.5	46.2	61.0	50.0	38.6	26.9
	more	3.6	10.9	6.4	6.2	1.6	20.0	30.1	52.8
no contract	less	12.6	43.8	25.0	64.0	26.8	33.8	21.3	25.6
	same	74.7	50.0	50.0	20.0	66.1	45.6	18.0	23.1
	more	12.6	6.3	25.0	16.0	7.1	20.6	60.7	51.3
other	less	18.9	15.4	5.6	52.1	38.5	22.2	15.8	52.6
	same	69.8	61.5	50.0	29.2	48.7	55.6	63.2	21.1
	more	11.3	23.1	44.4	18.8	12.8	22.2	21.1	26.3
B. Share of people who want to work the same hours relative to the permanent workers									
permanent part-time		1.32	1.30	1.13	0.98	0.53	0.67	0.95	0.87
fixed term		0.91	1.00	0.88	0.74	0.98	1.07	0.90	1.15
self-employment		0.98	0.75	1.03	1.59	1.02	0.81	0.62	2.33
no contract		1.19	0.86	0.88	0.69	1.10	0.74	0.29	2.00
other		1.11	1.06	0.88	1.00	0.81	0.90	1.01	1.83

Source: HWF Survey 2001 – Unified international data collection

To sum up, the flexible workers with the exception of the self-employed, work less hours than the regular employees and this does not always correspond with their preferences. Likewise, longer working hours of the self-employed do not necessarily mean that the self-employed are less satisfied. If we compare the share of workers who claim to be satisfied (wanting to work the same hours) among the regular and flexible workers in each country (Table 9 B), we find more satisfied workers among part-timers in the EU countries, among the fixed term contract workers in Hungary and Bulgaria, among the self-employed in Slovenia and Bulgaria. Also a high percentage of 'no contract workers' in the UK, Czech Republic and Bulgaria seem to be contented with their working time.

Among the flexible workers we find a higher degree of underemployment than among the permanent full timers. The biggest increase in the share of workers who want to work more in their main income earning activity is found among the fixed term workers in the UK and the Netherlands. In Sweden, underemployment is high for all the flexible working arrangements apart from the self-employed. In Hungary, Slovenia and the Czech Republic more underemployed workers are found among the 'other' and 'no contract' workers. In Bulgaria there are fewer flexible workers who want to work more, so it seems that their shorter working hours better match their preferences.

5.3. Training, promotion and stability

One of the most acknowledged dual labour market features is that the secondary workers are exposed to the pressure of market forces as well as job instability and have lower possibility of promotion. We will examine this hypothesis in more detail.

If the employer has long-term plans he or she will be more willing to invest into the human capital of their workers. This leads us to ask if the flexible workers are receiving the same level of training as regular full time employees. The HWF survey contained a question on an additional training in last 12 months. Table 10 provides the shares of respondents who replied 'yes' to this question separately for each working arrangements. The variable does not specify the type of training nor its quality, which may be rather misleading for understanding the results. Thus the training may contain both private educational courses, reflecting the willingness of

a worker to learn something new, but also training paid and provided by firm.

Table 10 suggests that the hypothesis that flexible workers have lower levels of training than regular workers with permanent contracts does not need necessarily to be true. For example the workers in 'other category' in the UK, Sweden, and Romania achieved higher level of additional training than their regular colleagues. A similar conclusion holds for the part-timers in Slovenia, Romania and Bulgaria, although this may only indicate that in countries where there is a lower share of part-time work, they are not as likely to suffer from segmentation as in other countries.

From this point of view, the category that is the worst off relatively to the permanent full time workers are employees on fixed term contracts. The only exception is Sweden where this probably reflects some of the active labour market policies for the unemployed.

