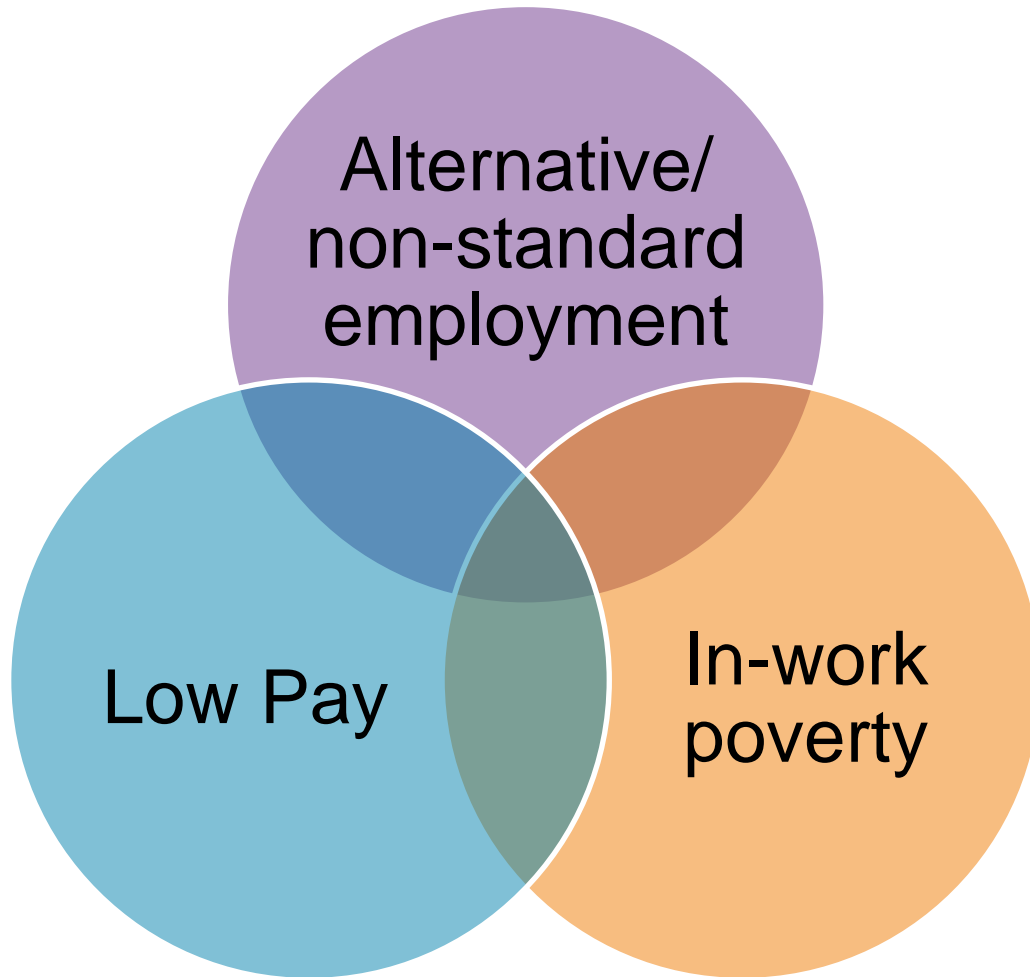


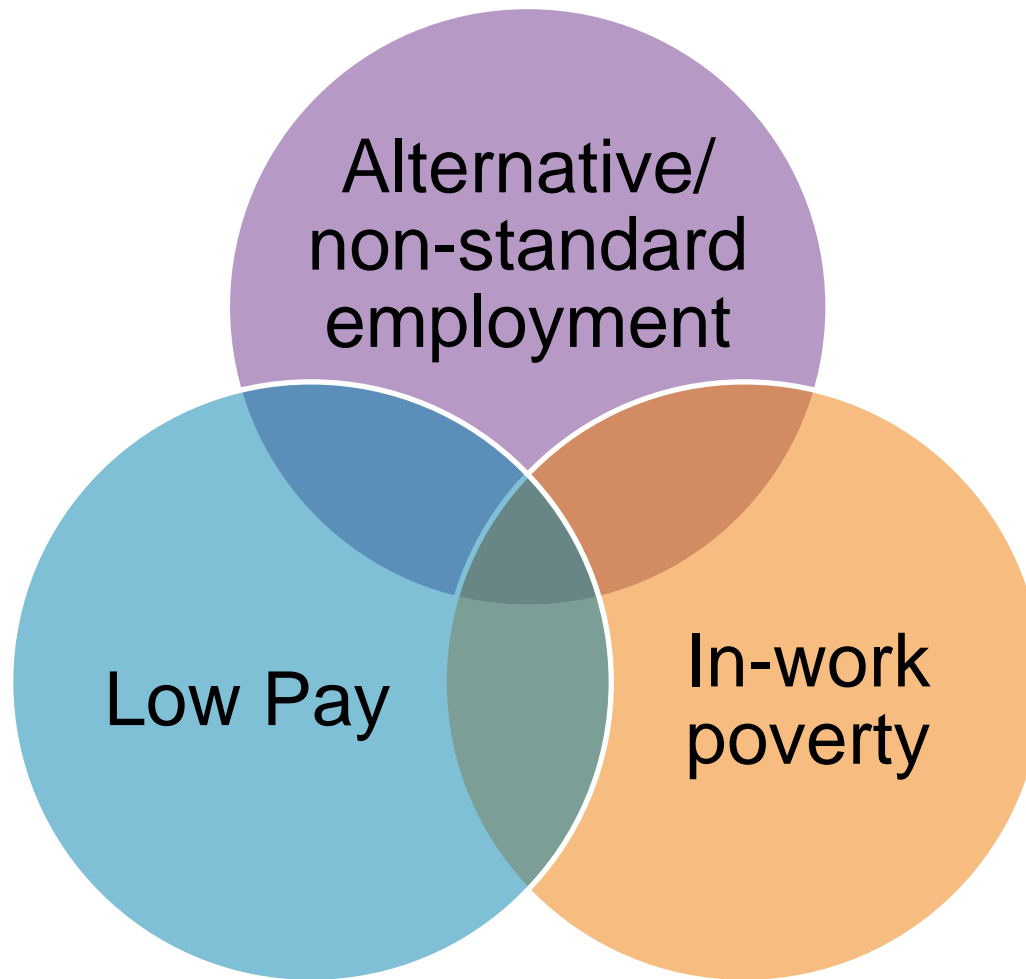
COMBATING PRECARIOUS WORK: MINIMUM WAGES, TRAINING AND ACTIVATION POLICIES

Anke Hassel
WSI

Precarious work in the EU



Precarious work in the EU



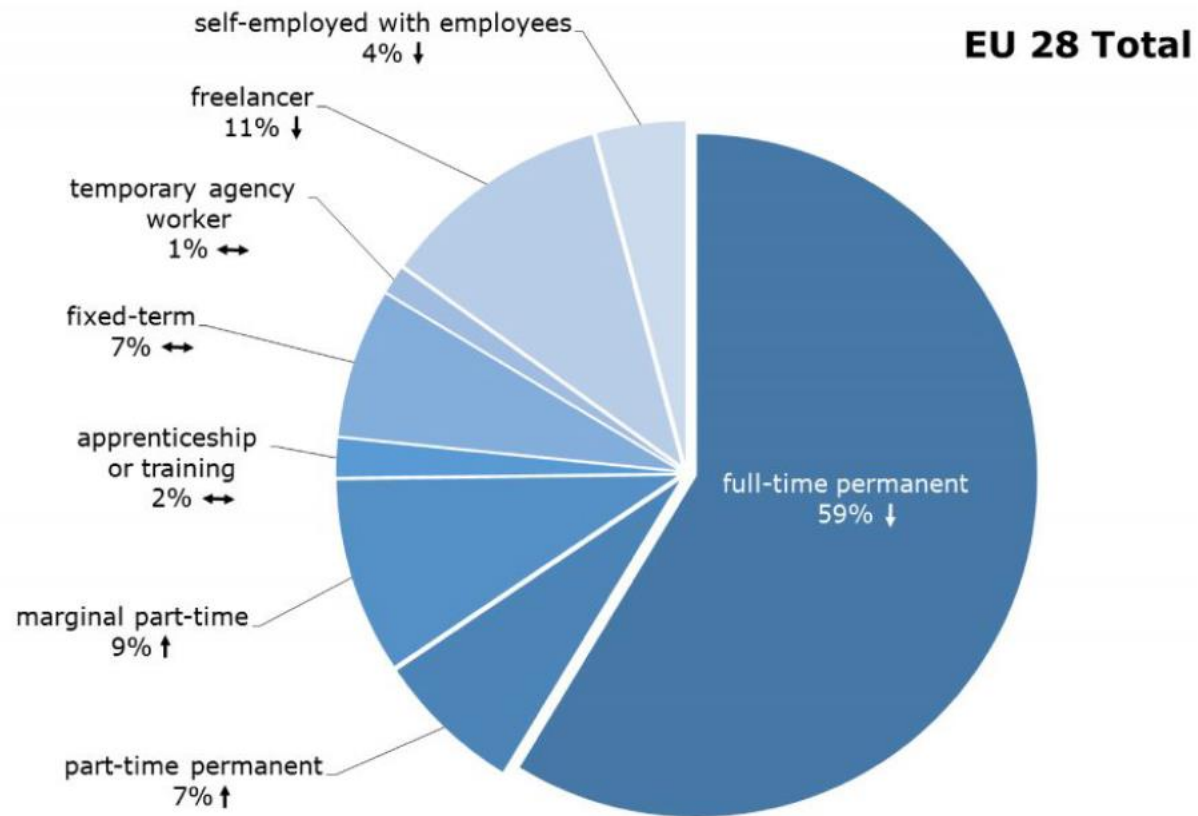
Open-ended full-time contracts and open-ended part-time contracts: **relatively low risk of precariousness.**

