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THE CHANGING NATURE OF EMPLOYMENT AND UNEMPLOYMENT INSURANCE IN EUROPE

Summary: What are the effects of the profound transformation of the nature of employment, brought by the technological development, on the unemployment insurance? Has it adapted to cover the growing number of those who are involuntary employed below their potentials? By using the available data, the paper shows that the national unemployment insurance schemes exclude significant portion of persons who are working in atypical jobs, despite the fact that states have encouraged the expansion of non-standard employment and that the high unemployment rates have become a steady feature of the European economies.

Key words: unemployment insurance, post-industrial era, unemployment, underemployment, non-standard employment forms.

1. Introduction

The deindustrialisation and decline of jobs in developed countries¹ came with the tide of technological changes that have enabled low-cost relocation of the production to the countries with low-cost labour. The process of deindustrialisation went hand in hand with the internationalisation of trade of a magnitude not witnessed before, while the financialization of capital and the raise of financial markets have eroded the dogma of the economic growth as a "raising tide"² that would lead to more jobs and higher wages for all.

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¹ One of the most outspoken commentators of these trends is Jeremy Rifkin, who in his texts pictures a disturbing image of a world characterized by the inexorable decline of jobs. See, J. Rifkin, *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-market Era*, G. P. Putnam's Sons, New York 1995.

² Referring to a phrase "a raising tide that would lift all the boats", commonly used by advocates of the neoliberal policies to stress that all market participants will eventually be better off thanks to a more competitive market and production.

The spread of automation, which does not show any tendency to subside in the decades to come, has reduced the productivity of labour and the number of available jobs. While the rapid technological and digital advancement automatize profession after profession, jobs that are left are becoming more and more "flexible" with regards to the place and time needed for their realisation. For some, job has already become something like a "gig" for musicians, as the very temporary, commissioned labour has seen ever-greater demand in what has been termed "The Gig Economy".

The digital revolution, the non-stop technological innovations and the ways in which our societies have been responding to these changes, have had two important effects on the labour markets: entrenched unemployment and the growing size of underemployed working age population.³ The later phenomenon, which exists when a person works fewer hours than is willing and capable to work, or works in temporary jobs leading to frequent involuntary alterations of unemployment and short-term employment, is closely connected to a spread of the so-called "non-standard employment forms" or "atypical jobs".⁴

What are the effects of these profound changes of the landscape of work on the national unemployment insurance systems? Have they been adapted to cover the growing number of those who are involuntarily employed below their potentials? By relying on the available data, the paper shows that the unemployment insurance systems have remained modelled on the standard, full-time permanent employment. In order to illustrate this, the author demonstrates how certain eligibility rules exclude persons in atypical jobs from the coverage of the unemployment benefits schemes.⁵ The analysis is confined to the developed European countries since the author is not in the position to include in the analysis the informal labour – a problem which plagues economically less developed European countries and has important repercussions on the way their labour markets and unemployment insurance systems operate.⁶

³ These two phenomena are the result of interaction of many other features of the globalised economies, and although some authors tend to ascribe them to the process of globalisation the author believes it is important to point to the technological changes, which have made them possible in the first place. However, the author is of the opinion that equally significant are the ways in which our societies have been responding to these changes.

⁴ The author uses the term "non-standard employment" and "atypical employment" in order to allow an easier reference to the literature dealing with this phenomena. Yet, it does consider the terms entirely adequate. Given the statistics and the identified trends, the author is of the opinion that the full-time indeterminate employment cannot anymore be considered to be a standard employment form, as it was the case in the post-1945 period.

⁵ The analysis is illustrative only and far from complete since it includes only a few selected eligibility criteria.

⁶ More on this in: B. Deacon, "Eastern European Welfare States: The Impact of the Politics of Globalization", *Journal of European Social Policy* 10/ 2000; W. van Ginneken, "Extending Social Security: Policies for Developing Countries", (ESS Paper No. 13) International Labour Office, Geneva 2003.

The article begins with a short overview of changes that have occurred at the European labour market as a consequence of the continuous technological advancement, and of the ways in which those changes have led to the expansion of non-standard employment forms. It will then proceed to examine how were those changes echoed in the social security systems of the developed European countries, in particular in their unemployment insurance schemes. In the third part the author looks at the selected eligibility criteria in order to show to what extent are the national insurance schemes reflecting the changing nature of employment brought by the post-industrial era.