Table 10. Share of workers who received in last 12 months an additional education

	UK	Sweden	Slovenia	CR	Romania	Bulgaria
permanent contract	33.6	39.0	42.9	40.1	18.5	10.8
part-time	33.0	25.4	62.5	36.8	36.4	15.7
fixed term	25.0	45.7	39.7	29.1	23.8	9.3
self-employment	27.3	28.9	38.1	33.1	3.4	5.4
no contract	22.9	25.0	42.9	21.3	8.6	7.3
Other	45.3	72.2	51.0	28.6	19.0	10.0

Source: HWF Survey 2001 – Unified international data collection

Table 11. Have you been promoted since 1989

	UK	Slovenia	CR	Romania	Bulgaria
Permanent part-time	20.5	16.7	31.3	16.7	7.9
Fixed-term		17.6	16.2	23.1	4.3
Self-employed	13.6	7.1	31.4	9.2	2.1
Other	15.2	5.3	14.3	.	.
No contract	11.8	.	21.2	4.2	1.8
permanent full-time	38.3	30.2	23.2	14.1	14.3

Note: Includes only those who entered labour force before 1989
Data for other countries are not available

Source: HWF Survey 2001 – Unified international data collection

In their jobs, workers are interested in career possibilities more than in a chance to enhance their human capital. Do the flexible workers have access to the career ladders? Table 11 shows that in the UK, Slovenia and Bulgaria the flexible workers were less likely to be promoted. However, the case of the Czech Republic and Romania shows that the distinction between 'bad' flexible and 'good' regular jobs need does not necessarily hold. In the Czech Republic the permanent part-timers and the self-employed do have a greater probability of obtaining advancement on the labour market.

If the flexible workers in the UK, Slovenia and Bulgaria are less prone to career advancement, could it be associated with greater fluctuation on the labour market? Table 12 depicts the changes in employment and profession since 1989. We focus on the more frequent changes (at least two), since the restructuring in transition countries might have forced people to make at least one change in their professional life. Only

workers who entered the labour market before 1989 are included, to control for the different shares of labour force entrants and provide a better picture about the behaviour of workers. Indeed in the three above mentioned countries the fluctuations of workers is higher. In the UK there are 30 percent of permanent workers who have changed employment since 1989 more than once and 8,5 percent who changed their profession at least twice. Yet there are also 40 percent of fixed term contract workers with even more frequent levels of fluctuation. In the Czech Republic and in Romania we find a lower share lower share of workers who changed their job and profession among part-timers. Again this proves that flexible arrangements such as permanent part-time jobs are not necessarily associated with more fluctuations. However, it remains an open question whether the part-timers might also make other moves such as shifts between employment and inactivity in their careers.

Table 12. Changes in career life

A. Have you changed employment since 1989 more than once?					
	UK	Slovenia	CR	Romania	Bulgaria
Permanent part-time	34.2	.	18.8	8.7	23.7
Fixed-term	40.0	23.5	36.8	23.1	30.7
Self-employed	23.7	10.7	21.9	12.1	24.0
Other	34.4	23.7	42.9	33.3	29.4
No contract	38.2	4.5	21.6	16.7	38.2
permanent full-time	30.5	11.5	24.7	16.0	20.5
B. Have you changed profession since 1989 more than once?					
Permanent part-time	2.7		6.3	4.2	10.5
Fixed-term	40.0	5.9	27.9	15.4	15.0
Self-employed	6.8		9.5	3.6	7.3
Other	9.4	10.5	25.0	20.0	23.5
No contract	22.1	4.5	11.5	14.6	21.8
permanent full-time	8.5	5.2	11.5	8.0	10.3

Source: HWF Survey 2001 – Unified international data collection

5.4. Autonomy in decision making

The autonomy in decision making can be a factor that motivates people to accept a flexible working arrangement. This holds especially for the self-employment. In the following paragraphs we examine the workers autonomy over the number of hours, overtime and place of work. We have selected those workers who decide themselves without the employer about three given job characteristics.

The first observation, provided by Table 13, is that with the exception of the permanent part-timers in Romania, the autonomy of permanent full timers, permanent part-timers and fixed term contract workers is greater in the EU countries than in transition countries, reflecting the legacy of the central planning system inhibiting people's individual initiative. However it also is interesting

to study how autonomy changes if a permanent full timer worker accepts a flexible arrangement.

We focus first on working hours (Table 13 part A). The working arrangements with the greatest sovereignty are in all countries those of the self-employed. Moreover, the self-employed in transition countries claim to be more independent than in the West. So workers' autonomy increases sharply if they go to into self-employment, other forms or work without a contract. From this point of view this might be a certain non-pecuniary benefit associated with these work forms. Another interesting fact is the lower autonomy of Swedish self-employed workers. This raises the suspicion as to whether this work form serves as a camouflage for dependent employment relation allowing tax optimization.

