10 Overview of non-standard work arrangements

Agnieszka Postepska

Introduction

There is no official definition of non-standard employment, and different classifications are present in the literature. According to the International Labour Organization (ILO), non-standard forms of employment is an umbrella term encompassing various forms of employment relations that deviate from permanent, full-time employment arrangements with a clear subordinate relationship with the end-user (ILO, 2016). Temporary employment, part-time and on-call work, remote work, temporary agency work and other multi-party employment relationships, as well as disguised employment and dependent self-employment, all fall under the non-standard employment category.

The prevalence of non-standard work arrangements has been on the rise throughout the European Union, and non-standard work arrangements appear across all occupations at all skill levels. The changing of the labour market brought about by the digital economy, the demographic changes, the decline in agricultural jobs and the economic recession that followed the financial crisis call for a revision of the definition of workers and employment relationships. Technological progress is among the main drivers of increasing variety and the prevalence of non-standard forms of employment (Chinoracký & Čorejová, 2019; Huws, Spencer, & Syrdal, 2018; Reljic, Cetrulo, Cirillo, & Coveri, 2021). The rise of digital labour platforms is an excellent example of a technological improvement that allowed for more flexible employment arrangements. In addition, demographic changes and governments’ efforts to ease the restrictions on conditions of employment other than through a standard permanent contract contributed to the popularity of non-standard forms of employment (ILO, 2016). In some instances, the new employment arrangements allow for more flexibility and freedom for workers (Leighton, 2016; Van Gelderen & Jansen, 2006) and prove to be effective cost-saving measures for employers (Ackers, 2014; Burke & Cowl-ing, 2020; Seth & Sethi, 2011). In many cases, though, the non-standard work arrangements are associated with significant insecurity, wage penalties, variable schedules and significant occupational safety and health risks (ILO,
This chapter provides a comprehensive overview of the non-standard work arrangements, their prevalence and their consequences for employees and employers in the EU labour markets in the age of digital transformation.

**Research methodology**

We will follow the ILO classification and group the non-standard forms of employment into four broad categories: *temporary employment, part-time and on-call work, multipart employment relationship* and *disguised employment*, noting that this classification is not clear-cut and some forms of non-standard employment relationships could very well be classified in different groups (ILO, 2016). This classification focuses on employees, so genuinely self-employed workers are excluded. However, dependent self-employed workers are captured under the disguised employment category. We will employ the most recent data from Eurostat (2021) and provide an overview of the prevalence and trends in non-standard work arrangements in the EU labour markets (excluding the UK), keeping in mind that individual-level data on non-standard employment remains scarce.

**Types and prevalence of non-standard forms of employment in the European Union**

**Temporary employment**

Temporary employment comprises employment arrangements with a predictable end date and includes fixed-term workers (including precarious workers, interim management and project or task-based work) and casual workers (including daily workers). In most countries, the maximum duration of temporary contracts and the number of renewals are strictly regulated (ILO, 2016). A particular type of temporary employment is *casual work*, which involves engaging workers for a short time or on an occasional basis in exchange for a specified daily or periodic wage. The growth of the service sector and the rise of the on-demand economy in the age of digital transformation have enabled such work arrangements to boom in the developed world in recent years (Van Doorn, 2017). Most casual workers are employed on a part-time basis, and therefore, casual work is sometimes classified under part-time employment.

The incidence of precarious work remains fairly low across the European Union (Figure 10.1) and it declined in 18 member states between 2011 and 2020. The overall average has also decreased by about half a percentage point – from 2.6% in 2011 to 2.2 in 2020. The highest shares of employees in precarious jobs can be found in Belgium, France, Croatia, Finland, Spain, Italy and Sweden (over 3%), while in Bulgaria, Czechia, Germany, Cyprus, Latvia, Lithuania, Malta, the Netherlands and Romania, less than 1% of employees are bounded by a contract that does not exceed three months.
Temporary employment is much more prevalent in many Member States (Figure 10.2). The share of workers in temporary jobs varies greatly by country, but the general decreasing trend seems to be present in much of the EU. With the exception of Denmark, Croatia, Italy and Malta, the incidence of temporary employment in the EU 27 decreased or remained almost unchanged between 2011 and 2020.
Part-time and on-call work

Part-time and on-call work refers to non-full-time employment arrangements. The definition of full-time work differs between countries, but usually there is a legal distinction between part-time and full-time employees with the threshold set at 30 or 35 hours a week.\(^2\) As Figure 10.3 shows, the share of part-time workers in the EU remained fairly stable between 2011 and 2020. About one in five workers in the EU works part-time, with the Netherlands having the highest share of part-time workers. Over 50% of Dutch employees in 2020 were engaged in part-time work, compared to just 2% of Bulgarian employees. However, not all part-time work is the form of work desired. While the share of involuntary part-time workers has declined, still one in four workers worked part-time in 2020 because they could not find a full-time job (Figure 10.3).