2. The changing nature of employment

The high unemployment went hand in hand with underemployment, as the growing share of non-standard jobs became an "inevitable feature of the post-industrial employment structure".⁷ According to a research note prepared for the European Commission, in 2014 around 42 per cent of the active working population in the European Union was engaged in the non-standard employment.⁸

The OECD defines the non-standard employment as deviation from "the 'norm' of full-time, regular, open-ended employment with a single employer (as opposed to multiple employers) over a long time span".⁹ In most of the studies on the subject, this category comprises three broad forms of employment: part-time jobs, fixed-term or temporary contracts, and self-employment.¹⁰ From the perspective of unemployment insurance, the principal feature of the involuntary non-standard employment is high employment and/or wage insecurity given its unpredictability *vis-à-vis* hours of work and duration of employment.¹¹ Another important characteristic of non-standard jobs are lower wages in comparison to a standard employment "since in most countries, a large share of the growth in non-standard employment has been in low-skilled jobs in the bottom part of the wage distribution."¹²

⁷ D. Clegg, "Europe", in: *Labour Market Megatrends and Social Security* (International Social Security Association (ISSA)), Geneva 2013, 55.

⁸ M. Matsaganis, *et al.*, "Non-Standard Employment and Access to Social Security Benefits" (Research note 8/2015), Publications Office of the European Union, Luxembourg 2016, 10.

⁹ Organisation for Economic Cooperation and Development, "In It Together: Why Less Inequality Benefits All", Paris 2015, 138.

¹⁰ The European Commission, for instance, under the notion of non-standard work refers to "fixed-term contracts, temporary agency work, part-time work and independent contract work". See, European Commission, "Employment and Social Developments in Europe 2014", Publications Office of the European Union, Luxembourg 2014, 30 ff. 68.

¹¹ When it comes to the unpredictability with regards the provision of work and duration of employment, an exception from this rule is the part-time continuous employment.

¹² Organisation for Economic Cooperation and Development, "OECD Employment Outlook 2015", OECD Publishing, Paris 2015, 88.

The atypical work arrangements are not only a consequence of technological innovations, but also of the policy and legislative measures that directly or indirectly foster their creation. The legislative and institutional changes aimed at deregulation of employment relationship and employment casualization were decisive steps in this direction. Enacted in the name of greater competitiveness, the measures undertaken through the so-called "labour deregulation" resulted in the decline of organised labour and further weakened the position of workers, which was already affected by the transformed role of labour in the deindustrialised European societies. An important element of "labour deregulation" has been the process of "contractualisation", a term used by Guy Standing to refer to a "global trend towards individualised labour contracts".¹³ Weakening of the legal protection of workers lead to the spread of labour contracts that are negotiated individually between employer and worker even in those professions in which the collective bargaining could be possible – contracts which are benefiting the employers due to the unequal bargaining power of the contractual parties.

The raise of non-standard employment is also stimulated by the economic and fiscal policies that have abandoned the industrial society paradigm of full-employment. Officially, the fight against unemployment is still high on the political agendas but, as E. Stockhammer notes, neoliberal policies guided by the NAIRU paradigm of price stability and balanced budgets is "what history books will record about these decades".¹⁴ As a response to the upsetting unemployment rates, the policy makers have been encouraging creation of the new atypical employment forms, such as casual work, portfolio work, voucher-based work, zero-hour contracts, co-working, etc. which are characterized by "unconventional work patterns and places of work, or by the irregular provision of work".¹⁵

In fact, the official statistics in general do not differentiate between the standard employment and involuntary non-standard employment,¹⁶ although the later can be taken to represent a "kind of disguised unemployment".¹⁷ For instance, the European Union Labour Force Survey defines persons in employment as "those aged 15 and over, who, du-

¹³ G. Standing, "Economic Insecurity and Global Casualisation: Threat or Promise?", *Social Indicators Research* (2008) 88/1, 24.

¹⁴ E. Stockhammer, *The Rise of Unemployment in Europe: A Keynesian Approach*, Edward Elgar Publishing Limited, Cheltenham - Northampton 2004, 1.

¹⁵ Eurofound, "New forms of employment", Publications Office of the European Union, Luxembourg 2015, 1.

¹⁶ J. G. Andersen *et al.* (eds.) *Europe's New State of Welfare: Unemployment, Employment Policies and Citizenship*, The Policy Press, Bristol 2004, 70. D. Dooley, J. Prause, *The Social Costs of Underemployment: Inadequate Employment as Disguised Unemployment*, Cambridge University Press, Cambridge 2004, 12.