Table 13. The autonomy in decision making

A. Share of workers that decide themselves who decide themselves on the number of hours.								
	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
permanent contract	24.7	28.9	33.5	11.5	6.1	10.6	10.9	4.2
permanent part-time	25.5	25.7	16.9	-	5.3	5.9	9.1	2.0
fixed term		21.9	12.7	8.8	12.7	3.9	4.3	4.7
Self-employment	70.4	96.2	40.9	78.6	90.3	84.3	95.2	93.6
no contract	39.6	71.9	62.5	55.6	71.4	49.3	29.6	34.1
other	22.6	28.6	41.2	23.5	12.8	33.3	28.6	31.6
B. Share of workers that decide themselves who decide themselves on the overtime that respondent works								
permanent contract	42.1	62.9	55.6	14.7	14.7	13.5	23.6	8.8
permanent part-time	37.1	51.3	59.3	-	11.1	11.8	31.0	6.0
Fixed term	14.3	49.3	48.6	18.3	14.9	12.2	19.0	4.9
Self-employment	81.1	94.3	68.2	78.9	90.3	89.6	94.7	92.0
no contract	38.5	76.9	62.5	61.1	72.7	50.8	34.4	37.0
other	36.2	45.2	36.4	31.0	20.5	41.2	28.6	31.6
C. Share of workers that decide themselves who decide themselves on the place of work								
permanent contract	13.1	20.6	26.4	10.6	5.8	9.9	15.0	5.2
permanent part-time	14.3	13.7	17.5	-	11.1	5.9	28.1	10.0
Fixed term		11.4	20.3	14.8	9.8	7.8	17.4	5.3
Self-employment	72.7	92.5	27.3	69.0	86.0	81.4	92.7	88.3
no contract	28.4	62.5	50.0	48.0	67.3	43.7	31.4	32.9
other	15.1	22.5	22.2	17.6	5.1	38.9	23.8	21.1

Note: Other possibilities: My employer decides, we decide together and it is outside our control

Source: HWF Survey 2001 – Unified international data collection

With regards to overtime, the trend is similar as in the previous case but concerning the part-timers and those on fixed term contracts, the gap between the east and the west is deepened even more. The slightly lower autonomy of part-timers in all countries except for Sweden and Romania indicates that this work form can indeed serve as a reserve supply of labour, whereby the working hours can be increased when the firm raises the requirements. Also, the high share of people without a contract in the Czech Republic and the Netherlands suggests that this form of flexible work is close to self-employment.

The autonomy to decide on the work place is the most restricted. In the western countries such as the Netherlands and Sweden it is greater, while the UK resembles more the transition countries. The self-employed in all countries apart from Sweden are the most independent in choosing where to work. Flexible workers in the category 'other forms' have much more autonomy to decide about the place of work in Hungary, Romania and Bulgaria.

5.5. Conflict between work and family.

Flexible working arrangements may be an efficient tool to balance a work life and family commitments. Therefore, some workers prefer these arrangements, despite the worse pecuniary and other benefits. Thus it is important to also examine this dimension.

In our survey we measured the conflict for the workers who often or always face some of the following situations: a) their work makes it difficult to do all the household tasks that need to be done or b) due to the work they cannot meet all their responsibilities toward their relatives and close persons; c) the third possibility to measure the tension between work and family is to look how often they do have to take their work home to finish it.