Marginal and involuntary part-time work, fixed-term work and involuntary fixed-term work, work and self-employment: **medium risk of precariousness.**

Temporary agency work and posted work: **medium/high risk of precariousness.**

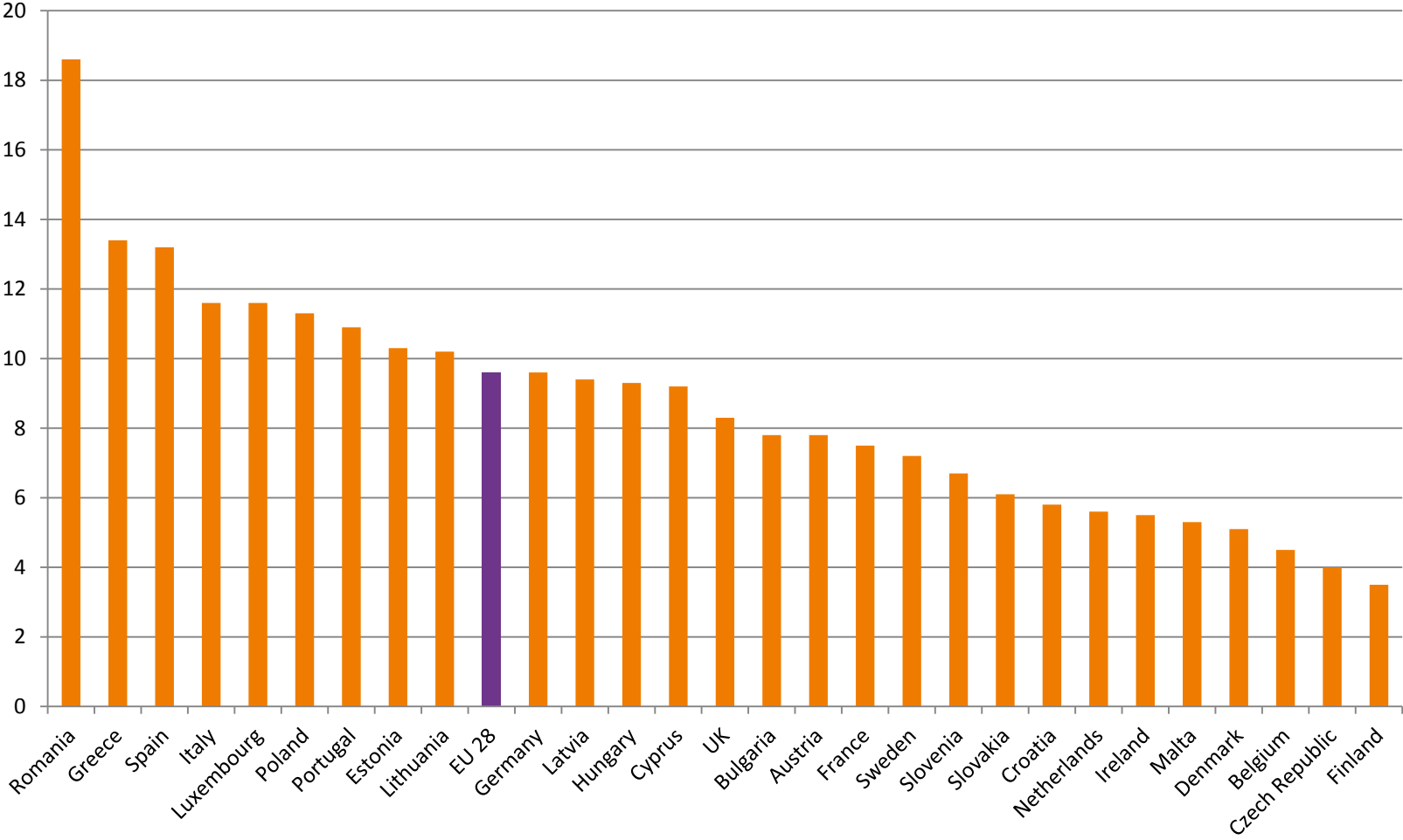
Informal/undeclared work and in some cases zero hours contracts: **high risk of precariousness.**

