



The diverse regional patterns of atypical employment in Greece: Production restructuring, re/deregulation and flexicurity under crisis



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ARTICLE INFO

Article history:

Received 21 December 2013

Received in revised form 14 February 2015

Accepted 9 April 2015

Keywords:

Temporary employment
Labor market flexibilization
Shift-share analysis
Crisis
Greek regions

ABSTRACT

Because the 2008/2009 crisis brought changes to global accumulation patterns and prompted further work flexibilization, European labor markets are accordingly being re/deregulated as a result of 'flexicurity' and are thus moving toward greater employment liberalization. Historically, atypical employment has been extensive in the Greek labor market, which has been characterized by fragmented labor security provisions and weak social welfare. However, since the country's crisis-ensuing economic downfall, IMF/EU-induced measures have intensified reforms for 'less rigidity and more employability'. This paper addresses the diverse pre- and post-crisis regional patterns of atypical employment in Greece, with a focus on temporary waged employment. Diversity is traced in regional industrial specialization and restructuring under recession. The industry- and region-specific impact on labor flexibilization trajectories is estimated by a new shift-share analysis method applied to permanent and temporary regional employment data between 2005 and 2011. The identified ongoing devaluation of employment is also addressed from an institutional aspect, centered on flexicurity-responding labor relations reforms. The geography of employment in Greece is becoming more uneven at the regional level as a result of 'low-road' flexibilization, considerable labor-market insecurity and different patterns of atypical labor use among different groups of regions. The emerging situation puts in question the validity of labor market liberalization and flexicurity policy.

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1. Introduction

Industrial accumulation has historically relied upon various types of non-typical employment relations. The notion of 'atypical employment' became widely used in the 1980s during the transition of the advanced economies to neoliberal regimes characterized by labor market de/reregulation and social corporatism erosion (Peters, 2008). Many empirical studies have shed light on the interrelationships between industrial restructuring and the flexibilization of labor markets (Yeung, 2002). In critical theorization, both processes are defined by place-bound specificities and pre-existing inequalities, which differentiate regional patterns of atypical employment (Castree et al., 2004; Barbieri, 2009). This approach explains the uneven deindustrialization and tertiarization across Europe since the 1980s, as well as the uneven impact

of the 2008/2009 crisis in the core economies of the North and the peripheral economies of the South.

Recent data (ILO, 2012) indicate that the ongoing crisis has exacerbated disparities between European core and peripheral labor markets and formed new divergent employment trajectories. Certain categories of workers – i.e., temporary, the low-skilled in manufacturing, the high-skilled in financial services, and the self-employed in commerce – have been affected more than others, with higher losses in the South European countries (Barbieri and Scherer, 2009; Dunford, 2012). Restrictive budgetary policies, harshly implemented in the EU South since 2009, have also aggravated the divergence in job recovery prospects among EU countries – i.e., spending for active labor market policies in Denmark is seven times higher than in Greece, where the unemployment rate was 27.8% in early 2013 (2.7 times higher than in 2009), corresponding to more than 1.35 million unemployed (Vaughan-Whitehead, 2011; Hadjimichalis, 2011; ILO, 2012).

Increasing disparity between core and lagging regions is arguably the outcome of a new international division of labor, formed by global accumulation imperatives and their impact on

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quantitative and qualitative aspects of labor demand. A new political economy is accordingly established, deifying ‘competitiveness’ and anathematizing ‘high labor costs’ and ‘traditional attitudes and structures’ while pursuing profitability by sustaining uneven development (Dunford, 2012; Hadjimichalis and Hudson, 2014; Herod, 2009; Mavroudeas, 2014). In 1997, the European Employment Strategy addressed *flexicurity* as “a policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of labor markets, work organization and labor relations on the one hand and to enhance security ... notably for weaker groups... on the other hand” (Wilthagen and Tros, 2004: 169). *Flexicurity* was primarily employed in the mid-1990s in the Netherlands, signifying atypical types of work covered by equivalent-to-typical employment rights, working conditions and social security (EC, 1997; Clasen and Clegg, 2006; Keune, 2008).

In 2006, *flexicurity* was explicitly placed on the agenda of the European Council (EC, 2008, 2009) and, since then, has gained ground as a strategy to overcome the inadequacies of labor market core institutions through political re-regulation toward liberalization. According to this strategy, ‘the contours of labor segmentation are profoundly reworked in the interests of capital’ (Peck, 1996: 74), affecting both core and peripheral countries. Worker rights are undermined even in the prosperous EU economies: Social protection has loosened in the Netherlands, Germany and Sweden, while the market has become the major mechanism defining social rights and distributing welfare services. Social security reforms addressing labor flexibilization and emerging atypical employment signify the marginalization of typical/lifetime employment policies (Grimshaw and Rubery, 1997; Esping-Andersen, 2002; Viebrock and Clasen, 2009; Vaughan-Whitehead, 2011).

