

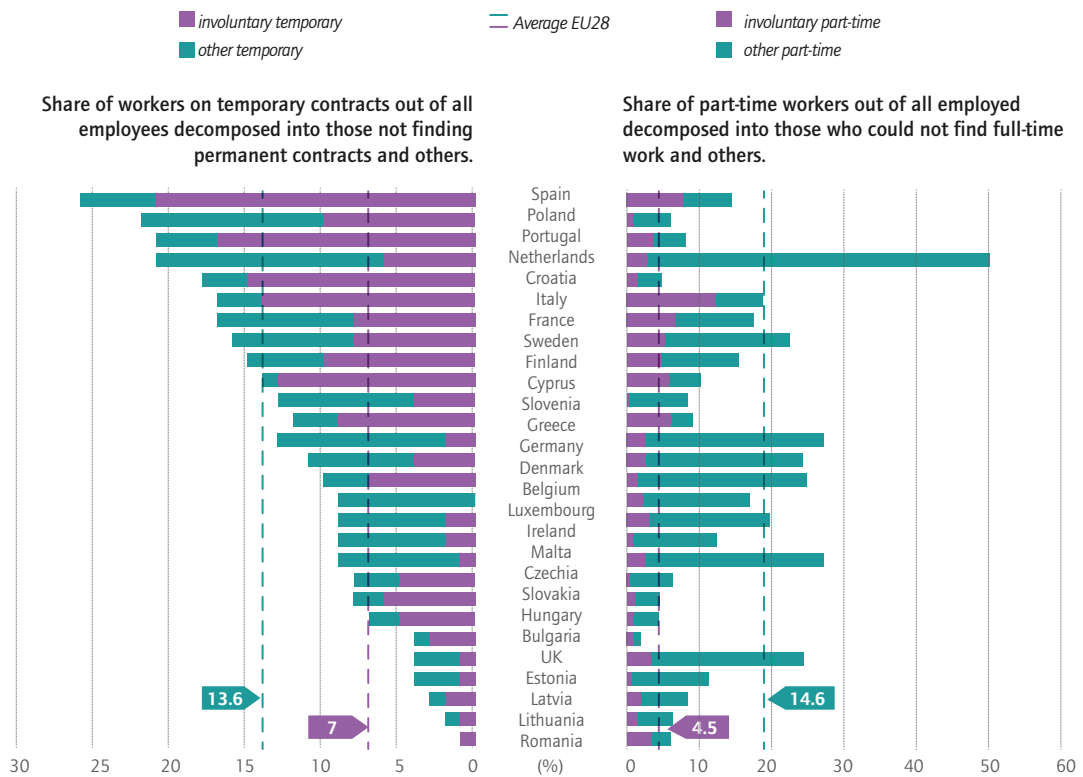
Underemployment



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Sizable shares of temporary and part-time work are involuntary

Figure 2.10 Share of workers on temporary contracts (left) and part-time contracts (right) in 2019



Source: Ifsa_etgar Ifsa_epgar, Ifsa_eggga.

Note: The left panel shows share of workers on temporary contracts out of all employees decomposed into those not finding permanent contracts and others in 2019. The right panel shows share of part-time workers out of all employed decomposed into those who could not find full-time work and others. Temporary employment for Estonia is from 2018.

The type of contract under which somebody is engaged and the number and pattern of working hours in any employment relationship are important indicators of job quality, and they vary substantially between Member States (Piasna 2017). Figure 2.10 shows the share of those employed under a temporary contract of employment (left) or a part-time contract (right). There are marked differences across the EU: temporary contracts are less prominent (typically falling below the 5% mark) in countries such as Romania, Lithuania, Latvia, Estonia, the UK, and Bulgaria, while more than a fifth of the workforce in the Netherlands, Portugal, Poland, and Spain work on temporary contracts. On average, around half of the workers on temporary contracts would prefer an open-ended contract but could not find one. Motivation also differs between countries however: in southern Europe (Spain, Italy, Portugal and Croatia) more than 80% of temporary workers are involuntarily temporary, while in the Netherlands only a quarter work on a temporary job because they could not find a permanent job.

