Workplace Dualisation and Solidarity in Europe: A Multilevel Perspective

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ABSTRACT

In Europe’s ‘age of dualisation’, interest groups are key to contemporary political economy theory of insider-outsider divides, where only strategic, rational choice might explain a shift to inclusive representation. Yet, cases studies of company-level social dialogue and collective actions show that power dynamics shape preferences, strategies and, ultimately, inequalities. This paper draws on theoretical developments to examine these competing hypotheses. In particular, it seeks to identify the conditions under which company-level workers’ representation moderates or reinforces subjective insecurity gaps between the core and the atypical workforce. Through an explanatory sequential mixed methodology, a generalised linear mixed model using European survey data maps out the set of EU28 political economies, providing comparative insights on multilevel interactions, while a qualitative section explores the critical case of Italy in depth. The findings yield country clusters that support the power-based thesis on institutional and associational resources, but run counter the rational choice thesis. Integrated into the notion of positive rather than negative feedback effects, adverse conditions are shown to specify endogenous relationships at a certain threshold, but can be disqualified as sine qua non catalysts or underlying drivers. The paper thereby contributes to the ‘varieties of workplace dualisation’ literature, connecting the angle of employment relations with political economy research on inequalities.

Disclaimer

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1. INTRODUCTION

In a Europe marked by long-term shifts toward individualism in the world of work, the representation and participation of atypical, often precarious workers is key to both bettering working conditions and rejuvenating European industrial relations. Even where social partnership is encompassing, trade union density among non-standard workers is on average 30% lower than among standard workers, controlling for compositional effects (OECD, 2019, p. 196). Contemporary theory of political economy, however, puts industrial relations themselves at the roots of dualisation – a process that is viewed to protect organised ‘insiders’ with secure jobs, rights and entitlements at the cost of precarious and weakly organised ‘outsiders’ (Hassel, 2014; Rueda, 2007, 2014). This ‘age of dualisation’ builds on cross-class coalitions of rational, self-interested actors facing liberalisation and distributive conflict (Emmenegger et al., 2012a; Hall & Soskice, 2001; Thelen, 2014). Within this ‘new political economy mainstream’ (Durazzi et al., 2018), shifts toward solidary forms of representation can only be accounted for when changing contexts turn the premise of mutually exclusive interests on its head (Meyer, 2016; Streeck, 2009). Reversing dualisation processes is thus only expected to occur when interest groups are structurally weakened and strategically adapt.

Yet, a body of case studies from the 2010s contrasts this thesis, suggesting that comparatively, effective advocacy and representation for ‘outsiders’ tends to emerge where institutional, organisational and ideational resources are supportive. Such cases include, for example, inclusive trade union strategies that represent and support non-standard workers in the Swedish and French public sectors (Grimsaw et al., 2018), in the Danish meatpacking industry (Refslund & Wagner, 2018), the Dutch construction sector (Berntsen & Lillie, 2016), Slovenia’s retail business (Mrozowicki et al., 2018) and in the metal industries of Belgium and Germany (Benassi et al., 2019; Pulignano & Doerflinger, 2018a). Conversely, cases of dualised forms of representation are rationalised by contexts of fracturing associational and institutional resources in situations of distributive conflict, such as in the Greek telecommunications sector (Kornelakis, 2016) or in Hungary’s local governments (Grimsaw et al., 2018). Labelled as ‘varieties of workplace dualisation’ by Benassi (2017), this stream neither projects an ‘inexorable decline’ of collectivism (Avdagic & Baccaro, 2014) nor fracturing cross-class coalitions (Thelen, 2014) as the basis for overcoming dualisation.

This paper strives to systematically examine how the rational choice perspective of dualisation is reconcilable with the context-sensitive solidarity observed at European workplaces. It builds on the theoretical framework recently developed in ‘Reconstructing Solidarity’ by Doellgast et al. (2018a), which theorises, in its essence, labour’s institutional and associational power resources to be determinant of dynamics of workplace representation and subject to positive feedback effects of ‘vicious’ and ‘virtuous circles’. In a multilevel fashion, the analysis therefore seeks to inspect the country-specific drivers of company-level dynamics. The paper starts, in the following section, by identifying the relevant streams within the dualisation debate and developing the theoretical framework as a basis for the research question. After presenting the data and methodology in sections 3 and 4, respectively, section 5 presents the findings before section 6 discusses them and section 7 draws a conclusion.
2. DUALISATION & BEYOND

2.1. The Literature: Foundations and Advancement

In contrast to economic theory focused on labour productivity, early segmentation theories introduce the notion of persistent labour market divides between a ‘core’ or ‘primary’ workforce in secure, well-paid positions and a ‘peripheral’ or ‘secondary’ part with less stable jobs and frequent unemployment spells (Berger & Piore, 1980; Doeringer & Piore, 1971; Lindbeck & Snower, 1988; Rubery, 1978). Following a Polanyian notion, labour markets, Rubery articulates, are treated as ‘social constructs, shaped and influenced by institutions and by social actors’ (Rubery, 2003, p. xvii). Similarly, the dualisation literature pursues a comparative institutionalist perspective to rationalise social divides. As part of it, the insider-outsider theory argues that regulatory and policy shifts driving labour market inequalities largely result from the insider-oriented interest representation of social-democratic parties and trade unions (Hassel, 2014; Rueda, 2005, 2007). Building on the well-known Varieties of Capitalism (VoC) literature (Hall & Soskice, 2001), these are described as part of cross-class coalitions, making bargaining concessions at the expense of labour market ‘outsiders’ in face of structural pressures. Empirical underpinnings stem from labour market reforms in Europe during the 1990s and 2000s, labelled as ‘flexibility at the margins’ or ‘two-tiered reforms’ (Dolado et al., 2002; Palier & Thelen, 2010), and particularly refer to cases in Continental and Southern Europe (Hassel, 2007; Rueda, 2014; Streeck & Hassel, 2003; Thelen, 2012). By the late 2010s, the insider-outsider theory is described by some as the ‘new political economy mainstream’ (Durazzi et al., 2018), ascribing the roots of economic, social and political inequalities in parts of Europe to inward-looking interest groups.