First we look at part-time jobs and compare them to regular employment. Part A in Table 13 confirms that the part-time hours give workers more time to meet their household tasks. How-

To sum up, permanent part-timers have less autonomy than full-timers. This does not hold for Romania concerning the place and overtime nor Sweden (overtime). Also in the UK, the Czech Republic and Bulgaria, the part-time workers do have a bit more control in deciding where to work. Those on fixed term contracts are associated with lower autonomy than regular workers in all three areas in the Netherlands, Sweden and Hungary. Self-employment provides workers with more autonomy in all countries. In this sense, work without any contract is similar to self-employment. In all the countries, the 'no contract' workers do have greater independence than regular full-timers. The only exception is the UK with respect to overtime. In Romania, Bulgaria, Hungary and Slovenia the arrangements in the 'other' category on average give more autonomy concerning hours, overtime and place. In the UK and the Netherlands these work forms offer less freedom to decide on hours and overtime but more freedom to decide about the place of work.

ever with regard to time for their family relatives and friends the picture is not so clear cut. In the UK and the Czech Republic, there are more part-timers who claim to lack the time for persons close to them. An even more striking picture appears in part C of Table 14, suggesting that more than double the share of part-timers as opposed to full-timers in Slovenia, CR and Bulgaria and more than a seven times greater share in Romania have to take their work home to finish. This might explain why this working arrangement is not so popular in transition countries.

The fixed term contract workers seem to ease the tension between work and family compared to the full timer worker only in Romania where fixed term contract workers face less conflict according to Table 14. In the UK, Hungary and Slovenia the fixed term contract workers take their work home more often to finish than the full-timers.

Self-employment is associated with more tension between home and work, despite the greater autonomy the self-employed enjoy. This holds for all countries apart from Romania, where the prevailing agricultural nature of self-employment is associated with a lower degree of conflict than is usual among Romanian regular workers.

Concerning the workers without any contract, only in the Netherlands and Slovenia do these workers face less conflict than regular workers in both countries. On the other hand, in the Czech Republic workers without a contract are (like the self-employed) exposed to a greater ten-

sion between home and work than regular employees. Concerning the rest of the atypical workers, the picture is rather heterogeneous. More British workers in this category do take work home to finish it.

All in all, concerning the ability to relieve the tension between home and work, the different arrangements have different power. Moreover, certain flexible arrangements such as part time hours that are an efficient tool to balance work and family in one country may fail to do the same in another country.

Table 14. Conflict between work and households

A. My work makes it difficult for me to do some of the household tasks that need to be done (share of people saying often or always)								
	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
permanent contract	19.8	17.5	22.7	15.0	10.4	13.9	14.1	9.8
permanent part-time	14.6	12.0	18.6	.	5.3	.	12.1	5.9
fixed term	14.3	21.4	24.1	15.2	9.7	11.8	4.3	11.6
self-employment	41.8	18.9	28.3	25.0	29.0	20.0	7.1	22.5
no contract	19.8	9.4	12.5	4.0	14.8	16.9	12.3	22.0
other	21.2	19.0	11.1	9.8	11.9	11.1	19.0	5.3
B. My work makes it difficult to fulfil my responsibilities towards my family and other important persons in my life (share of people saying often or always)								
permanent contract	10.6	6.5	14.9	14.7	7.5	9.2	12.7	7.4
permanent part-time	12.6	3.3	6.9	.	10.5	5.9	3.0	3.9
fixed term	14.3	4.3	14.1	13.8	8.7	9.8	4.3	9.1
self-employment	23.6	14.8	16.3	29.3	18.5	15.7	5.8	17.3
no contract	12.5	3.1	12.5	8.0	9.8	8.5	9.2	17.3
other	15.4	17.1	5.6	11.8	4.8	5.6	4.8	5.0
C. I have to take work from my employment home to finish (share of people saying often or always)								
permanent contract	11.9	12.3	12.6	6.6	7.2	6.4	4.5	4.2
permanent part-time	5.9	8.2	.	12.5	15.8	5.9	33.3	9.8
fixed term	14.3	7.2	10.1	10.4	2.9	8.0	4.3	3.2
self-employment	17.3	36.2	26.7	15.8	18.5	9.4	8.2	7.3
no contract	3.2	6.9	28.6	4.8	18.0	8.6	6.3	3.7
other	17.6	7.3	11.1	2.1	7.1	5.6	9.5	5.3