Part-time employment has been popular among many governments in the EU to promote labour market access for certain groups, such as women, students, people with family responsibilities and older workers. It offers flexibility that allows such workers to combine the non-labour market responsibilities with paid employment (Kjeldstad & Nymoen, 2012), and therefore it is much more popular among women. For example, in the Netherlands, while about 17% of men work part-time (still quite a high number relative to other Member States), a full 60% of women are employed in such jobs (ILO, 2016).

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**Figure 10.3** Overview of the part-time employment in the EU 27

Source: the authors’ own research based on Eurostat (2021).

“Part-time” series refers to the percentage of part-time workers out of all employees

“Involuntary part-time” refers to the percentage of part-time workers that cannot find a full-time job out of all part-time employees.
Figure 10.4 shows significant differences between the countries in the prevalence of part-time employment. Alongside the Netherlands, Belgium, Austria, Germany and Sweden have over 25% of all employees in part-time jobs, while in Bulgaria, Croatia, Slovakia and Hungary, the share of part-time workers did not exceed 5%. Also, there is no general increasing or decreasing trend visible over the period considered: between 2011 and 2020, in about half of the Member States, the share of part-time workers increased, while in the other half it decreased.

The variation in involuntary part-time work is even more considerable among Member States. As Figure 10.5 shows, even though there was a slight decline (four percentage points) between 2011 and 2020, the decreasing trend is not present in all Member States, and in some countries, the shares of involuntary part-time workers remain very high. In Bulgaria, Greece, Spain, Italy, Cyprus and Romania, about half of the part-time workers cannot find a full-time job. Furthermore, in countries where more workers hold part-time jobs, fewer workers are employed in such employment involuntarily (Boeri & Van Ours, 2013). The Netherlands, Denmark, Germany, Austria and Belgium all have high shares of part-time workers (over 25%), and less than 10% of those workers hold part-time jobs involuntarily.

Specific forms of part-time employment include job-sharing (a situation when two employees share a full-time position and divide the hours between
them in agreement with the employer) (ILO, 2004), *progressive retirement* (incremental reduction of working hours of employees close to retirement age) and *part-time parental leave* (reduced work schedule for parents of your children). On-call workers usually follow a highly variable work schedule and have little to no control over their working hours. About 2.5% of employees in the EU worked “on-call” in 2004 (ILO, 2016). Examples of on-call workers include *zero-hours contracts*, wherein workers have no guarantee of working hours or earnings and agree to work only when their services are required.3

**Multipart employment relationship**

A multipart employment relationship exists when workers are not directly employed by the firm for which they provide services. Multipart employment arrangements include temporary agency work (TAW) and subcontracted labour and on-demand managers and executives. An employment agency usually employs TAW workers, and their services are sold to third parties, which are bound by an agreement with the employment agency. There is no direct contractual agreement between the workers and the entity contracting the services provided by the worker. However, starting from 2008 in the EU, the same primary working and employment conditions apply to a TAW worker on assignment as to a worker hired directly by the user firm.

Figure 10.6 summarises the trends concerning TAW workers across the EU Member States during the period 2011–2020. While there was a slight
increase (about 1%) in the share of workers employed by TAW agencies in the EU, the prevalence of TAW workers varies greatly by country. In most Member States, the percentage of TAW workers remained below 2% between 2011 and 2020. In Germany, it increased from 2.5% to 5.5%. In Spain, Slovenia and Slovakia, the share of TAW workers was also above the EU average, with 3.5, 3.5 and 4.5% employed by temporary employment agencies, respectively. Across all Member States, the incidence of TAW is highest among younger and less-educated workers (ILO, 2016).

**Figure 10.6** Temporary Agency workers as a percentage of all employees in the EU 27
Source: the authors’ own research based on Eurostat (2021).

**Disguised employment and dependent self-employment**

Both terms describe work arrangements that operate in the grey area between employment and self-employment (Thörnquist, 2019; Williams & Horodnic, 2018). *Disguised employment* comprises any work arrangements that are not part of an employment relationship, i.e., when an employer treats an individual as other than an employee even though that individual should be treated as a regular employee. *Dependent self-employed* refers to self-employed individuals providing their services to one or a very small number of buyers. Many Member States have introduced laws to protect the rights of and ensure more secure work arrangements for such workers. Since both types of employment are in the legal grey zone of labour law, labour surveys do not include a separate category for such workers.

Two very specific types of workers in this category emerged with the rise of the gig economy: platform and work on-demand via app. Platform work
(or crowdfnaking), a new form of employment growing rapidly in the digital economy, is defined as “employment that uses an online platform to enable organisations and individuals to access an indefinite and unknown group of other organisations or individuals to solve specific problems or to provide specific services or products in exchange for payment” (Eurofound, 2015). The use of online platforms is essential as it facilitates the matching between the clients and workers and task execution.

Work on-demand via app is also on the rise in the digital economy. The term describes relatively traditional working activities such as cleaning or transport being arranged via mobile app and executed locally (as opposed to being executed via the app as in the case of platform work). This category comprises ride-sharing companies such as Uber or Lyft.