When looking ahead, dualisation processes are often viewed as a lasting trajectory of path dependencies in the tradition of historical institutionalist scholarship (Pierson, 2000). Here, downward pressures from competition and negative externalities for ‘insiders’ would be prevented, for instance, due to separate labour markets for the core and the peripheral workforce (Emmenegger et al., 2012b), lacking political inactivity by ‘outsiders’ (Häusermann, 2012), as well as employers’ and trade unions’ persistent interest in shielding the core workforce and preserving involvement in policy-making (Davidsson & Emmenegger, 2013; Emmenegger et al., 2012b; Emmenegger, 2014). Hence, in the absence of significant external shocks, positive feedback effects from long-term reform and outcome trajectories are expected to reinforce dualisation processes. Reversing the process is mostly (if at all) considered from a functionalist perspective. While expecting fundamentally stable cross-class coalitions, for instance in German manufacturing, instability would only arise from a lack of willingness or a lack of ability from either side of the social partners (Thelen, 2014) or a ‘shrinking and softening of the core’ (Streeck, 2009), e.g. induced by the long-term structural decline of the manufacturing industry (Iversen & Soskice, 2015). Given the ‘net effect’ of dualism from the past decades, stable, instrumental preferences by insider groups shielded from economic pressures have thus been a common feature in the literature.
Advancing the debate, recent research investigates how the strategies and/or preferences of labour and management vary and change due to contextual factors. From a rational choice perspective, organisational self-interests can be one source of change. While the insider-outsider theory views the interests of the core and the peripheral workforce as mutually exclusive, changing circumstances may require a reorientation of strategies to remain protective of constituencies, holding constant the assumed set of preferences. As such, dualisation is understood ‘as one stage in a longer process of redistributing risks and privileges between labour market segments’ (Eichhorst & Marx, 2011, p. 74). This may occur when inequalities create negative externalities for the protected core, for instance through low-wage competition (Meyer, 2016) or labour market reforms (Hassel, 2012). For instance, the introduction of the German statutory minimum wage in 2014/15 (Marx & Starke, 2017) and core-periphery competition in the German metal industry can be partially accounted for with this framework (Benassi & Dorigatti, 2015). From this angle, organisational interests thus remain centred on protecting core constituencies, but strategies to achieve this can change.

In a second stream, described as ‘varieties of workplace dualisation’ (Benassi, 2017), dualisation is treated as a ‘distinctive configuration of mutually reinforcing power relationships’ between actors’ preferences and behaviour at the workplace and the institutional and ideational setting actors are embedded in (Pulignano & Doerflinger, 2018b, p. 76). In particular, previous studies show that factors shaping trade union strategies include the capacities of labour market institutions, such as membership numbers, the centralisation of bargaining, involvement in labour market policy and organisational structures (Davidsson & Emmenegger, 2013; Gordon, 2015; Oliver, 2011), as well as trade unions’ historical identity and ideologies (Benassi & Vlandas, 2016; Dorigatti, 2017; Marino, 2012; Pulignano & Doerflinger, 2013). Studying strategies’ impact, previous work often points out the ability to draw upon institutional power resources and associational capacities to coordinate and organise workers (Benassi et al., 2016; Benassi et al., 2019; Doellgast et al., 2009; Pulignano & Signoretti, 2016; Wagner & Refslund, 2016). In addition, sectoral characteristics are also shown to influence the form, levels and approaches of organisations (Carré et al., 2010; Geppert et al., 2014). Overall, these studies find that both institutional embedding and ideational underpinnings matter for enabling inclusive strategies in support of ‘outsiders’.

2.2. Theoretical Framework

Within the theoretical framework developed by Doellgast et al. (2018b), strategies of workers’ representatives that are inclusive of the interests of precarious ‘outsiders’ result from labour’s degree of power resources. As defined by Wright (2000) and by Silver (2003), organisations possess and exert ‘associational power’ and ‘structural power’. The former derives from workers’ collective organisational capacities and captures their resources and capabilities, for instance to strike. The latter dimension describes the skills and workforce structures, locations, and external technological factors in the labour market. Additionally, labour’s ‘institutional power’ stems from institutional arrangements (Gumbrell-McCormick & Hyman, 2013). While the structural dimension is considered constant within a given industry at a specific time, associational and institutional power resources stem from the inclusiveness of institutional and organisational structures (Bosch et al., 2010) and inclusive forms of worker identity and
identification that are open to redefinition and integration of previous ‘outsider’ groups in settings of shared interests, perceptions of injustice and changing narratives and frames (Doellgast et al., 2018). Hence, this framework draws up a continuum with inclusive and exclusive union strategies at its idealised poles and accounts for outcomes as a product of actors’ power resources.