¹⁷ D. Dooley, J. Prause, 1. Another problem of statistics, as observed in ISSA report on labour market megatrends, is underemployment which is "often underestimated, mainly due to problems of measurement of the phenomenon and the more challenging responses required to respond to it". S. Brimblecombe "Executive Summary" in: *Labour Market Megatrends and Social Security* (International Social Security Association (ISSA)), Geneva 2013, 3.

ring the reference week, performed *some work, even for just one hour per week*, for pay, profit or family gain (emphasis added)".¹⁸ Nor they take into account the high job turnover rates, thus overlooking the probability that the low unemployment levels recorded in the recent years have actually come about as a consequence of "job churning".¹⁹

While the European population is becoming older and older the figures on long-term unemployed young persons is reaching worrying levels.²⁰ The paradox of high youth unemployment came as one of the consequences of the quick-fix policies, which encouraged later labour force withdrawal to resolve the problem of aging population.²¹ According to Daniel Clegg, one of the authors of the ISSA report on labour market megatrends and social security, the shortage of work opportunities for this age group, combined with its limited access to the social security programmes, might result in the creation of a "lost generation".²²

The decentralisation of wage setting procedures has coupled up the non-standard employment with in-work poverty. Although the recession caused by the 2009 financial crisis is over, in many EU Member States "in-work poverty is on the rise, driven by a combination of factors including low pay, low work intensity, instability of employment, and the way that tax-benefit systems work [...]".²³ In 2014, nearly one in ten (9.6%) of working people lived below the poverty line in the EU.²⁴ The low wages characterising atypical jobs have been, as well, a consequence of a deepening wage gap. According to da Silva and Turrini, "workers on permanent contracts earn on average 14.9% per cent more than observationally similar workers on fixed-term contracts" in the EU countries,²⁵ while according to the Organisation for Economic Cooperation and Development, this difference reached 25 per cent in 2012.²⁶ The trend is further aggravated with the decreasing labour mobility, which signifies that many of those in atypical employment would remain in the "low wage careers"²⁷ or end up perpetually "cycling between unemployment and low-paid jobs".²⁸

¹⁸ See: Eurostat, Statistics Explained, at: http://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Labour_market_participation_statistics&direction=next&oldid=172483 (last accessed on 4 July 2017).

¹⁹ D. Dooley, J. Prause, 5.

²⁰ See Table D. Unemployment rates by selected age groups in Organisation for Economic Cooperation and Development, "OECD Employment Outlook 2016", OECD Publishing, Paris 2016, 222.

²¹ D. Clegg, 49.

²² D. Clegg, 47.

²³ A. McKnight, *et al.*, "Low Pay and In-Work Poverty: Preventative Measures and Preventative Approaches" (Evidence Review) Publications Office of the European Union, Luxembourg 2016, 11.

²⁴ *Ibid.*, 52.

²⁵ A. D. da Silva, A. Turrini, "Precarious and Less Well-Paid? Wage differences between permanent and fixed-term contracts across the EU countries", (Economic Papers 544) Publications Office of the European Union, Luxembourg 2015, 10.

²⁶ In: A. McKnight, *et al.*, 78.

²⁷ A. McKnight *et al.* 24-25.

²⁸ Organisation for Economic Cooperation and Development, "OECD Employment Outlook 2015", OECD Publishing, Paris 2015, 11.

Apart from the low earnings and low prospects to find a more suitable job, those who unwillingly find themselves in atypical employment are often affected by an intensive economic and social insecurity. As we will see in the following analysis, one of the effects of the "end of traditional jobs and careers"²⁹ was the fragmentation of the social security systems, including the unemployment insurance schemes, which have negative effects on the persons in non-standard employment.

3. The unemployment insurance and the underemployment

The public unemployment insurance is a standard element of the social security systems in most of the advanced economies and there is no European country that does not provide coverage for this risk.³⁰ Its basic function, as it is for the other social security programmes, is to provide a collective mechanism for the protection of individual members of society from the unemployment.³¹ Through the unemployment insurance the active members of a society share collectively the unpredictable losses caused by the incident of unemployment that would be too onerous to bear individually. Hence, one of its consequences is that it ensures that those who have been laid off have adequate income while looking after the next employment opportunity. Another important consequence of this core function of the unemployment insurance is income redistribution; income from work is redistributed temporarily, across different phases of individual's employment course, as well inter-personally, from those who were lucky enough not to be unemployed to those who experienced this social risk.³²

Unemployment insurance is a good example why certain social functions cannot be privatized and need to remain in the hands of a state. Although it resembles a standard

²⁹ D. Dooley, J. Prause, 8.