Figure 3: Extent of different types of employment relationship in the EU28 in 2014

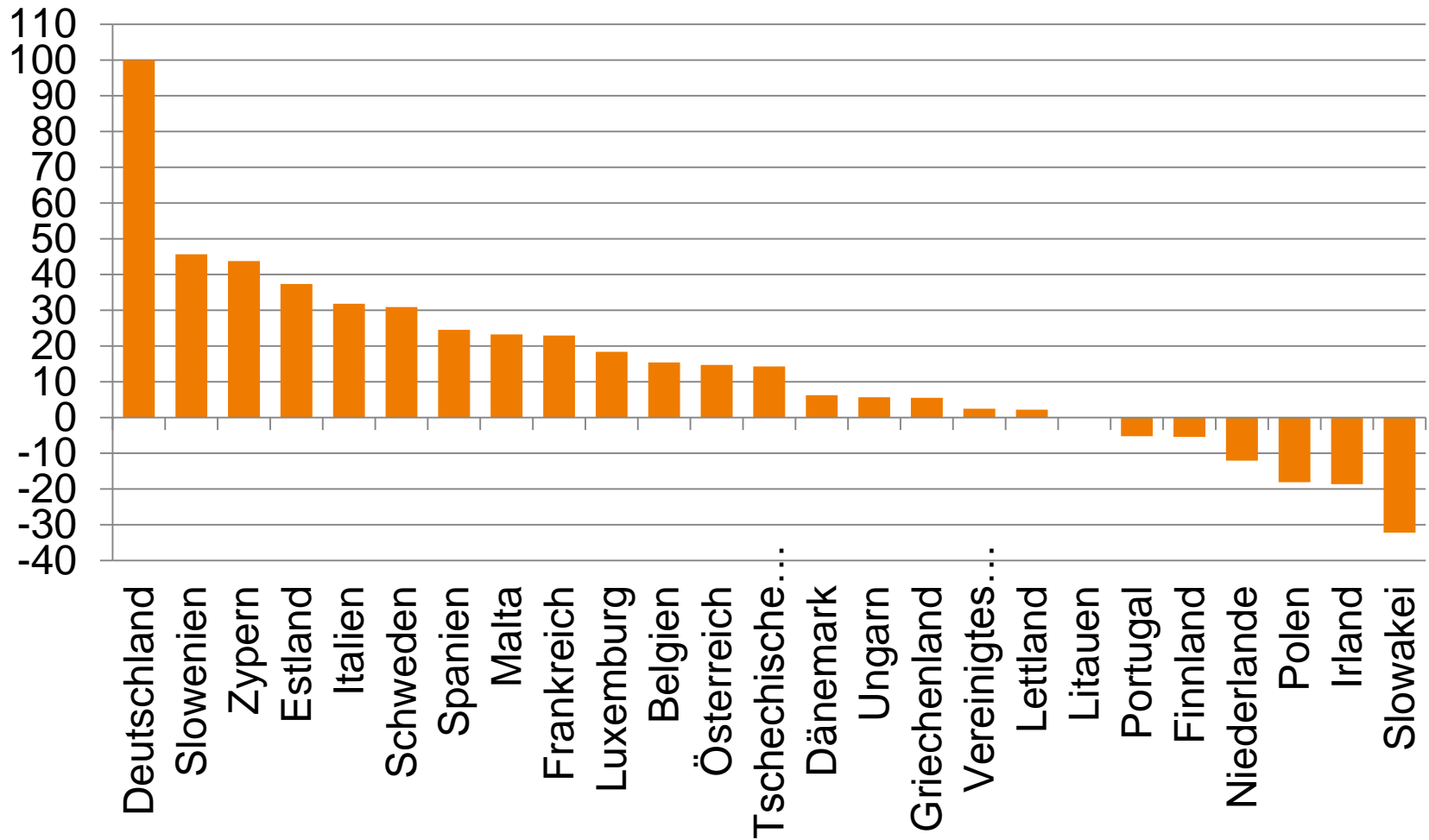


Source: EU-LFS 2014, weighted results, own calculation.

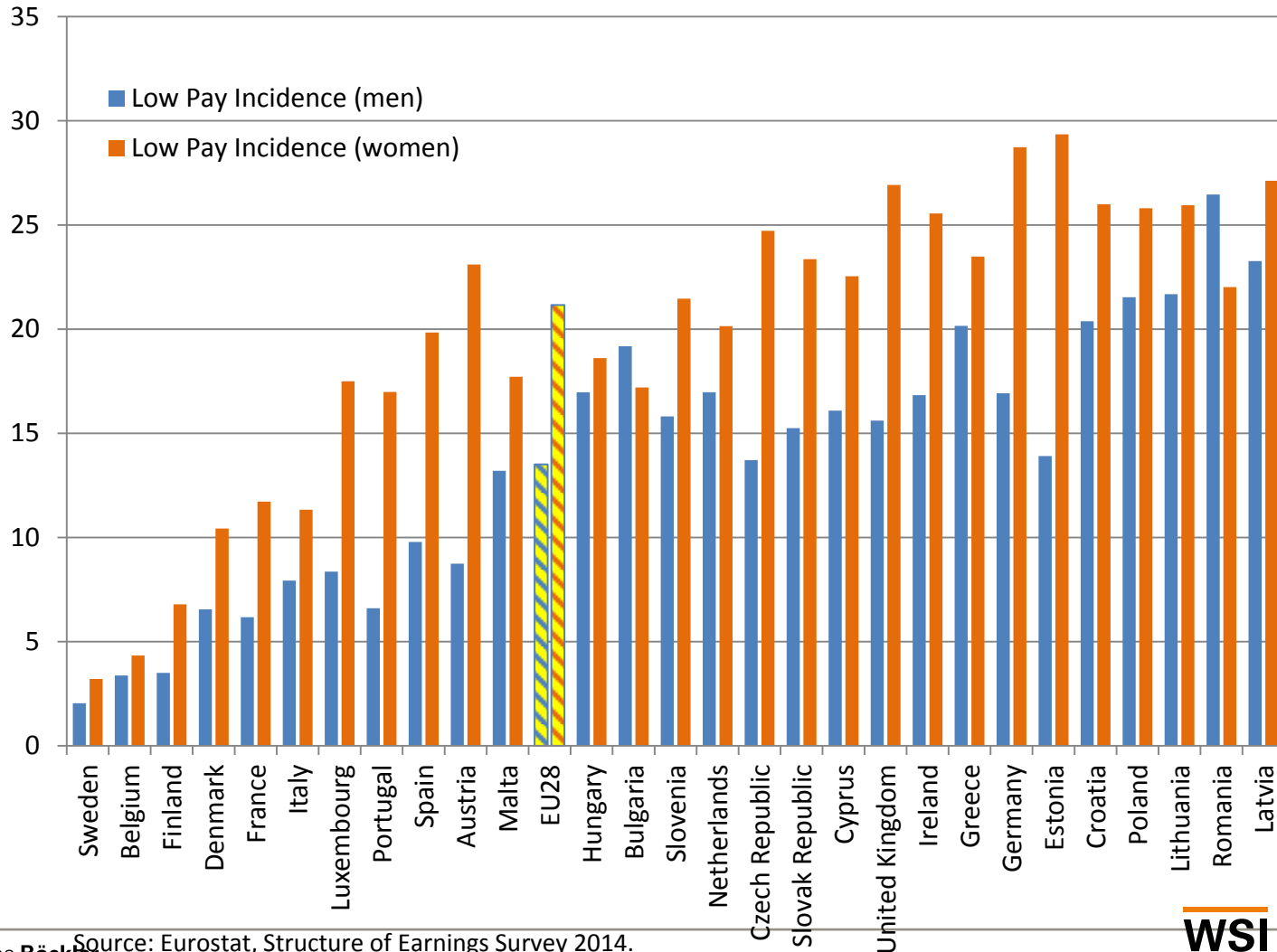
In-work poverty in the EU (in%)