Conversely, the alternative framework suggests that inclusive trade union strategies toward ‘outsiders’ might follow from an interest-driven reorientation of organised ‘insiders’. Based on the literature presented above, one potential pressure on ‘insiders’ can be structural changes within the labour force, which Streeck (2009) describes as ‘shrinking and softening of the core’. In practice, this can be conceptualised as compositional shifts increasing the risk for previously secure positions to be abolished and/or replaced by insecure positions. Similarly, low-wage competition and social dumping can have knock-on effects that affect earnings and wages across the distribution, thereby channelling economic pressures on ‘insiders’. Despite stable preferences for the primary protection of unions’ core constituency, such economic pressures can still induce inclusive strategies, if interests are no longer mutually exclusive, but rather positively inter-dependent. Here, tackling precarious work would be a way for ‘insiders’ to address economic pressures faced by themselves.

Dynamically, in the resource-based framework, Doellgast et al. (2018b) model the idealised poles as ‘vicious circles’ and ‘virtuous circles’ of self-reinforcing feedback effects. In a ‘vicious circle’, fragmented institutions as well as particularistic identifications create exit options for strategies and induce exclusive dynamics that, in turn, further fragment non-market institutions. In a ‘virtuous circle’ dynamic, strong institutional and associational power resources are rather expected to foster inclusive forms of representation and participation. By contrast, the alternative framework based on ‘rational solidarity’ under fixed preferences implies negative feedback effects from dualisation processes. Such negative feedback mechanisms can unfold when groups experience losses or risks from strategies, policies or outcomes that were previously supported for their promised benefits. Short-termism, for instance, can inter alia result from complexity or a necessity that might conflict with long-term interests (Jacobs & Weaver, 2015). Therefore, these two theories project opposite dynamics for dualisation processes in the long run.

This paper therefore aims to assess whether the power resources of workers’ representatives or, alternatively, their core constituencies’ rationale for self-protection serve as conditions for inclusive forms of representation. Building on the presented company-level case evidence and following Pulignano et al. (2017), this extends the analysis from institutional dualisation to the macro-level context of the ‘workplace politics’ of social divides. Previous comparative research with this multilevel perspective has, for example, shown that insecurity divides between permanent and temporary workers exhibit clear cross-country differences (Chung, 2016) and that encompassing non-market institutions and stricter national-level regulations can prevent precarious work (Gautié & Schmitt, 2010). This paper complements these previous studies by taking a political economy perspective on the micro-level nexus of workplace representation and subjective insecurities, as presented in the next section.
3. DATA COLLECTION

The main data source in this paper is integrated data from the European Working Conditions Survey (EWCS), conducted every five years (Eurofound, 2018a). The 6th survey wave (2015), which is the first to collect the needed trade union-related information, provides for representativeness by country (n = 43,850) and covers all 28 EU member states at the time. The EWCS is based on a questionnaire, which is conducted face-to-face with a random sample of ‘persons in employment’ representative of the working population in each of the EU member states (Eurofound, 2018a).

The outcomes of interest are subjective insecurities experienced by workers and employees. While objective job characteristics and subjective experiences relate and overlap, the latter can be treated as a result of the former, though not matching perfectly (e.g. permanent employees experiencing insecurities). Conceptual frameworks for job quality often account for such work-related securities (see ILO, 2013; OECD, 2016; UNECE, 2015) and a body of empirical research shows that subjective insecurities in working life impact other outcomes, in particular health and life satisfaction (Carr & Chung, 2014; De Witte et al., 2016; Meltzer et al., 2009), family well-being and the quality of partnerships (Mauno et al., 2017), work motivation and productivity (Arends et al., 2017; Rosenblatt et al., 1999), as well as welfare attitudes, social identities and political views (Marx, 2014; Mewes & Mau, 2012; Selenko et al., 2017). In particular, the latter link to ideational factors also helps position findings within the theoretical framework of feedback effects. Using subjective measures thus aids the study’s accuracy and its relevance, both in empirical and theoretical terms. The concept of employment insecurity, based on Chung and van Oorschot (2011), combines subjective job insecurity, i.e. a worker’s perceptions of how likely a job loss is in a given period (Shoss, 2017; Sverke & Hellgren, 2002) and subjective labour market insecurity, a worker’s perceived lack of alternatives on the labour market (Anderson & Pontusson, 2007). The survey includes questions on job and labour market insecurity with Likert scale response options. The compound measure of ‘employment insecurity’ is constructed as a simple average of the two.

After data transformation, all response variables equate higher values to stronger insecurity.

As for micro-level explanatorilies, also drawn from the EWCS, ‘insiders’ are operationalised as workers/employees with a permanent contract (unlimited duration) and ‘outsiders’ are those holding a temporary contract (limited duration). This approximation is used in much literature (see e.g. Chung, 2016) and, as it was mentioned, trade union density among non-standard workers is indeed significantly lower than among standard workers, controlling for compositional effects (OECD, 2019, p. 196). Another binary variable measures whether or not a trade union, works council or other workers’ representative body is present at the respondent’s workplace. Further relevant variables, according to previous studies on subjective insecurities, are an individual’s age, occupation (ISCO-08) and sector (NACE rev.2), education (ISCED-11) and type of contract (non-standard) (e.g. Carr & Chung, 2014; Kalleberg, 2011; Keim et al., 2014, Probst et al., 2014). Following the literature of routine-biased technological change (Goos et al., 2009), a task-related variable captures whether the respondent considers job features to be monotonous to proxy for perceived risk of automation. Within organisations, known relevant factors are internal communication (Kinnunen et al.,
and organisational change, such as restructuring and outsourcing (e.g. Ferrie et al., 1998; Jiang et al., 2013). EWCS data accounts for organisational change while other organisational factors partly overlap with individual-level job-related factors.