³⁰ M. Beblavý, G. Marconi, I. Maselli, "A European Unemployment Benefit Scheme: The rationale and the challenges ahead" (Working paper) Publications Office of the European Union, Luxembourg 2015, 22.

³¹ Yet, it should be observed that there is a tangible tendency to see the social security programmes as a way to enhance economic growth and reduce social conflicts. See on this: ISSA, *Labour Market Megatrends and Social Security*, International Social Security Association, Geneva 2013. According to McKnight, Duque and Rucci, "the economic inequality was high on the agenda at recent meetings of the World Economic Forum (WEF) [and] from 2012, inequality has been identified by WEF members as the most likely threat to the global economy." In: A. McKnight, M. Duque, M. Rucci, "Creating More Equal Societies. What Works?" (Evidence Review) Publications Office of the European Union, Luxembourg 2016, 10.

³² According to P. Plamondon *et al.*, income maintenance and income distribution cannot be seen as the primary goals of unemployment insurance but rather a consequence of the way the unemployment insurance programmes operate. Yet, they stress, unemployment insurance "also comprises social and welfare characteristics, which are irrelevant to private insurance, thus earning it the designation of social insurance." (Plamondon *et al.* *Actuarial Practice in Social Security*, International Labour Office and International Social Security Association, Geneva 2002, 288-289). Different on this in: S. Brimblecombe, G. Carlens, "Unemployment Benefit Provision: Measuring multivariable adequacy and the implications for social security institutions", International Social Security Association, Geneva 2016, 2; W. Vroman, "International Evidence on Unemployment Compensation Prevalence and Costs", (Technical report) International Social Security Association, Geneva 2008, 1.

insurance plan in many respects,³³ it cannot be provided via private insurance scheme for a number of reasons.³⁴ Some of them arise from the nature of unemployment as an insurable risk, such as the moral hazard issue and the cyclical nature of business productivity levels.³⁵ Yet, the most important obstacle, if one sees the unemployment insurance as a social good,³⁶ is related to the fact that for a private insurance company some segments of the active working population would simply be uninsurable.³⁷ Imagine, for instance, a person stuck in the fixed-term part-time job, or in an even more insecure type of a "marginal job", who has found herself in such situation not because that suits her and make it easier to reconcile work and family life, as the authors of "flexicurity"³⁸ imagined, but who have simply had no other choice given her labour market prospects. One could hardly think of any insurance plan that would at the same time pay off to the insurance company and be within the reach of a client coming from this category of workforce. The privatization of the unemployment insurance would necessarily lead to the two track insurance plans where one would be reserved for persons in stable, highly remunerated jobs, while the second, with expensive premiums, would be there for those in the risky, non-standard employment.³⁹

The unemployment insurance schemes vary widely in their design and other basic features. Their typology is usually linked to the classification of welfare regimes. The most often invoked classification is the one of Esping-Andersen and Myles who define the welfare states as liberal, social democratic, and continental/corporatist, according to the ideological frameworks that are predominantly shaping the relationship between the state, the labour market and the family.⁴⁰ By looking at their bases of entitlement (universalism v. targeting), level of benefits and the modes of governing, Korpi and Palme classify the social security systems into five ideal types as targeted, volun-

³³ For a summary on the relationship between the unemployment insurance and the standard insurance concepts: P. Plamondon *et al.*, 288-289.

³⁴ On the arguments of those claiming that private unemployment insurance is a good idea see, for instance: Chris Edwards and George Leef, "Failures of the Unemployment Insurance System," Cato Institute (June 2011), available at: <http://www.downsizinggovernment.org/labor/failures-of-unemployment-insurance> (last accessed on 3 July 2017).

³⁵ J. Leschke, *Unemployment Insurance and Non-Standard Employment*, VS Verlag für Sozialwissenschaften, Wiesbaden 2008, 40-44.

³⁶ The protection from unemployment is a social good given the importance of income security for individuals. A large body of research shows the adverse effects of the unemployment and income insecurity on health. See, for instance, R. Wilkinson, M. Marmot, "Social Determinants of Health: The Solid Facts", (Second edition) World Health Organization, Copenhagen 2003, 20-21.

³⁷ See on this: O. Sjöberg, "Social Insurance as a Collective Resource: Unemployment Benefits, Job Insecurity and Subjective Well-being in a Comparative Perspective", *Social Forces* (2010) 88/3, 1281-1304.

³⁸ See European Union Council Conclusions on the common principles of "flexicurity" (16201/07), adopted by the Council on 5/6 December 2007 and endorsed by the European Council on 14 December 2007.