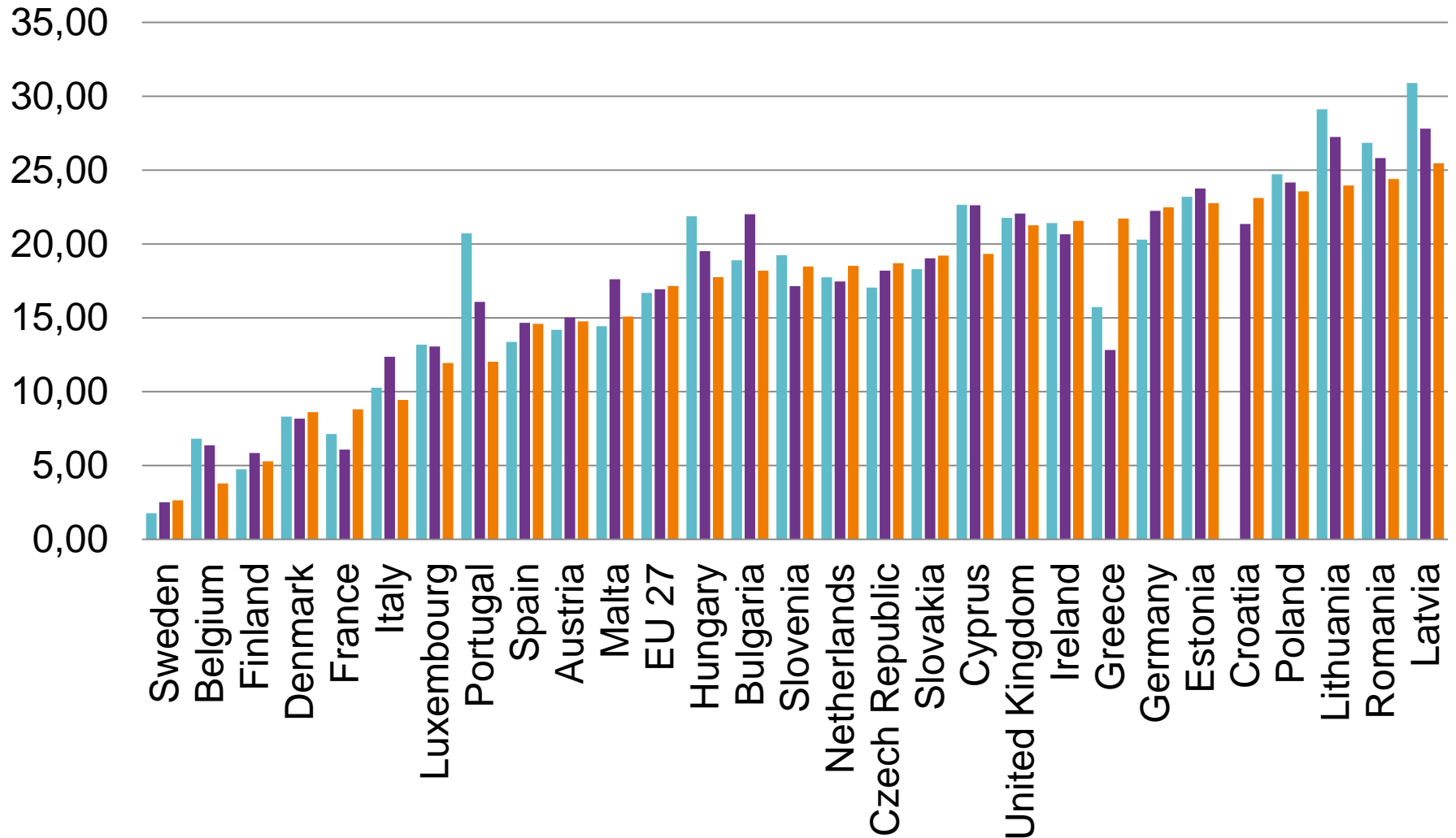
Change of in-work poverty 2005-2015



Low pay in the European Union, 2014 (by sex, in %)



Low pay in the EU 2006, 2010 and 2014



Structural changes and challenges

- The rise of alternative/non-standard work, in particular part-time work
- The persistence of low pay
- The rise of in-work poverty
- The heterogeneity of European labour markets

In-work poverty

Individual characteristics of the working poor:

- Low skills
- More blue than white collar workers
- More younger than older workers
- More migrants
- More women (marginal)

Household characteristics:

- More part-time
- More unemployed in households

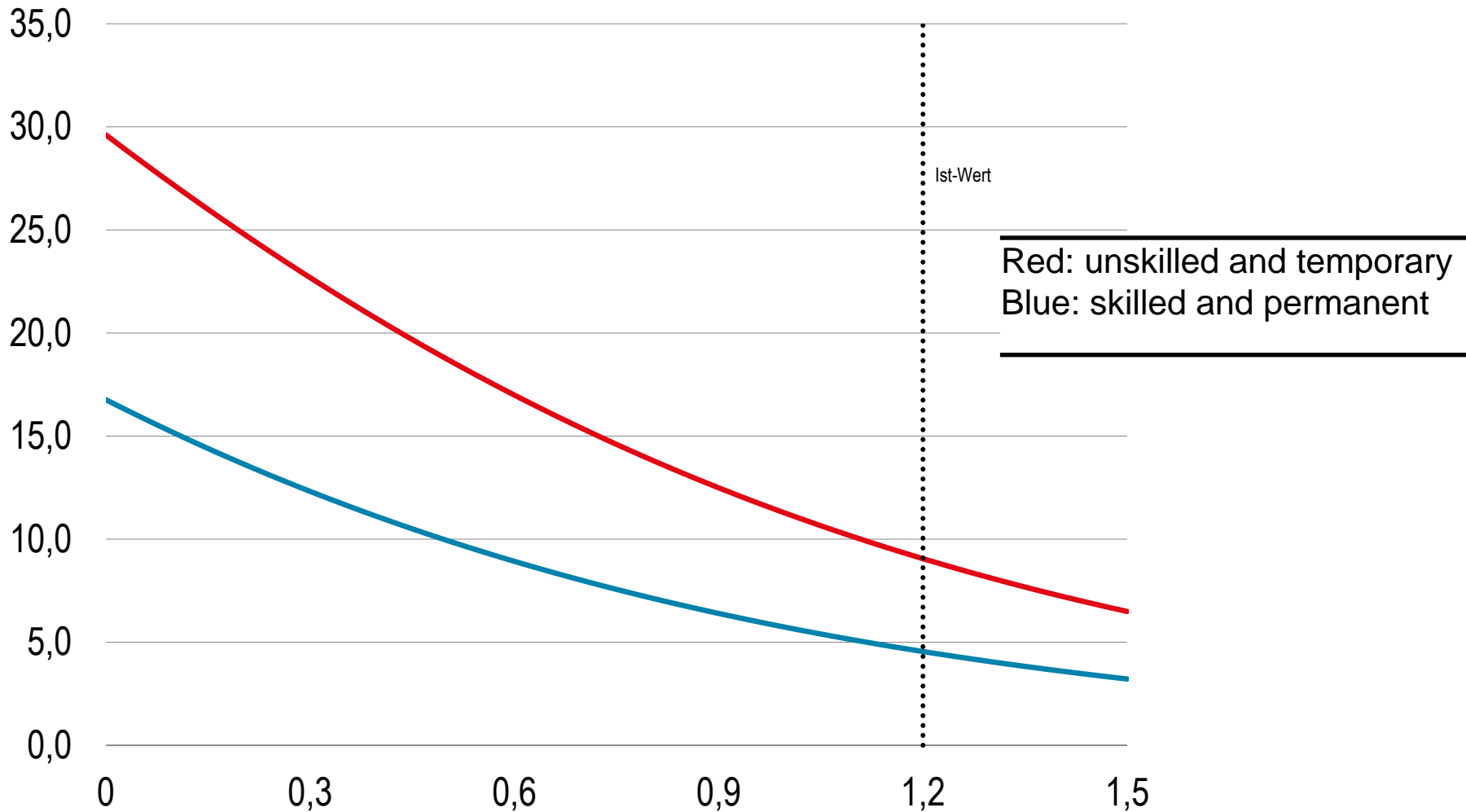
In-work poverty

Policy context

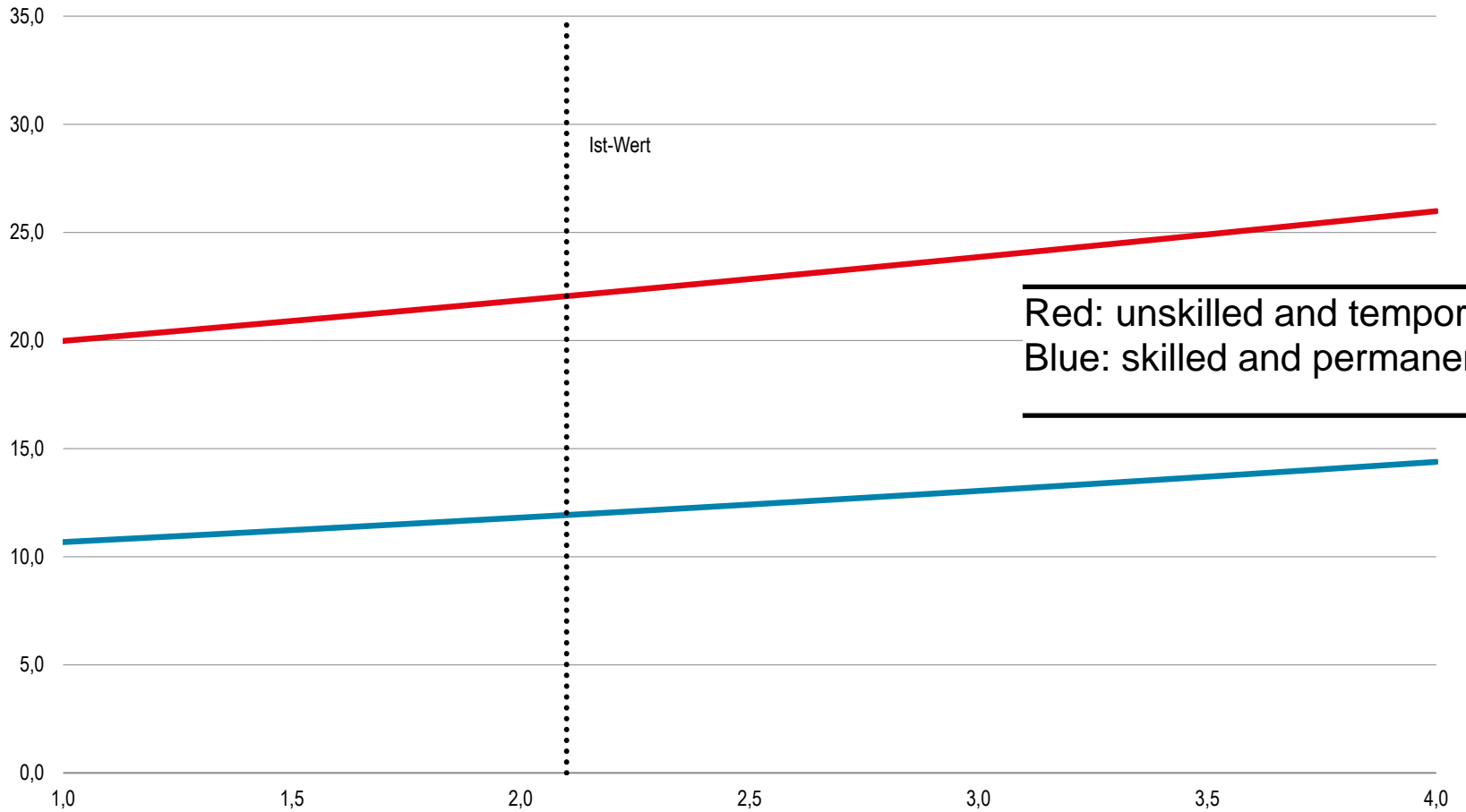
In-work poverty risks rise with

- Higher wage inequality
- Lack of public child care
- Lower replacement rate of unemployment insurance
- Stricter activation measures