At the macro level, industrial democracy is measured using Eurofound’s analytical framework of industrial relations, which provides national-level indices for all EU28 countries during the period of 2013-17 (Eurofound, 2018b). The index is measured along a scale of 0-100 with higher values indicating stronger industrial relations. It is comprised of three sub-indices, namely national-level associational governance (e.g. union density, collective bargaining coverage), representation and participation rights (e.g. works councils) and company-level social dialogue practices (coverage, incidence, degree and influence) (Eurofound, 2018c). As an alternative measure, EU28 data on labour market policy is retrieved, measuring the annual average public expenditure for (active; active and passive) labour market policy per unemployed person (European Commission, 2018).

The second macro-level set captures the degree to which ‘insiders’, i.e. permanent workers, face economic pressures, as emphasised by the rational choice thesis. Compositional changes of the labour force can be directly measured by shifts in the permanent shares of countries’ labour forces and in their ratios of permanent to atypical workers (temporary and temporary agency) from 2010 to 2015 (Eurofound, 2018a). Low-wage competition is proxied for with aggregated EU-Statistics on Income and Living Conditions (EU-SILC) data on earnings inequalities (Eurostat, 2020). These are (i) the share of permanent workers at risk of in-work poverty, (ii) the Gini-coefficient of equivalised disposable incomes before transfers and (iii) the income quintile share ratio S80/S20 for gross market incomes (working age). Running a two-way ANOVA test and a multiple regression corroborates that levels of net monthly earnings from respondents’ main paid jobs are highly correlated with employment status, controlling for a range of factors.

In addition, several studies find a relationship between labour market conditions and insecurities at the sectoral and national level (Dixon et al., 2013; Esser & Olsen, 2012; Lübke & Erlinghagen, 2014). Hence, country-level economic conditions are measured with Eurostat data on the level and changes in annual unemployment rates (Eurostat, 2019). Together with evidenced individual and organisational variables, this allows comprehensively controlling for macro- and micro-level antecedents to forms of subjective insecurity in working life.

4. METHODOLOGY

The research design follows a mixed-methods approach, namely the Explanatory Sequential Mixed Method (ESMM), to run a quantitative analysis and build on these results using qualitative methods. The main justification for this approach is its capacity for analytical development and complementarity that, as Greene et al. (1989) posit, ‘seeks elaboration, enhancement, illustration, clarification from the results’ (p. 259). In this paper, such an approach enables testing hypotheses and mapping out a landscape before exploring causal mechanisms in more depth.
In the quantitative framework, a generalised linear mixed model (GLMM) is used given an ordered categorical response variable. The mixed approach assigns individuals to group-level units, which allows estimating group-specific random intercepts and slopes (Gelham & Hill, 2006; Hox, 2002). In the baseline model, the response variable employment insecurity is regressed on i.a. employment status and the presence of workplace-level representation. Their country-specific interaction effect $\beta_{kj}$ captures whether (and to what degree) workplace representation, including trade unions’ presence, moderates or reinforces subjective insecurity divides between ‘insiders’ and ‘outsiders’ for each country $j$. Additionally, micro-level control variables include occupational status (white- or blue-collar), which serves as tested functional equivalent to educational and sectoral controls, as well as age, gender, task-related and organisation-related binary variables. This results in the following:

$$\text{logit} (\text{insec}_i) = \alpha_j + \beta_1 \text{empl\_status}_i + \beta_2 \text{workplace\_rep}_i +$$

$$\beta_3 \text{empl\_status}_i \ast \text{workplace\_rep}_i + \beta_4 \text{occ}_i + \beta_5 \text{task\_m}_i + \beta_6 \text{age}_i + \beta_7 \text{gender}_i +$$

$$\beta_8 \text{org\_wforce}_i + \epsilon_{it} \quad (1)$$

For the qualitative section, a brief case study further develops and contextualises the quantitative results. With this ESMM approach, the respective qualitative question and the sampling procedure are adapted to the framework and outcomes of the first stage (Creswell, 2013). According to Creswell (2013, p. 281), a need to examine the role of socio-cultural context, including identities and ideologies, is in fact a common justification for an ESMM approach. The case should therefore serve to further test the robustness, exploring and nuancing of conclusions drawn in the quantitative section.

5. FINDINGS

5.1. Quantitative Results

Checking the model diagnostics, a multicollinearity test using variance inflation factors (VIF) substantiates low correlation of model predictors (VIFs < 2). Given the nested model, the usual independence assumption is necessarily relaxed to assuming observations are independent of others, except where a correlation is assumed within random variable groups. Log-likelihood ratio tests (LRT) corroborate that the between-group variance is strong enough to justify adding the random intercept for all models while, as discussed below, this only partially applies to the random slope models. Also, based on normal probability plots (Q-Q plots), the models meet the assumption of normally distributed random effects needed in mixed models.