³⁹ J. Leschke, 42.

⁴⁰ G. Esping-Andersen, J. Myles, "Economic Inequality and the Welfare State" in: W. Salverda, B. Nolan, T. Smeeding (eds.), *The Oxford Handbook of Economic Inequality*, Oxford University Press, Oxford 2009, 639-660. The more recent research suggests the fourth category determined as the "Mediterranean" or the Southern European welfare state regime.

tary state subsidized, corporatist, basic security, and encompassing models.⁴¹ The main value of these typologies is that they point out to those elements of the social security systems, which not only create the difference between them but also are essential for understanding the changes that are reshaping the contemporary welfare states.

In the last decades most of the social protection systems have undergone profound transformations, which make their features less clear-cut than in the past and more and more remote from the traditional Bismarck *v.* Beveridge models characterising the post Second World War period. Two clearly identified trends, no matter to which type a given social security system belongs, is that they have begun to encompass to a greater extent the need-based targeted programmes, including those directed at unemployed, and that a state has been given a greater role in their financing.

These trends are a direct consequence of the above-depicted changes that have profoundly reshaped the European labour markets. The processes of labour deregulation and casualization have affected not only the world of labour but have also had multiple effects on the national social security programmes. The high unemployment rates and underemployment have depleted the financial bases of the social security systems in general, and even more so of the unemployment insurance schemes. The race for greater competitiveness that has instigated the "labour deregulation" has also lead to the descaling of the social security programmes. The tightening of the unemployment insurance coverage,⁴² supported by the mainstream economic thinkers who see the unemployment benefits as "wage push factor", was brought by the imperative of a more competitive European market.⁴³ The great scale contracting of the social security expenditures came, as well, through the austerity measures dictated by the fiscal consolidation strategies.⁴⁴

The increasing participation of a state in the financing of the unemployment insurance is another important factor that has smoothed the difference between the national unemployment schemes. The mode of financing is, at least theoretically, strongly correlated with the nature of the individual entitlements to unemployment benefits. In that sense there should be a great difference between the social insurance type of unemployment schemes in which the entitlements are, at least nominally, derived from the previous work-based contributions, and the unemployment assistance or other schemes of non-contributory nature financed through the general revenues. Yet, the trend common to all European welfare regimes is that the state has become an important guarantee of the financial sustainability of unemployment schemes no matter to which type a scheme be-

⁴¹ W. Korpi, J. Palme, "The Paradox of Redistribution and Strategies of Equality: Welfare State Institutions, Inequality, and Poverty in the Western Countries", *American Sociological Review*, (1998) 63/5, 665-670.

⁴² A. McKnight, M. Duque, M. Rucci, 7.

⁴³ E. Stockhammer, 2.

⁴⁴ ILO, "World Social Protection Report 2014-2015", International Labour Organization, Geneva 2014, 5.

longs.⁴⁵ The shocks brought by the 2009 financial crises and the subsequent financial pressures caused by the high unemployment and underemployment levels, forced many European states to cover the deficits in the funds of the unemployment insurance programmes even if they were entirely based on the individual contributions, such as those belonging to the corporatist/continental type. Moreover, the tax financing was also consequence of the overall transformations of the social security systems that have led to a greater role being given to the targeted assistance. A good illustration of this is Germany, a birthplace of the first nationwide unemployment insurance system financed by contributions, which was in the recent decades reconfigured to enable a greater participation of the general revenues and targeted programmes to support the unemployed.⁴⁶

The orientation towards the social assistance schemes characterised by needs and targeting, rather than towards the unemployment insurance premised on contributions and the philosophy of universalism, was also seen as a way to deal with the growing share of persons engaged in atypical jobs.⁴⁷ In all of the developed European countries the unemployed who do not qualify for the unemployment insurance are assisted under the minimum income schemes and/or the social assistance programmes.⁴⁸ This has important repercussions on their right to social security in case of unemployment, given that under the social assistance schemes the entitlements become more vague and restricted. This tendency is particularly evident when it comes to persons in atypical employment. As it will result from the following analysis, persons in atypical employment are often not covered by the unemployment insurance schemes due to the operation of the eligibility rules with the exclusionary effects, no matter to which type of welfare state the national unemployment insurance system belongs.