Source: HWF Survey 2001 – Unified international data collection

5.6. Overall satisfaction

Satisfaction is a very subjective variable which might not necessarily be associated with the real economic situation. This fact makes the cross-country comparisons rather difficult. Therefore our aim is not to say in which country people are satisfied most but rather to compare if the flexible workers in a given country are more or less satisfied than regular employees. Thus we look not only on the absolute shares of the dissatisfied or very dissatisfied with their job in general (Table 15, part A) but also calculate the ratio of the dissatisfied workers in flexible working arrangement to the share of dissatisfied workers in regular employment. A ratio greater than 1 for each of the arrangements says that flexible workers belonging to this category are on average more dissatisfied than regular employees. Similarly, the ratio smaller than 1 indicates less dissatisfaction. Such comparison, is based on the rather simplifying assumption that all the workers in a country have on average the same distribution of attitudes to work irrespective of their working arrangements. If the flexible workers are systematically more pessimistic and discontented with their life (*ceteris paribus*) than regular employees, then the higher share of dissatisfied flexible workers does not necessarily

mean that they are also worse off than the full time permanent employees.

In the UK and the Netherlands the flexible workers are on average more satisfied with their jobs than regular employees. The only exceptions are those on fixed term contracts. However, despite certain objective measures such as the higher probability of flexible workers of belonging to the lowest income quartile, the form of flexibility in these countries reflects more people's preferences. In other words, the greater share of satisfied workers suggests that flexible working arrangements are found in their labour markets because they fit people's preferences.

In other countries the situation is more complicated. In Sweden with the quite low level of numerical flexibility, only the self-employed are more satisfied than regular employees. In Slovenia, Hungary and Bulgaria we find a greater share of discontented workers in flexible arrangements than in regular jobs. In the Czech Republic the self-employed display a smaller degree of discontentedness and part-timers are more dissatisfied with their jobs in general than regular workers. In Romania the most popular flexible arrangement with the smallest share of dissatisfied workers is part-time jobs followed by the fixed terms contracts.

Table 15. Overall satisfaction

A. Share of dissatisfied workers (% somewhat dissatisfied or very dissatisfied)								
	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
Permanent part-time	7.1	2.2	8.5	12.5	36.8	10.5	9.1	15.7
Fixed-term	28.6	10.6	8.6	11.8	16.5	9.4	17.4	16.9
Self-employed	4.9	3.9	1.0	9.5	11.3	8.8	39.0	30.1
Other	11.1	-	11.1	15.7	11.9	14.3	28.6	30.0
No contract	10.0	3.3	25.0	7.1	26.2	22.1	61.1	37.3
permanent full-time	12.9	6.9	4.9	5.0	16.7	8.8	21.0	11.6
B. The ratio of dissatisfied workers in given atypical form to dissatisfied workers in permanent full time								
Permanent part-time	0.55	0.31	1.74	2.48	2.21	1.20	0.43	1.35
Fixed-term	2.21	1.53	1.77	2.33	0.99	1.07	0.83	1.45
Self-employed	0.38	0.57	0.21	1.89	0.68	1.00	1.86	2.59
Other	0.86	-	2.28	3.11	0.71	1.62	1.36	2.58
No contract	0.77	0.48	5.13	1.42	1.57	2.51	2.92	3.21

Note: respondents have been asked how satisfied are you in general with your work/i.e.main activity/? Possible answers: 1. very satisfied, 2. somewhat dissatisfied, 3. nor satisfied neither dissatisfied, 4. somewhat dissatisfied, 5. very dissatisfied.

Source: HWF Survey 2001 – Unified international data collection

6. CONCLUSION

In conclusion, this paper has attempted to address three questions. Firstly, are CEE countries less flexible than established EU countries? If we define flexibility as the share of atypical working arrangements compared with the permanent full-time workers then Hungary, Slovenia and Czech Republic are less flexible than the UK and Netherlands. On the other hand, Romania and Bulgaria display a greater degree of flexible work although they have quite a small number of flexible employees. Among all the countries, Sweden has the biggest share of regular workers.

To understand if the flexible working arrangements (or numerical flexibility) helps to improve performance of the labour market we checked the relationship between the share of atypical workers' unemployment and employment to population ratio. The cross country comparisons shows that flexible arrangements may help to combat unemployment and bring more people into the labour market. However Sweden offers an alternative way forward for transition countries, with more focus on life long learning and functional flexibility. However the Swedish approach requires the wide support of social partners which may more difficult to achieve in transition countries. Looking at the role of state, the Swedish approach seems to be more demanding on the state budget. Thus the transition countries, where the tax burden imposed on labour is already now higher than in Sweden might not be able to acquire in the short term enough funds for policies to apply the same degree of functional flexibility.