The regression output of the GLMM yields relevant and plausible results for both the central and control micro-level covariates, as presented in Table 1. Considering the baseline outcome of employment insecurity, the simple random intercept model (1) and the full version with a varying slope interaction effect (2) in Table 1 show that, across the EU28, temporary workers are more insecure than permanent ones, controlled for other factors. According to model (2), holding a temporary rather than permanent contract is associated with a 66% increase in the estimated odds of giving a response that indicates high rather than low levels of employment.
insecurity, controlled for other variables. This applies even more to job insecurity outcomes, which reaches 176% respectively (model 3), but not in a statistically significant way to labour market insecurity (model 4). The direct impact of workplace-level representation appears clearly significant only with regard to job insecurity, which is overall reduced. Furthermore, results in Table 1 for the control variables of task type, age, gender, and organisational change highlight their relevance and largely concur with previous research, though with a likely overlap between task monotony and occupation. Overall, these results suggest that higher job-related insecurity, as opposed to labour market insecurity, is the type of outcome most clearly associated with ‘outsider’ status and the presence of a trade union, works council or similar body at the workplace.

| Table 1: Generalized Linear Mixed Model (GLMM) results |
|---------------------------------|----------------|----------------|----------------|
| insecempl | insecjob | insecjm |
| empl_status |          |          |          |
| 0.498*** (0.092) | 0.508*** (0.148) | 1.016*** (0.088) | -0.013 (0.098) |
| workplace_rep |          |          |          |
| 0.081 (0.055) | 0.069 (0.086) | -0.283*** (0.047) | 0.120 (0.074) |
| occupation |          |          |          |
| 0.057 (0.063) | 0.058 (0.063) | 0.265*** (0.035) | 0.013 (0.051) |
| task_monotony |          |          |          |
| 0.162*** (0.054) | 0.162*** (0.054) | 0.211*** (0.031) | 0.061 (0.044) |
| age |          |          |          |
| 0.029*** (0.002) | 0.029*** (0.002) | -0.002 (0.001) | 0.031*** (0.002) |
| gender |          |          |          |
| -0.003 (0.053) | -0.005 (0.054) | -0.115*** (0.031) | 0.111** (0.044) |
| org_wforce |          |          |          |
| 0.307*** (0.065) | 0.307*** (0.065) | 0.380*** (0.035) | 0.135*** (0.052) |
| empl_status*workplace_rep |          |          |          |
| -0.234 (0.236) | 0.107 (0.123) | -0.029 (0.173) |
| Constant |          |          |          |
| 1.695*** (0.171) | 1.712*** (0.181) | 0.065 (0.126) | 1.114*** (0.141) |

Note: *p<0.1; **p<0.05; ***p<0.01

Secondly, the interaction term’s insignificance across all types of outcomes corroborates the working premise that, overall, there is no significant, uniform moderating or reinforcing effect on evident insecurity divides between atypical and standard employment. Still, likelihood ratio tests further show that including the random slope interaction term does raise the explanatory value of model 3, considering the outcome for job insecurity, while this is not the case for

1 Logistic regression outputs are produced as coefficients on the log-odds scale and require taking the exponential to interpret them as odds ratios.
employment and labour market insecurity. As a result, multilevel regression with cross-level interactions is methodologically not feasible and the inferential analysis is limited to random slope models with a focus on job insecurity as response variable.

Importantly, however, looking at the individual random effects of the GLMM yields two country clusters that do exhibit statistically significant interaction effects, though in opposite directions. Temporary workers persistently report higher levels of subjective job insecurity across all countries, even when allowing for country-specific variations. However, in Denmark, Finland, the Netherlands and Malta the workplace-level presence of a trade union or similar body is associated with a statistically significant reduction of the job insecurity gap between temporary and permanent workers. For example, in Denmark, controlling for other factors, the presence of a union or similar, as opposed to its absence, is associated with a 55% reduction in the odds of a temporary worker reporting to feel job insecurity (Malta: -54%; Luxembourg: -45%; Finland: -28%, Netherlands: -23%). In these countries, workplace-level representation has a significant and inclusive effect that reduces the observed labour market divides between ‘insiders’ and ‘outsiders’. In contrast, the opposite is observed in Italy, Greece, Portugal as well as the Czech Republic and Poland. Here, existing subjective job insecurity divides are significantly reinforced where unions or similar bodies are present at the workplace level, controlling for other factors (Italy: +147%, Greece: +108%, Poland: 90%, Czech Republic: 76%, Portugal, 76%). Thus, these two clusters suggest that the presence of workplace-level worker representation can significantly moderate or reinforce existing insider-outsider divides in terms of job insecurity, and that the direction of this effect is country-dependent.

To account for these cross-country variations, a descriptive analysis thus draws on macro-level variables operationalising power resources and economic pressures on insiders, as specified above. First, the comparative evidence yields a pattern in support of the power resources thesis, as shown in Figure 1. Looking at the 10 identified cases, in countries with above EU28-average scores on the strength of industrial democracy, including its sub-indices, the presence of workplace representation is broadly associated with reduced divides between ‘insiders’ and ‘outsiders’. Conversely, the opposite is true for the ‘exclusive’ cluster found in the GLMM results – these 5 countries consistently exhibit comparatively weak, i.e. below EU28-average, scores on the strength and extent of industrial democracy. When drawing on the alternative measure of labour market policy, the clusters align along the same pattern, only Malta stands slightly below EU28 average.