4. Unemployment insurance schemes and the non-standard employment forms

As it is the case with any insurance plan, the eligibility for the unemployment insurance is determined by a system of rules which set the conditions a worker needs to fulfil in order to a) enter the scheme and b) to qualify for its benefits. Given the obligatory nature of the unemployment insurance in the greatest majority of European countries, the eligibility rules exempt certain types of employees and employers from the duty to contribute to the scheme, but in that way they also exclude these categories of employees from the benefits the scheme provides. Some national rules on eligibility, this being in particular true for the countries where the entry to the unemployment insu-

⁴⁵ Oxford Policy Management, "DFID Shock-Responsive Social Protection Systems Research: Literature review", Oxford Policy Management, Oxford 2016, 6.

⁴⁶ J. Leschke, 110-111.

⁴⁷ See K. Nelson, "Social Assistance and Minimum Income Benefits in Old and New EU Democracies", *International Journal of Social Welfare* (2010) 19, 367-368.

⁴⁸ Some European countries also have the unemployment assistance which, similarly to the general social assistance, supplements unemployment insurance schemes through the non-contributory, often means-tested benefits applicable if the person did not qualify for the unemployment insurance scheme.

rance is of voluntary nature, make the scheme open to all workers, but due to the operation of the eligibility requirements different categories of workers are in different position when it comes to the receipt of benefits.⁴⁹

Both the rules on entry and those on the receipt of benefits are primarily about the conditions that an individual contributory record needs to satisfy in order to create an entitlement for its holder. These conditions are generally related to the length of prior employment *i.e.* sum of contributions that need to be paid within a predetermined period of time, the number of hours worked and the earnings level. The persons in non-standard employment are usually excluded or worst off in comparison to the persons in standard employment not through the operation of the separate rules on entry or access to benefits but rather through a cumulative effect of those rules that, as it will be shown, tend to work to their detriment. The different categories of persons in atypical jobs are in different ways affected by the eligibility rules.

4.1 Self-employed

Most of the national unemployment schemes nominally do not distinguish between the standard and non-standard employment. An important exception to this is the category of self-employed persons, who are not entitled to enter the unemployment insurance in many European countries.⁵⁰ While in the post Second World War period that could be explained by the vast majority of persons being employed in standard, full-time and continuous jobs, the raising rates of self-employed, which started in the 1980s, have changed this picture. According to the available statistics, about 4 per cent of those who work in the European Union countries are employers (self-employed with employees), and about one in ten workers (10.3 %) is the so-called "own-account worker" *i.e.* self-employed without employees.⁵¹

The later category is particularly important for the analysis of the level of inclusiveness of the unemployment insurance schemes given that for many of them work evolves around one activity and the risk of bankruptcy in numerous ways resembles the risk of unemployment.⁵² Moreover, although the statistics are for various reasons silent on this issue, there are signs that many of those who declare a status of self-employed actually work for a single company on a sub-contract basis and do the same work as ordinary employees. The term "bogus self-employment" was coined to point out to the practices of abuse of the status of self-employed, which occur "when a person is decla-

⁴⁹ Unemployment insurance systems are voluntary in Sweden, Denmark and Finland. See more on this in J. Leschke, 44-46.

⁵⁰ For instance, Belgium, Italy, Cyprus, Latvia and Netherlands. See: M. Matsaganis, *et al.*, 15.

⁵¹ See: Labour market and labour force survey statistics for 2015 (Data extracted in June 2016), available at: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Labour_market_and_Labour_force_survey_\(LFS\)_statistics#Self-employed](http://ec.europa.eu/eurostat/statistics-explained/index.php/Labour_market_and_Labour_force_survey_(LFS)_statistics#Self-employed) (last accessed on 4 July 2017). Yet, there is a great variation between countries. For instance, in Greece, own-account workers, that is self-employed without employees, in 2015 made up almost a quarter of all employed persons, while in Denmark 4.7 per cent of workers were in this group.

⁵² S. Brimblecombe, G. Carlens, 14.

red as self-employed while fulfilling the conditions characteristic of an employment relationship".⁵³ The "bogus self-employment" is similar to the undeclared work since the main motive for abuse is to avoid legal or fiscal obligations arising from the employment, including the unemployment insurance contributions.

The statistics show that about 55 per cent of the self-employed in the European Union are at risk of not being covered by the unemployment insurance schemes.⁵⁴ The self-employed persons whose actual performance largely resembles work of employees are most likely not to be covered even in those countries in which the unemployment insurance is organised on the voluntary basis because of the disproportion between their usually low earnings and the cost of contributions.⁵⁵

4.2. Persons with part-time and fixed-term contracts

When it comes to the other two major forms of non-standard employment, although the national laws in principle do not limit access of persons in part-time and temporary jobs to the unemployment insurance schemes, they can be *de facto* excluded due to operation of various eligibility rules.