Risk of in-work poverty and spending on ALMP



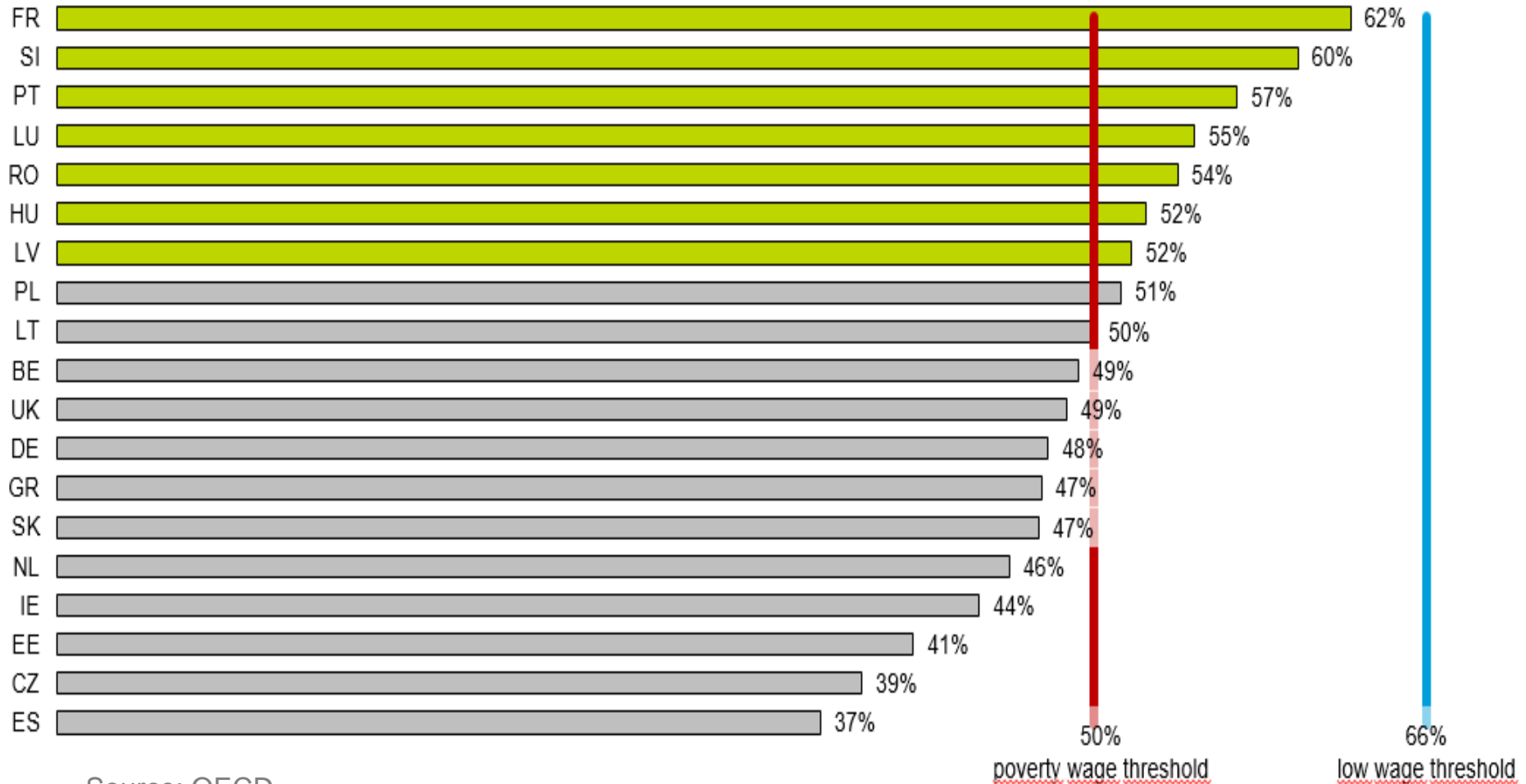
Risk of in-work poverty and sanctions



Low pay

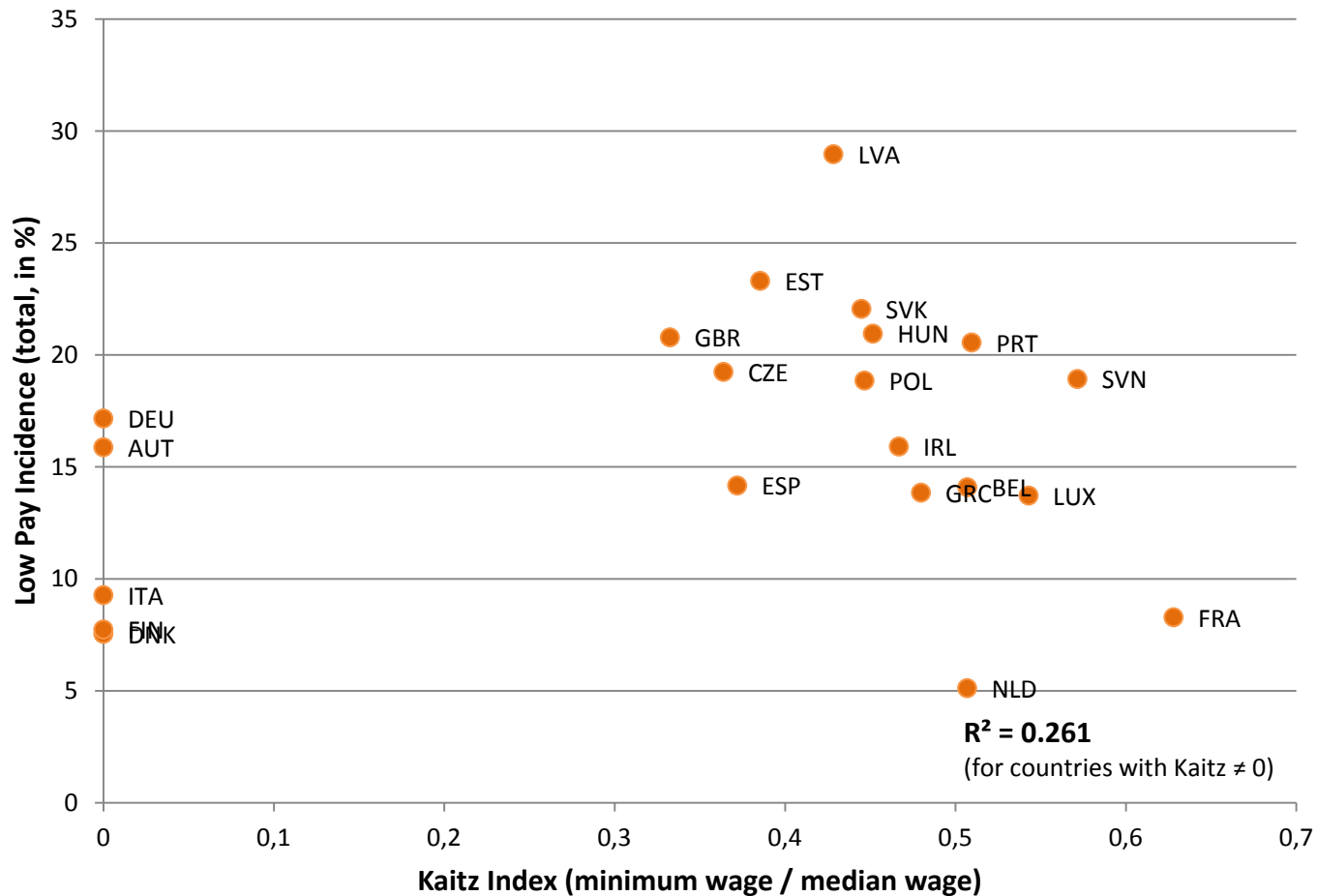
- Minimum wages can make a contribution to lowering the low-pay incidence.
- Minimum wages are most effective when combined with strong collective bargaining institutions. Best results are obtained in countries that combine high minimum wages with high collective coverage.
- The causal effect runs through wage compression, not through the displacement of workers (as is often claimed).
- Women workers are the main beneficiaries of minimum wages.