Figure 1. Industrial Democracy & Interaction Effects (empl_status*workplace_rep)
The clearest associations emerge when considering the sub-indices of associational governance, which captures the national-level strength, structure and involvement of (both) social partners, as well as social dialogue at the workplace, which proxies for the company-level coverage, incidence, extent and influence of workers’ representation and participation. At a disaggregated level, these correlations hold for some components of the sub-indices, as demonstrated by European Company Survey (2015) data. For instance, the degree of information provided to company-level workers’ representatives tends, with one exception, to be more comprehensive in the ‘inclusive’ clusters and vice versa. This suggests that the degree of information shared by management with workers’ representatives shapes the inclusiveness of company-level representation of atypical workers, i.e. insider-outsider dynamics. At the same time, there is no indication that the clusters align similarly when considering the timeliness and quality of information.

Turning to the rational choice thesis, the descriptive approach yields associations that are less clear-cut. If at all classifiable, ‘exclusive’ rather than ‘inclusive’ dynamics tend to emerge where compositional shifts put permanent workers under pressure. However, the permanent share of the workforce in Finland in fact fell by 3.7 percentage points between 2010-15 while it increased by 5.2 in Greece. As shown in Figure 2, in the Danish labour force, there were 7.5 permanent workers for every atypical worker in 2010, but only 6.3 by 2015. However, this ratio increased in Greece and Portugal in the same period. Extending the time period to 10 years delivers a similarly scattered picture. Comparatively, replacement dynamics thus cannot provide consistent support for an explanation based on Streeck’s (2009) view on the role of structural, i.e. compositional shifts in the workforce.

In a similar vein, the country-level variables capturing low-wage competition and financial pressures on permanent workers, as another iteration of the rational choice thesis, do not align the identified country cases in a distinctive way (see Figure 2). Reductions in the shares of permanent workers at risk of in-work poverty occurred in both clusters while the strongest 5-year increases occurred in ‘exclusive’, rather than ‘inclusive’, cases (+1.4pp in Portugal, +1.1pp in Italy). Additionally, measures on market income inequalities do not give meaningful comparative insights - market-based Gini indicators increased in all cases. When alternatively considering 80/20-income quintile ratios, the picture remains similarly scattered. If there is any
indication at all, the insights stemming from this approach and time frame suggest workplace-level representation moderates insecurity divides between temporary and permanent workers, in countries where ‘insiders’ are comparatively secure, not insecure. This would be in line with the traditional dualisation thesis rather than ‘insiders’ strategic reorientation driven by rising pressures. Overall, therefore, evidence for ‘inclusive’ effects associated with economic pressures on ‘insiders’ appears too scarce for a verdict supportive of the rational choice thesis.

A potentially confounding factor - general labour market conditions – cannot not be fully discarded, as Figure 3 illustrates. For all five cases in the ‘inclusive’ cluster, unemployment rates in 2015 stood below EU28 average. The ‘exclusive’ cluster, by contrast, is divided, where country cases score both above (Italy, Greece, Portugal) and below (Czech Republic, Poland) that threshold. Considering the 3-year (and 5-year) changes in unemployment rates, the picture is less clear – three cases (Finland, Luxembourg, Netherlands) yield ‘inclusive’ dynamics despite rising unemployment, whereas three ‘exclusive’ cases (Portugal, Poland, Czech Republic) were ‘exclusive’ despite improving labour market conditions. Overall, it is only for Italy and Greece, Denmark and Malta that labour market conditions fit into a reasoning based on this alternative factor. Macroeconomic conditions, based on levels of unemployment, can thus not yet be discarded as partial drivers of inclusive dynamics. The following qualitative section uses a brief case study to explore these observations in further depth.

5.2 Case Study

A country case that particularly challenges the quantitative results above is Italy. Among the group exhibiting ‘exclusive’ dynamics of workplace representation, Italy has experienced adverse labour market conditions during 2010-15 while also featuring relatively encompassing industrial democracy institutions, scoring slightly above the EU28 average on associational governance. Even more, studies also show that Italy’s labour movement has regained its inclusive standing at the sectoral and national levels (Benvegnú et al., 2018; Durazzi et al., 2018), particularly toward temporary agency workers (Benassi & Vlandas, 2016; Burroni & Pedaci, 2014; Durazzi, 2017). The following section thus investigates how, if at all, labour market conditions may relate to the relationship between power resources and the observed ‘exclusive’ workplace-level dynamics.
In Italy, the predominant structures for company-level workers’ representation centre on trade union representatives, rather than statutory forms and work councils. Employee representatives are nominated by unions present at the site, but elected by the entire workforce through a secret ballot to a uniform committee, called unitary workplace union structures (RSUs). These structures’ occurrence is far from universal, present only for firms with 15+ employees and are rare in some sectors, while partly replaced by union-based works councils in others (RSAs). Where they exist, RSUs conduct pay and non-pay negotiations that, across time and context, vary in their adherence to collective agreements in addition to their rights to be informed and consulted (Fulton, 2015). Thus, employee representation in Italy appears, at first glance, to give less unionised atypical workers in fact relatively strong participatory rights. Collective bargaining occurs at two levels – industry and company – and thus assigns more importance to the workplace-level RSUs compared to other countries with intermediate to strong industrial democracy scores. Against this institutional setting, there are two more contextual factors – strategies and underlying identities and ideologies.