Large shares of atypical and informal employment in EU southern countries have been historically related to semi-peripheral production structures, defined as such due to late industrialization, weak economies of scale and fordist structures, resilience of agricultural and industrial micro-enterprises, the institutional legacy of low stringency in employment protection and a poor welfare state (Lipietz, 1997). Greece is a typical example of a country where *solo self-employment* and *seasonal work* have been extensive, followed by part-time employment (Karamessini, 2008; Leontidou, 2010). Nevertheless, labor flexibilization adjustments were induced by state-reforms right after the country’s EU accession in 1981 and intensified in the 1990s (Anagnostopoulos and Siebert, 2012). New atypical employment forms were introduced and pre-existing ones were further flexibilized; fixed-term contracts were institutionally redefined, and part-time work was legislated. More subversive labor regulation reforms – targeting severance payments, dismissals restrictions and typical/permanent employment conditions – were widely adopted by all governments in debt-burdened southern Europe because of the exigencies of the crisis. Accelerated labor flexibilization has deepened the socio-spatial deterioration of the European periphery, as *flexicurity* has led to further labor market deregulation (Tanjian, 2011; Tros, 2012; Madsen, 2007).

This paper focuses on the effects of the 2009 crisis in the regional labor markets of Greece and explores the emerging employment and atypical employment patterns in relation to labor flexibilization trajectories defined by regional industrial specialization and restructuring, as well as by regulatory reforms. Regional data for 2005–2008 and 2009–2011 are analyzed to identify changes in temporary waged work in comparison to total and permanent employment. A new shift-share method is applied to reveal the industry- and region-specific impact on increasing/decreasing employment flexibility and emerging patterns of temporary employment across Greece. To uncover real-life employment practices in the identified regional labor markets, a qualitative approach is then adopted. The findings

contest assertions that lower employment protection and greater flexibility accomplish labor market adaptation to demand fluctuations and thus greater employability. The validity of *flexicurity* policy in recession economies is challenged; and the need to reconsider perceptions of labor market ‘rigidities’ and liberalization policies in peripheral labor markets is stressed (EC, 2007, 2008).

2. Theoretical considerations on the labor market shift to atypical employment

Atypical employment in mainstream theories refers to labor flexibility addressing labor market malfunctions caused by state-protectionism and ‘hard-regulation’ of typical/permanent employment (Keller and Seifert, 2005). For critical theorists, labor flexibilization is a highly political process responding to changing imperatives of accumulation and emerging crisis-prone macroeconomic conditions (Peck, 1996; Clasen and Clegg, 2006; Hevenstone, 2008; Castree et al., 2004; Dunford, 2012). In this approach, both the concepts of typical and atypical employment are closely related to social protection regimes (Barbier, 2011), which vary according to the welfare state in which they are embedded (Esping-Andersen, 1990; Wood, 2001; Barbieri, 2009; OECD, 2007, 2012).

As argued, globalized patterns of competition and exchange have brought forth extreme casualization of labor laws and employment practices. Labor cost and protection benchmarks are now set by countries such as India and China, both of which are among the biggest competitors and at the same time partners of the EU in the global arena. The constant search for cheaper labor, in addition to privatization and new market integration, constitute the main competition strategy for the EU as well (Herod, 2009; Pijpers, 2009; Heyes, 2011). The resulting social inequality is addressed by different types of welfare states that shape the structure and consequences of atypical or precarious jobs (Clasen and Clegg, 2006). In sum, patterns of atypical employment have different causes and outcomes in different socio-economic and institutional settings.

The analysis of labor markets as changeable and fluid sets of relationships and socially constructed structures of conflict epitomizes the debate: The market’s ‘predominantly local’ geographical distinctiveness “stems from variability in the social and institutional fabric that sustains and regulates capitalist employment relations” (Peck, 1996: 11). We stress the validity of these remarks for all the sub-national scales in which the capital–labor relationship materializes and is being re-produced. Hence, national and international regulations become localized through their interaction with contextual socio-economic specificities – e.g., industrial structures, labor productivity, authority intervention and agency (Martin, 2000). Labor market reform for variegated segments of employees with disparate levels of flexibility and security has diverse outcomes.

In the advanced EU economies, the common response to macroeconomic shocks is the allocation of increased shares of unskilled workers to low-wage high-insecurity jobs (Andersen, 2011). However, in the EU peripheral economies, labor market reform since the late-1980s has enforced precarious employment mainly for the young (women and immigrants), irrespective of their skills (Barbieri, 2009). Atypical employment in the core EU regions has (for the most part) been an intermediate step to permanent employment, while in the peripheral EU regions, it has instead served temporary demand (Clark et al., 2004; Barbieri and Scherer, 2009; Gialis, 2011; Peters, 2008).

The ongoing crisis and recession have aggravated such processes, particularly in the EU South, which is noted for traditionally exploitative labor relations, insufficient welfare provision and poor

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