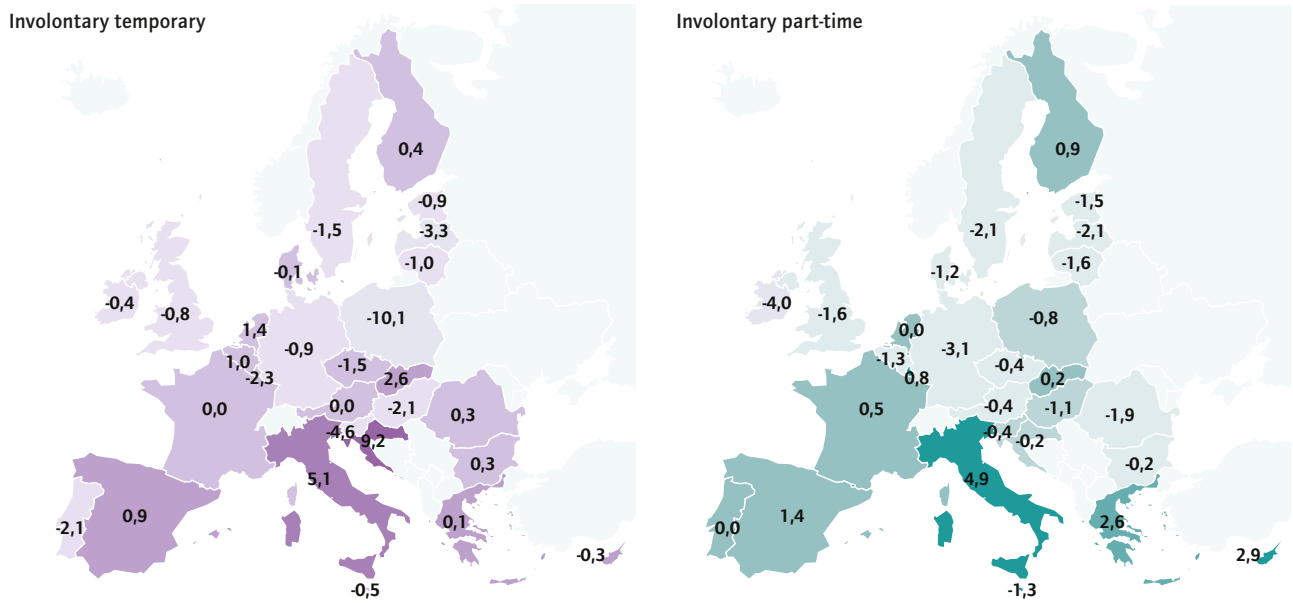
On average, a fifth of the EU workforce is employed through a part-time contract. Only around a quarter of part-time workers do this because they could not find a full-time contract, which is sizeably less than

the number who work under temporary contracts due to lack of a permanent offer. Part-time work is quite rare in many of the post-2004 EU Member States (Bulgaria, Hungary, Slovakia, Croatia, Poland, Romania, Czechia and Lithuania), but very common in the western and northern Member States (the Netherlands, Austria, Germany, Belgium, the UK, Denmark and Sweden). The Netherlands in particular stands out, with half of its workforce working part-time, and with the vast majority of part-time workers not looking for full-time contracts. Involuntary part-time work is common in Italy (12%) and comparatively high, at around 5%, in Spain, France, Greece, Cyprus and Sweden. Country variation partly reflects different national policies such as equalising conditions between part-time and full-time work, allowing for reduced hours, or explicitly using part-time work as a way to increase labour force activity (Eurofound 2007). Countries also differ in the extent to which childcare and labour can be combined through part-time work, rather than people having to choose between working full-time or providing care (Chung and Tijdens 2012). Finally, cross-European wage variation means that, depending on the country you live in, it is not always financially viable to reduce working hours (Drahokoupil and Piasna 2017).

Figure 2.11a Change in involuntary temporary and part-time work, 2010-2019 (%)



Figure 2.11b Change in involuntary temporary and part-time work, 2010-2019 (%)



Source: Ifsa_etgar, Ifsa_epgar and Ifsa_eppga.

Notes: Change in the share of employees who are on involuntary contracts because they could not find permanent contracts, or on part-time contracts because they could not find full-time positions, out of all employees (for temporary work) and all employed (for part-time work). Age group 15-64. Estonian data on involuntary temporary work show change for 2010-2018; UK data on involuntary part-time work show change for 2011-2019.

Limited progress in reducing underemployment

The share of workers on a temporary contract remained more or less constant between 2010 and 2019 in the EU28, at 14%, while the share of part-time workers increased slightly, from 18.5% to 19%.

Figure 2.11 shows the change in the numbers of involuntary temporary and part-time workers who could not find a permanent or full-time contract, respectively, and can thus be described as underemployed, from 2010 to 2019. This form of underemployment decreased slightly across the EU in this period, although these data hide some substantial variations between countries. Involuntary temporary work decreased in most countries, with key exceptions being Italy, Croatia, Slovakia, Spain, the Netherlands and Belgium. Involuntary part-time work also decreased in many countries, but increased in Italy, Greece, Cyprus, and Spain. These figures do seem to suggest that underemployment is a relatively large and increasing problem in southern EU countries.

The variation in temporary and part-time contracts matters: given the job crisis resulting from Covid-19, these precarious workers ought to be considered as being particularly at risk. Non-standard workers are more likely to become unemployed or slide

into poverty during prolonged recessions. As their careers are generally more fragmented, they may also not meet all conditions for benefits if they do lose their jobs.

Gender differences in non-standard work

The prevalence of non-standard work differs greatly by gender. While in the EU as a whole, 9% of men report working on a part-time basis, the figure stands at 31% for women. Men are also 10pp more likely to report wanting a full-time job but not being able to find one. Part-time work is thus much more common among women, often taken up due to care responsibilities or an unequally distributed burden of unpaid work, which prevents full participation in the labour market.

The probability of working on temporary contracts is more similar between the sexes, with 13% of men and 14% of women currently working on such contracts. A similar share of each gender (about half) work on temporary contracts because they could not find permanent positions.

Source : Eurostat [lfsa_etgar, lfsa_epgar, lfsa_eppga].