As it was already noted, the eligibility for unemployment insurance benefits is primarily determined on the basis of employee's contributions record. A particularly important eligibility rule is the one determining the required length of contribution period *i.e.* how many months a person must have been insured prior to becoming unemployed in order to receive benefits. This condition can be particularly disadvantageous for the persons with fixed-term contracts.

4.2.1. Minimum contribution period

One of the most obvious characteristics of the fixed-term employment is that its duration is tied to a specific date, completion of a specific task or occurrence of a specific event. The problem with the access to unemployment insurance of persons with the fixed-term contracts is that their employment often lasts shorter than a prescribed contribution period. According to Leschke, the fixed-term employment in the EU countries on average lasts less than a year.⁵⁶ On the other hand, the minimum contributions payment period in almost half of the EU member states is 12 months, while in some of them double that period is required to qualify for the unemployment benefits.⁵⁷

⁵³ Decision (EU) 2016/344 of the European Parliament and of the Council of 9 March 2016 on establishing a European Platform to enhance cooperation in tackling undeclared work (L 65/12), para. 8.

⁵⁴ Although the self-employed without employees can be distinguished in the data, the less 'genuine' among them – those who have been termed 'bogus self-employed' – cannot be identified." M. Matsaganis *et al.*, 18.

⁵⁵ M. Matsaganis, *et al.*, 18.

⁵⁶ J. Leschke, 127.

⁵⁷ Table 1: Conditions for entitlement to unemployment benefits in EU Member States, as at July 2015 in: M. Matsaganis, *et al.*, 14.

The effects of the eligibility requirements related to the minimum contribution period depend not only on its length but also on the reference period - a period within which the minimum contributions are to be accrued. As observed by Leschke, "[t]he longer the minimum contribution period and the shorter the reference period, the less likely temporary workers are to qualify for benefits".⁵⁸ Many national unemployment insurance schemes have this limitation, given that in the above-mentioned EU countries in which the minimum contribution period is 12 months the reference period is 24 to 36 months.⁵⁹

Another important question is whether separate spells of employment can be accumulated when the contribution period is calculated. If a new reference period begins after each period of unemployment benefit receipt, which is often the case, neither a long reference period would improve the situation of persons in fixed-term jobs.⁶⁰ Those whose carrier record is characterized by the frequent involuntary transitions between temporary employment and unemployment are particularly hit by such rule. The position of this category of employees is especially bad in countries in which the level of unemployment and the percentage of persons working in short-term employment are so high that many individuals become repeatedly unemployed throughout their carriers.⁶¹

The combination of the analysed rules and the increasing significance of the temporary jobs lead to a situation in which a considerable segment of the European workforce is under the risk of not being covered by the unemployment insurance. In 2015, on average 11.1 per cent of employees aged 20–64 worked on a contract of limited duration.⁶² The significance of the fixed-term employment differs between the EU countries, with more than one in five employees working on fixed-term contracts in Spain (20.7 %) comparing to 6.2 per cent in UK.⁶³ According to the data presented in the research note on non-standard employment in the EU, 32 per cent of persons working in the temporary full-time jobs are at risk of not qualifying for the unemployment benefits, while the percentage is even higher for the temporary employees who work on a part-time basis (40%).⁶⁴

When it comes to the part-time workers and the length of contribution period, a deficient benefit entitlement is usually a consequence of the rules that dictate the met-

⁵⁸ J. Leschke, 127.

⁵⁹ Table 1: Conditions for entitlement to unemployment benefits in EU Member States, as at July 2015 in: M. Matsaganis, *et al.*, 14.

⁶⁰ J. Leschke, 128.

⁶¹ J. Leschke, 195.

⁶² Statistics available at <https://data.oecd.org/emp/temporary-employment.htm> (last accessed on 4 July 2017).

⁶³ Yet, these statistics can be misleading given that various forms of very marginal jobs for a number of reasons might not be included in the figures. Compare, for instance, the UK Office for National Statistics data on persons working on the so-called "zero-hours contracts", according to which 1.7 million contracts that did not guarantee a minimum number of hours, where work had actually been carried out under those contracts, which represents 6% of all employment contracts. Data available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contracts-that-do-not-guarantee-a-minimum-number-of-hours/september-2016> (last accessed on 4 July 2017).

⁶⁴ Matsaganis, *et al.*, 21.

hod for the calculation of the contribution period. If the given period were calculated by counting of working hours or days instead of weeks, the part-time workers would need more time to gain access to benefits than full-time workers.⁶⁵ As it will be seen below, this category of persons in non-standard employment is even more affected by the rules related to the intensity of work and the wage levels.