Minimum Wages in % of full-time median wage, 2015



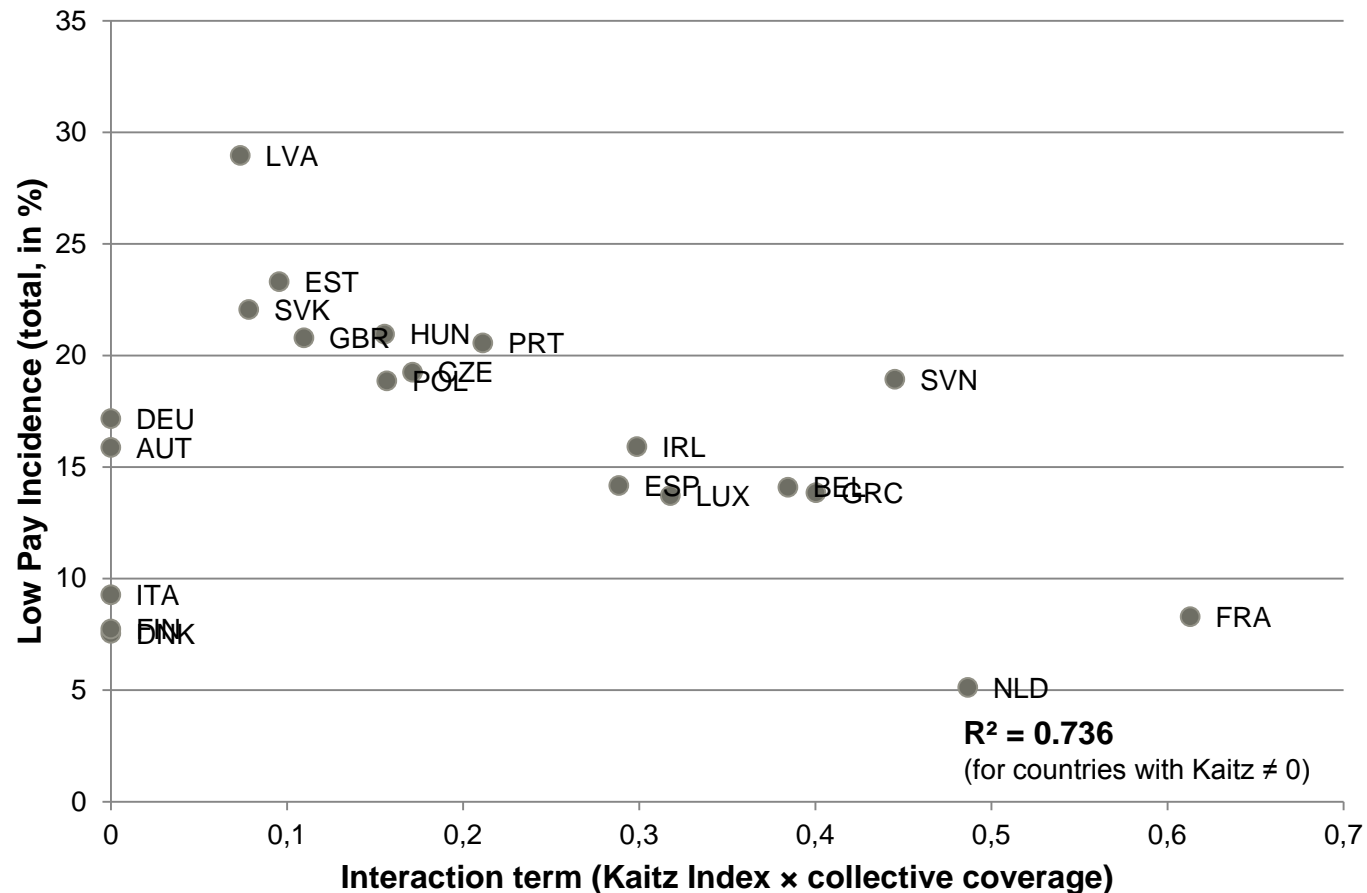
Source: OECD

Minimum wages and low pay



Note: Refers to long-run country averages. Only observations with valid observations for all relevant variables are included. Where no comprehensive minimum wage exists, the Kaitz Index is coded 0. For countries that introduced a minimum wage, observations prior to the introduction are excluded. Source: OECD Earnings Database.

Interaction between minimum wages and collective bargaining and low pay



Note: Refers to long-run country averages. Only observations with valid observations for all relevant variables are included. Where no comprehensive minimum wage exists, the Kaitz Index is coded 0.