The strategy taken by Italy’s trade unions to unionise precarious workers has, since the late 1990s, focused on helping ‘outsiders’ create separate, dedicated bodies rather than incorporating them into existing constituencies (Gumbrell-McCormick, 2010; Heery & Abbot, 2000; Kahancová & Martišková, 2011). These new federations, such as ‘NdiL’, ‘Alai’ and ‘Temp.@’, press for political reforms and represent atypical workers through collective bargaining, legal action, campaigns and organising strategies. In 2014 for example, ‘NdiL’ reached a number of company-level agreements on reducing segmentation and transitioning atypical jobs into standard ones (Pulignano et al., 2016). However, sectoral federations have for long expressed concerns of their encompassing models being undermined by the ‘self-advocacy’ of new groups, such as the youth workforce, while new unions have reportedly challenged their counterparts for sustaining precarious conditions or eliminating ‘outsider’ jobs to shield their constituents (Murgia & Selmi, 2012). Given the higher workplace coverage of traditional unions, despite recent trends (Keune, 2013), temporary workers may either run the risk of being subordinated or in conflict with more resourceful groups. Hence, strategies of separation entail a certain risk that atypical workers are not considered part, or even adversaries, of more resourceful organisations.

Trade unions’ identities and ideologies, whether or not the causes of such organisational trajectories, are also hypothesised as shaping workplace-level outcomes, according to Doellgast et al. (2018b). Building on Hyman’s typology of Europe’s trade unionism (Hyman, 2001), Italy has often served as archetypal Southern European model (Ebbinghaus, 2003) that is class-based and relies on membership mobilisation as source of power and legitimisation. Indeed, dividing lines between the three main confederations have historically rooted their orientations to communist, Catholic and socialist traditions, respectively. Given its organisationally fragmented setting and more adversarial relationship to the state, Italian trade unionism thus tends to oscillate between organisation and social movement (Regalia, 2012). Compared to society or market-oriented models of trade unionism in Europe, such identities and identifications may be more likely to channel into the juxtaposition of constituent and non-constituent interests, a phenomenon for instance observed in the public sector (Pulignano et al., 2016). This factor, together with institutional levelling and organisational separation thus forms the environment in which the labour market crisis took effect.
Given this environment, what role can then be ascribed to the labour market crisis? Already when the Italian economy was in an expansionary phase during the early to mid-2000s, the bifurcated ‘organising model’ in fact triggered controversy and tension about the representation of new groups (Pulignano et al., 2016). At the same time, during the economic crisis in Italy, there was a series of successfully concluded company-level negotiations by atypical workers’ trade unions as part of a slow and fragmented, but long-term upward trajectory and, importantly, despite cyclical fluctuations (Benassi & Vlandas, 2016). Still, overall, the economic crisis in fact accelerated the decentralisation of collective bargaining. The Italian collective bargaining mechanism was gradually decentralised through bipartite and tripartite agreements in 2009 and 2012, but also by employers’ unilateral withdrawals and state legislation, for instance the 2011 law that allowed company-level bargaining to undercut industry-level agreements and statutory minimum terms, e.g. on flexible employment contracts and recruitment. One prominent example of decentralisation in Italy is the case of Fiat, the country’s largest industrial group. During the 2010-11 recession, two of the three metalwork federations entered unfavourable plant-level agreements under the threat of outsourcing, but Fiat still temporarily withdrew from the employers’ association Cofindustria in 2012, stripping its ‘insider’ workforce from a source of security (Fulton, 2015). Hence, in Italy, institutional fragmentation, through a failing of cross-class coalitions, occurred as a result of both external factors and endogenous processes. Company-level bargaining can thus take place in an environment of increased intra-industry competition while, at the same time, atypical workers’ interests are at a higher risk of being overlooked or at conflict with the core workforce due to the prevalent strategies of separation.

This brief case study gives nuance to the role of labour market conditions and their interactions with the institutional and ideational environments in which strategies operate. The case illustrates that, from a temporal perspective, macroeconomic crises are not a sine qua non condition for exclusive dynamics, but can, through institutional fracturing, exacerbate such dynamics where the organisational and ideational parameters are based on a logic of ‘separation’ rather than inclusion and incorporation. While industrial conflict due to the crisis could be seen as cause for institutional fracturing, there is a steady, decade-long decline of union density rates (falling from 50% in 1978 to 34% in 2017) and collective bargaining coverage (85% to 80%, respectively) (Visser, 2019). This weakening of labour’s power resources materialised despite phases of economic expansion during the 1980s, 1990s and early 2000s. Therefore, a more accurate conceptualisation of the observed role of crisis conditions can, in Lazarsfeld’s terminology, be described as a ‘specifying’ impact on the relationship between the deploying of power resources and the observed outcomes (Lazarsfeld, 1955). Lacking power resources are thereby the determinant explanatory for exclusive outcomes, in line with the quantitative findings, but crisis conditions might raise the magnitude of this association, thereby contributing to and accelerating downward spirals.