4.2.2. Hours and earnings thresholds

While the minimum length of the contribution period can seriously impede the access of workers with temporary contracts to the unemployment insurance, for those working on the part-time basis the obstacles are to be found in hours and/or earnings thresholds.

Many European Union countries use hours and earnings thresholds to delineate workers whose employment and to it related income are in the economic sense significant enough to be protected from the risk of unemployment, from those whose employment is of the low economic intensity and does not merit the same level of protection. For instance, in Finland persons working less than 18 hours per week are not covered by the national unemployment insurance, while in Sweden the threshold is 10 hours per week. One of the basic requirements for being entitled to receive the unemployment benefits in Austria is to earn at least the minimum wage.⁶⁶

The exclusionary nature of these rules becomes even more evident when one takes into account that persons with part-time contracts often have lower wages than standard employees.⁶⁷

5. Conclusion

While the tight eligibility rules, such as those analysed in this article, could make sense in the industrial period when the permanent, full-time job was a standard employment form and when the unemployment rate was low enough to ensure adequate employment and income to a majority of those who wanted to work, the changes that have occurred at the labour market have diluted the very logic of these rules. A host of those who today accept the part-time and temporary jobs are doing so involuntarily.⁶⁸ The employment through the non-standard contracts is not anymore so much matter of a personal choice as much it is a matter of the shortage of full-time, permanent jobs and

⁶⁵ J. Leschke, 115.

⁶⁶ Matsaganis, *et al.*, 13.

⁶⁷ OECD, "In It Together: Why Less Inequality Benefits All", Organisation for Economic Co-operation and Development, 2015, 137.

⁶⁸ See, for instance, Figure 2.5 "Trends in involuntary temporary employment as a percentage of temporary employment, 2007 and 2014" in: ILO, "Non-Standard Employment Around the World: Understanding challenges, shaping prospects", International Labour Office, Geneva 2016, 57.

of the high unemployment. As noted by Janine Leschke, "for some groups of workers [...] atypical employment has already become 'typical'"⁶⁹.

By relying on the available data, the paper shows that the unemployment insurance systems exclude significant portion of those working in atypical jobs, despite the fact that the high unemployment rates have become a steady feature of the European economies and that the states themselves have encouraged the expansion of non-standard employment. As demonstrated in the paper, the growth of non-standard employment forms was not only a consequence of the technological advancement, but also of the different legal and policy instruments used by the European states to cope with the challenges brought by the post-industrial era.

PROMENA PRIRODE ZAPOSLENJA I OSIGURANJE ZA SLUČAJ NEZAPOSLENOSTI U EVROPI

Sažetak: *Kakve su posledice na osiguranje za slučaj nezaposlenosti ostavile duboke promene prirode zaposlenja do kojih je došlo usled tehnološkog razvoja? Da li se ono prilagodilo novim oblicima zaposlenja i sve većem broju onih koji su radno angažovani ispod svojih radnih kapaciteta i spremnosti za rad? Oslanjajući se na postojeće podatke, članak ukazuje na to da nacionalna osiguranja za slučaj nezaposlenosti u evropskim zemljama isključuju značajan broj osoba koje su zaposlene na takozvanim "nestandardnim" ili "netipičnim poslovima", iako su same države te koje podstiču ekspanziju nestandardnih oblika zaposlenja i uprkos tome što su visoke stope nezaposlenosti sad već postojana odlika evropskih nacionalnih ekonomija. Rad počinje kratkim osvrtom na promene koje su se odigrale na evropskom tržištu rada usled tehnološkog napretka, kao i na načine na koji su ove promene dovele do sve većeg udela nestandardnih oblika zaposlenja na tržištu rada. Autorka zatim istražuje kako su se ove promene odrazile na sisteme socijalnog osiguranja u razvijenim evropskim zemljama, a naročito na njihova osiguranja za slučaj nezaposlenosti. U trećem delu rada, autorka analizira određen broj uslova za ostvarenje prava na novčanu naknadu u slučaju nezaposlenosti, kako bi utvrdila u kojoj meri nacionalna osiguranja za slučaj nezaposlenosti odražavaju promene koje je donela post-industrijska era.*

Ključne reči: *osiguranje za slučaj nezaposlenosti, post-industrijska era, nezaposlenost, delimična zaposlenost, nestandardni oblici zaposlenja.*

⁶⁹ J. Leschke, 80.