The second question is: to what extent are flexible working arrangements a product of objective conditions or subjective preferences? The most important factor describing the differences between the EU, the more advanced transition economies and Bulgaria and Romania is the structure of the employment. Hungary, Slovenia and Czech Republic, with the service sector only being 75 percent of EU average, cannot offer so many atypical arrangements because the bigger enter-

prises do not need them as urgently as small firms operating in the service sector. Also, the Romanian and Bulgarian agricultural sector imposes limits on the number of part-time jobs available in the economy. Another crucial element is the role of the social protection. If we compare the Netherlands to the UK with similar level of flexibility we can see great share of people on fixed term contracts among the Dutch workers and a very low share in the UK. In other words, fixed term contracts are more common in countries where dismissal is more complicated by various regulations (for example, the need to announce it to a district labour office beforehand) or by stringent collective agreements. Similarly, countries with a high tax burden seem to have higher levels of self-employment, providing greater space for tax optimization.

Thirdly, the paper has examined if the countries with the higher level of flexible working arrangements are associated with greater segmentation. The focus has not been on the cross country analysis at the absolute level, but rather on the relative positions of flexible and regular workers with the aim to identifying who is better off in each country. The analysis focused on following characteristics: wage, working hours, additional training, promotion possibilities, autonomy in decision making, conflict between work and family and general satisfaction with work.

The main message is the following. We cannot say that flexible jobs in the examined countries are bad. However, looking at the monthly personal income the flexible workers are more likely to belong to the lowest income categories and less likely to have a high income than regular full time workers. The deepest differences in incomes between regular and flexible workers can be found in Hungary, the Netherlands and the UK. Concerning monthly income, the most precarious is also self-employment in Romania and Bulgaria where the self-employed have more than a 4 times higher probability of being poor. Holding a part-time job does not increase the probabilit-

ity of being poor in Sweden as the working hours of part-timers are longer than in other countries. In Sweden, the segmentation in terms of incomes is smallest and even the self-employed seem to be better off. The similar conclusion holds for the Czech Republic where dummies for flexible working arrangements do not explain the differences in people incomes. In Slovenia workers who are worst off as compared to regular workers are workers without contract and workers in category 'other forms'.

The differences in incomes however do not automatically imply that the flexible arrangements are undesirable. With respect to working hours, flexible workers with the exception of the self-employed, generally work less than regular employees. For example, part-timers in the Netherlands, the UK and Sweden are more satisfied than full timers. In the Czech Republic and Slovenia, part-timers want to work less. In Romania and Bulgaria we find underemployment but it is lower than among the regular workers than among the atypical workers.

Flexible workers receive less training than full time workers only in the Czech Republic. In other countries we find at least one flexible arrangement that has higher level of additional training. Most often it is either part-time (transition countries) or workers such as agency workers, subject to performance and the rest of atypical arrangements in 'other category' suggesting that this offers jobs for highly qualified labour.

All in all, if we look at the personal income as the most important characteristics and the general satisfaction with job as the second than the HWF data identified that among the most precarious work forms belong:

- Self-employment in Romania, Bulgaria and Hungary
- Work without contract in Slovenia and Bulgaria
- Fixed term in Hungary and Netherlands
- Other working arrangements in Slovenia, Hungary and Bulgaria
- Part-time in Hungary and Bulgaria

NOTES

1. 1998 Waadi law
2. The net migration rate in Romania in 1999 have been according to the Social situation in Europe -0,2 percent per 1000 inhabitants.
3. This question has been asked by Anne Kalleberg et all (1997)
4. For the methodology on the econometric modeling of multinomial logit see Green (2000) chapters 18, 19.
5. The growth rates for the first quarter of 2001 compared to the first quarter I previous year where the data have been collected are in percents 1,6 for the Netherlands, 2,7 for both Sweden and the UK, 4,4 for Hungary, 4,8 for Romania, 3,2 for Slovenia , 4,1 for the Czech Republic and 4,5 for Bulgaria. (source: Social situation in the European Union 2002)