6. DISCUSSION

Based on the findings in the previous section, the role of labour market conditions is comparatively not a consistent determinant of the observed workplace dynamics, though at a
certain threshold understood as economic crisis, this factor can be conceptualised to be ‘specifying’ the relationship between weak power resources and outcomes. This may apply similarly to cases with strong power resources. For example, Finland went through a recession in 2008-15 and the country was dubbed ‘the sick man of Europe’ (Kärppä & Teivainen, 2015). However, national-level collective bargaining was in fact re-strengthened in 2011 to improve industrial competitiveness, after employers’ withdrawal from centralised bargaining in 2007. Here, recessionary pressures did not lead to institutional fracturing (nor did ‘inclusive’ workplace dynamics require economic expansion), but crisis conditions also raised the magnitude of the link between strong power resources and ‘inclusive’ dynamics. Whether this observation holds against new evidence could be a question informing future research.

The theoretical framework of Doellgast et al. (2018b) also raises questions of causality and feedback effects. While theoretically distinct, the macro-level drivers examined here are, in practice, likely to interact with each other. For instance, if structural shifts toward the service economy are a key driver of the long-term decline of unionisation and collective bargaining rates, Streeck’s ‘shrinking and softening of the core’ (Streeck, 2009) in fact conditions associational and institutional resources. Likewise, decentralised wage bargaining may cause low-wage competition. Here, mounting economic pressures on organised ‘insiders’ associate with weak(ening) power resources. In contrast to these first-order effects, however, potential knock-on effects may complicate the relationship, for instance when low-wage competition induces ‘rational solidarity’ with precarious workers (Meyer, 2016), potentially re-strengthening power resources. Even more, in this paper, dualisation is considered with regard to ‘workplace dualisation’, not corporatist policy-making and institutionalised dualisation, for instance based on labour market regulations (Emmenegger, 2014) and welfare state protections (Palier & Thelen, 2010). Institutional change forms part of the circle dynamics in the theoretical framework by Doellgast et al. (2018b) and while there is an evidencable positive link between job insecurity and redistributive preferences (Marx, 2014), the power resource theory (Gallie, 2007; Korpi & Palme, 2003) and the electoral competition thesis (Hall & Taylor, 1996) constitute only two of the theories on institutional change. For instance, critiques of ‘methodological nationalism’ (see Greer et al., 2015) point toward cross-border influences, including ideational processes (Béland, 2005; Hall, 1993), as in the case of the Swedish model and its challenges (Blyth, 2001). Internally, public opinion toward, for example, social justice can also shift and induce feedback effects (e.g. Marx & Starke, 2017). The impact of subjective insecurity divides and workplace social dialogue on associational and institutional power resources is thus another key piece of this puzzle yet to be explored further.

Last but not least, the survey data on subjective insecurity has advantages as discussed, but requires awareness for possible implications. Subjective insecurity has previously been shown to be a holistic approximation of objectively precarious work (e.g. Clark & Postel-Vinay, 2009) and levels of income from paid work are indeed highly correlated with a worker’s contractual status, controlled for factors such as education, occupation, age, gender, task monotony and country. Still, subjective insecurity is unlikely to perfectly align with relevant objectives measures of precarious work, considering for instance high-paying temporary positions or permanent jobs at the lower end of the distribution. In addition, employees and workers may fear a job loss for other reasons than the positions being actually at risk, for instance due to public discourse. Also, ‘voluntary insecurity’ (Chung & Mau, 2014) may be desirable in certain
socio-cultural contexts, calling in mind the Danish flexicurity model in its idealised form. While not pivotal for this paper’s focus, adding objective measures would allow examining whether pressures on ‘insiders’ relate to the precarity of ‘outsiders’, implying their interests to be partly compatible rather than mutually exclusive and inclusive strategies thus more likely despite stable preferences under the rational choice thesis. Hence, the combination of subjective and objective measures of labour market risks could test and expand the findings of this paper.

7. CONCLUSION

This study shows that, from a multilevel and comparative perspective, the power resources of workers’ representatives, as opposed to economic pressures and strategic reorientation, can account for the observable varieties of dualisation and solidarity in European workplaces. Some of the Nordic countries are home to ‘inclusive’ dynamics of company-level representation and participation, whereas there are cases in the South and in Central and Eastern Europe, where the presence of company-level representation is associated with significantly reinforced subjective insecurity divides, controlled for other factors. Remaining mindful of the limitations and questions discussed in the previous section, this corroborates one building block of the theoretical framework centred on positive feedback effects that underpin ‘virtuous circles’ and ‘vicious circles’. As it was shown, economic crises can reinforce downward spirals, but particularistic interest representation occurs in strong labour markets with weak labour power resources too. The ‘workplace politics’ of interest representation can also run in parallel and/or conflict with trends at the peak or industry-level of the labour movement, as the Italian case showed. This highlights the intricate challenge of breaking ‘vicious circles’ in climates of fragmentation and contention without supportive institutional and associational power resources.

Against the backdrop of the decade-long marginalisation of democratic participation in the economy (Baccaro & Howell, 2017), the decentralisation of collective bargaining has raised the stakes for workplace social dialogue to better working conditions while nourishing grassroots collectivism and rejuvenating industrial relations. Already, in the context of catalysing ‘workplace democracy’ (Yeoman, 2014) and ‘democracy at work’ (Wolff, 2012), new forms of employment relations, participation, co-determination and cooperation contrast traditional forms of collective representation, both challenging it and opening doorways for reconfigured forms of representation and participation in economic life (Hyman, 2015; Wilkinson et al., 2013). Given the persistent relevance of power resources for effectively bridging structural divides, the ‘workplace politics’ studied in this paper are thus key for identifying how old and new strategies of organising and workplace social dialogue can sustainably build and share means of voice in the world of work.
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