Summary

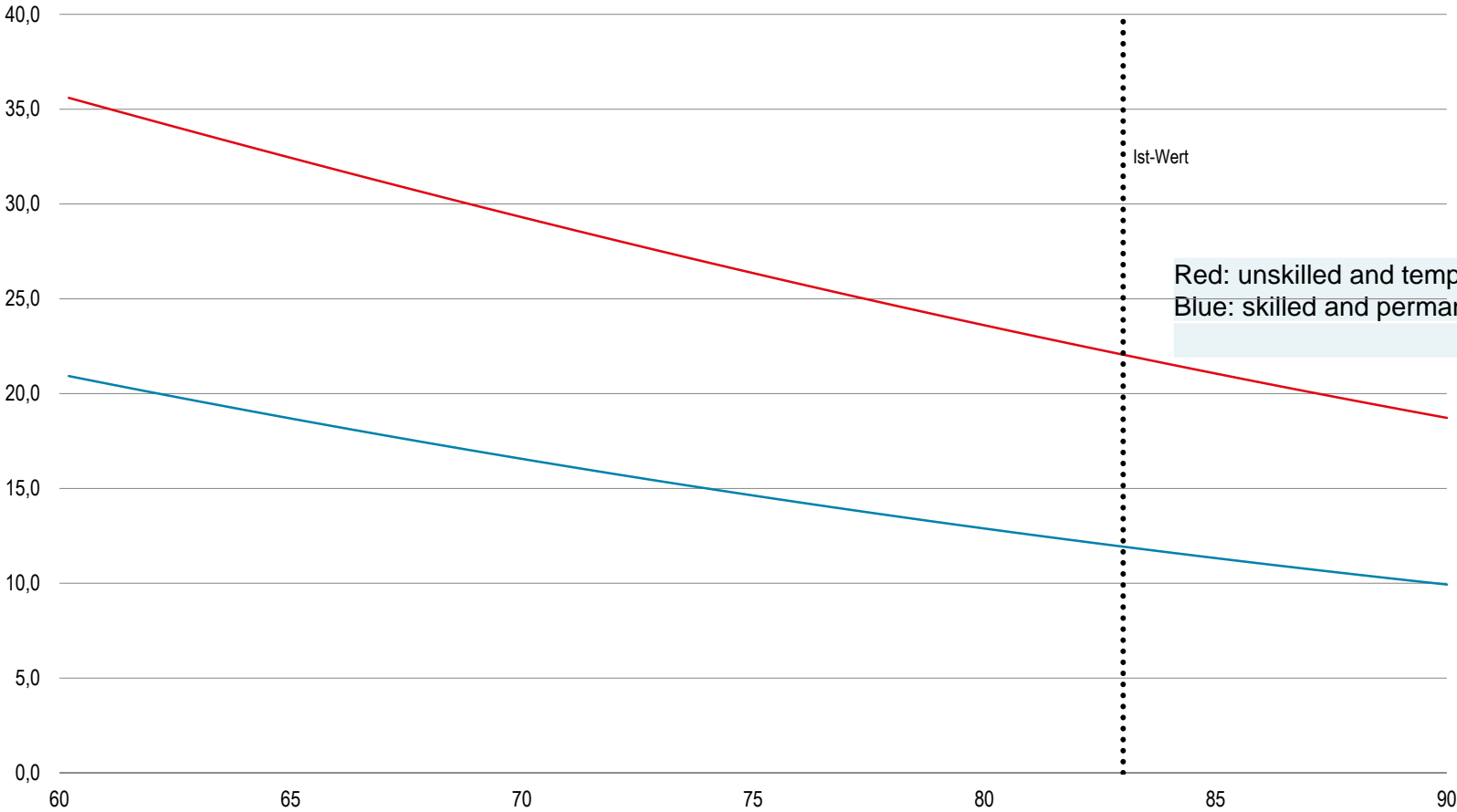
- Precarious work is a key challenge for European labour markets
- Precarious work is closely related to in-work poverty and/or the working poor.
- Working-poor is influenced by activation, childcare and low pay.
- Low pay is affected by minimum wage and collective bargaining.
- Redesign activation, invest in childcare and address low pay.

Policies

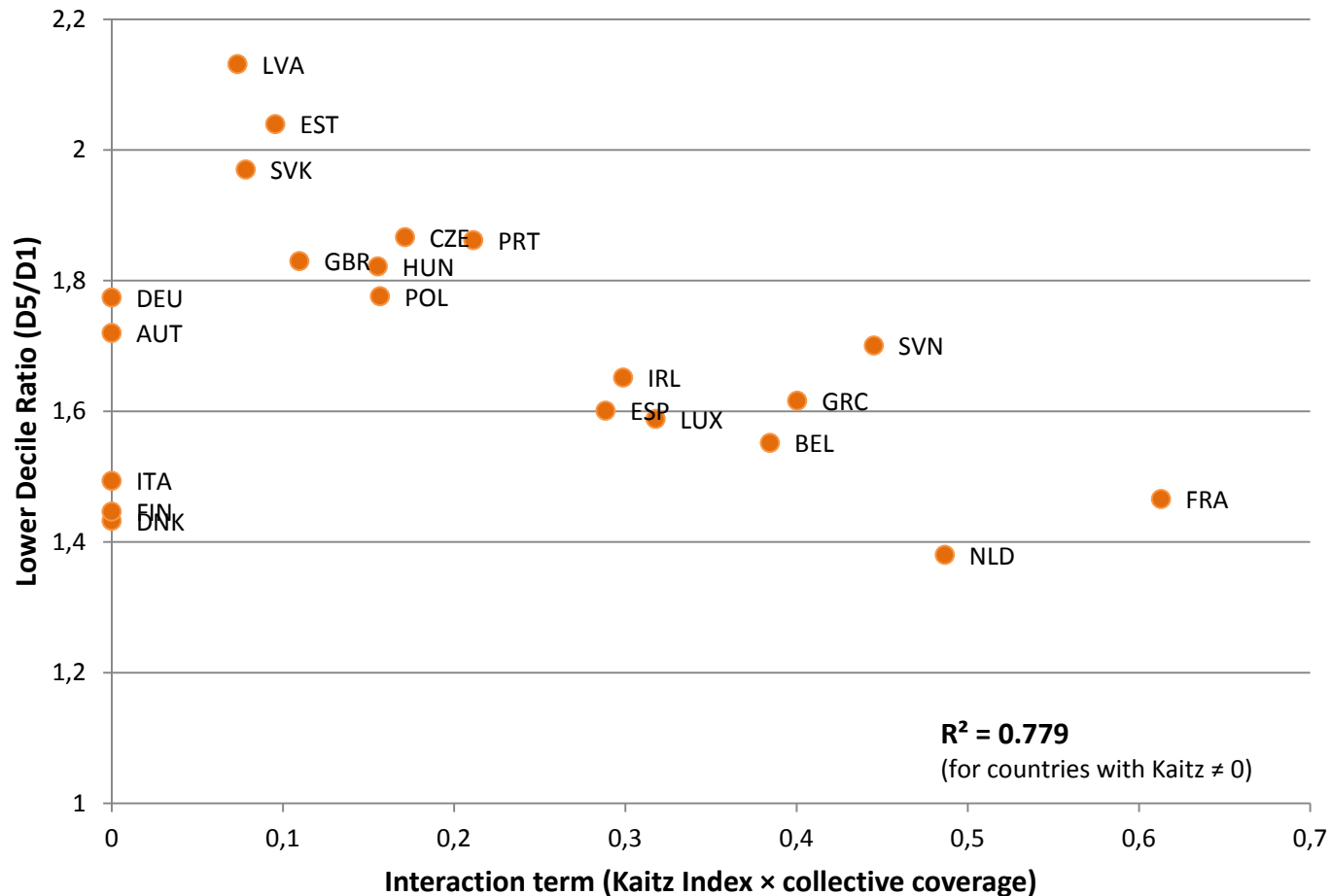
- Strengthen minimum wage floor and combat low pay
- Rethink activation: from work placements to individual support and training
- Improve vocational and further training
- Enable and support female labour market participation through child-care
- Define minimum standards for non-standard work (zero hour contracts, minimum hours, return to full-time).

ANNEX

Risk of in-work poverty and activation measures



Interaction between minimum wages and collective bargaining and wage compression



Note: Refers to long-run country averages. Only observations with valid observations for all relevant variables are included. Where no comprehensive minimum wage exists, the Kaitz Index is coded 0. For countries that introduced a minimum wage, observations prior to the introduction are excluded. Source: OECD Earnings Database and ICTWSS Database Version 5.1.

References

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