Conclusions and implications

There are many contributors to the changes in the labour market in the age of digital transformation: technological progress, demographic, social changes, changes in the business cycle. The new forms of employment evolve in response to these changes and often offer a preferable working arrangement for both workers and employers. Non-standard employment comprises many different work arrangements with diverse consequences for the employers and employees (Kiersztyn, 2017; Schmid & Wagner, 2017). The emergence of the new employment arrangements facilitated previously unknown levels of flexibility, both to employers and workers. It has the potential to fight unemployment growth during recessions, engage working-age individuals who cannot or do not want to participate in the labour market (such as women, migrants, students or people close to retirement age). However, the prevalence of non-standard employment has not always been beneficial to organisations and workers. Without a proper legal framework, it can lead to a dualism of the labour markets. This led many countries to introduce regulations to hinder the growth of non-standard employment and protect workers and promote more traditional working arrangements (ILO, 2016).

Impact on employers

Firms today use non-standard forms of employment as it allows them to absorb fluctuations in short-term labour demand due to seasonality of the demand for their goods or services, changes in the business cycles (Bentolila & Dolado, 1994), or to test new employees before offering them a full-time position (Bauer & Truxillo, 2000). Increasingly though, firms rely on non-standard employment on a more regular basis. This allows them to focus on their core competencies (ILO, 2016) while saving costs related to hiring full-time employees (Bryson, 2013).

Using non-standard work arrangements has multiple consequences for organisations (George & Chattopadhyay, 2015). As non-standard employees are
usually involved in the organisation’s non-core tasks (Shi, 2007), the recruitment and selection strategies are not as precise as those for permanent full-time workers. Similarly, some evidence suggests that non-standard workers are less attached to the organisation (Battisti & Vallanti, 2013). Management can use practices to decrease the social distance between the non-standard workers and the permanent full-time employees to facilitate better involvement of non-standard workers (Benson & Brown, 2007). The evidence for the effect of non-standard workers on productivity is mixed. Some studies find that non-standard workers initially improve productivity, for example by lowering labour costs (Bryson, 2013; Hirsch & Mueller, 2012), but after a certain point, the negative effect of the lack of firm-specific human capital outweighs the benefits in cost savings (Hirsch, & Mueller, 2012; Nielen & Schiersch, 2014).

**Impact on employees**

The consequences for workers are even more complex as many aspects of non-standard employment need to be considered to assess their effects in the digital economy. Numerous factors need to be taken into account including the type of non-standard employment, the duration of the non-standard employment spells, whether the non-standard employment is voluntary, whether it improves (or hinders) the chance of transitioning to standard employment (or is a dead-end job), the degree of social protection and the job stability it offers (ILO, 2016).

For many workers, non-standard employment, if voluntary, provides an attractive alternative to permanent, full-time employment. It often creates opportunities for young people and less-skilled workers who would not get standard employment contracts (due to high hiring costs). Temporary contracts create opportunities to develop job-specific skills and build up a network (ILO, 2016; Muja, Blommaert, Gesthuizen, & Wolbers, 2019). The availability of part-time jobs is also attractive to parents as it eases the pressure on the work-life balance. Students and older workers might also prefer part-time jobs over full-time employment to free up time for school or ease the transition into retirement. The literature on happiness points to job flexibility as an essential determinant of life satisfaction among voluntary non-standard workers (Álvarez & Miles-Touya, 2016; Booth & Van Ours, 2008; Minnotte, Minnotte, & Thompson, 2016; Pollmann-Schult, 2018; Yu & Postepska, 2020).

However, involuntary non-standard employees do not seem to enjoy similar benefits. In addition to a lack of job security and stability, many non-standard jobs do not result in transitions to standard employment (European Commission, 2015). In addition, non-standard workers suffer a significant wage penalty as compared to standard workers (ILO, 2016), and typically have substandard access to social security coverage (Spasova, Bouget, Ghailani, & Vanhercke, 2017), even if legally they are eligible for such benefits (as is the
case in most EU Member States) due to longer unemployment and shorter employment spells. To summarise, the non-standard forms of employment are increasing in popularity both among employers and employees in the digital economy. Governments therefore need to improve the legal framework to ensure a safe and secure work environment as specified among the Sustainable Development Goals (Frey, 2017; Rai, Brown, & Ruwanpura, 2019; Venkatesan & Luongo, 2019).

Notes

1 We follow the definition of precarious work used by Eurostat. Precarious employment means that the work contract did not exceed three months.
2 OECD defines part-time workers as employees who work less than 30 hours a week (OECD, 2016).
3 In recognition of the vulnerability of the workers with zero-hour contracts, in 2019 the European Parliament approved new rules to guarantee minimum workers’ rights including requiring all employers to inform all workers on their first day of employment about their typical working day or hours. Source: European Parliament (2019).

References


Agnieszka Postepska