ANNEX

Table A. Distribution of workers between income quartiles

		UK	NTH	SWE	SLOV	CR	HU	RO	BU
permanent contract	I	14.9	4.4	20.6	6.8	12.8	2.5	4.1	2.0
	II	54.3	16.9	12.7	25.0	18.6	14.8	8.1	18.7
	III	21.6	22.1	38.7	28.1	28.6	36.7	28.1	34.8
	IV	9.3	56.1	28.0	40.1	39.9	45.9	59.7	44.6
permanent part-time	I	64.3	64.8	12.3	14.3	16.7	20.0		8.0
	II	28.6	17.2	66.7	28.6	16.7	33.3	15.2	8.0
	III	3.6	9.0	14.0		11.1	20.0	6.1	38.0
	IV	3.6	9.0	7.0	57.1	55.6	26.7	78.8	46.0
fixed term	I	40.0	35.5	31.2	20.0	16.7	17.1	4.5	3.4
	II	40.0	24.2	32.5	25.5	29.2	22.9	9.1	35.6
	III		14.5	36.4	36.4	30.2	37.1	54.5	33.9
	IV	20.0	24.2		18.2	24.0	22.9	31.8	27.1
self-employment	I	27.0	18.4	13.1	12.0	11.2	19.4	36.4	10.1
	II	24.3	10.5	16.7	12.0	12.9	22.2	26.0	21.5
	III	32.4	7.9	33.3	20.0	28.4	13.9	18.8	17.7
	IV	16.2	57.9	36.9	56.0	47.4	44.4	18.8	50.6
no contract	I	57.4	40.0	42.9	41.7	17.6	39.1	40.4	20.3
	II	29.4	15.0	42.9	20.8	27.5	23.9	36.8	31.1
	III	7.4	10.0		33.3	17.6	13.0	10.5	28.4
	IV	5.9	35.0	14.3	4.2	37.3	23.9	12.3	20.3
other	I	59.1	57.1	25.0	41.9	10.3	22.2	5.3	18.8
	II	29.5	17.1	50.0	30.2	20.5	22.2	31.6	43.8
	III	6.8	5.7	6.3	14.0	41.0	44.4	21.1	18.8
	IV	4.5	17.1	18.8	14.0	28.2	11.1	42.1	18.8

Source: HWF Survey 2001 – Unified international data collection

Table B1. The number of observations in HWF data file

	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
Permanent part-time	106	152	59	8	19	17	33	51
Fixed-term	8	73	81	68	103	51	23	195
Self-employed	55	56	97	42	124	70	177	113
Other	53	42	18	51	42	18	21	20
No contract	97	33	8	28	61	71	72	83
permanent full-time	336	424	739	357	690	466	477	507
Total	655	780	1002	554	1039	693	803	969

Source: HWF Survey 2001 – Unified international data collection

Table B2. The characteristic of the multinomial model

Pseudo R-Square	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
Cox and Snell	0.303	0.488	0.235	0.306	0.076	0.149	0.382	0.172
Nagelkerke	0.384	0.557	0.273	0.367	0.088	0.189	0.444	0.214
Chi-Square	238.6	492.9	263.3	197.1	78.8	112.4	384.0	181.8

Source: HWF Survey 2001 – Unified international data collection

Table C. Factors affecting the flexibility

	UK	Netherlands	Sweden	Slovenia	CR	Hungary	Romania	Bulgaria
Union strengths #	32.9	25.6	91.1	60	42.8	60	na	Na
Payroll taxes#	13.8	27.5	37.7	38	47.5	42.8 [^]	na	45
Total tax rate#	40.8	56.5	70.7	69.1	73.4	81.5	na	Na
Life long learning*	21	16	22	4	na	3	1	Na
Social protection as a share of GDP*	26.9	28.1	32.9	26.5	20			72.6*
Net migration rate *	2.8	2.8	1.5	1.4	0.6	0	-0.2	1.4

Note: * Social situation in European Union 2002 * Union density for Hungary might be highly overestimated
[^] The payroll tax for 1999

Source: Riboud, Silva-Jauregui and Sanchez-Paramo, World Bank, 2001

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