Precarious work and its relation to intrinsic job quality and risk of disability pension: Evidence from Finnish survey and longitudinal data

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• The precariat is not a class concept in the traditional sense of the word, but it bears a resemblance to the idea of the working class proletariat working in bad quality jobs and suffering from insecurity affecting material and psychological well-being.
• According to labour economist Guy Standing, the precariat is a new “dangerous class”, including immigrants, the working poor, temporary or seasonal workers, and those who have been excluded from the labour market.
• There are two major approaches in the debate around the precariat:

1. **Social theoretical tradition** stems from various theories of post-Fordism (e.g. Michael Hardt & Antonio Negri, Yann Moulier-Boutang)
2. **Labour market oriented tradition** is characterized by classifications based on labour market position and type of employment (e.g. Arne Kalleberg, Kevin Doogan, Leah Vosko)
The main difference between these two approaches is one of perspective:

1. **The labour market orientation** deals with the growth in precarity as a structural (e.g. forms of employment) and qualitative (e.g. changing working conditions) issue. This tradition relies on survey data and methods, and its aim is to produce empirical generalizations and develop research theory.

2. **The theoretical debate** is not limited to analysing changes in the workplace or labour market. Instead, the phenomenon is approached as a political process cutting across society as a whole (e.g. the growth of inequality and the erosion of social security mechanisms). This tradition relies on theoretical reflection and social criticism, sometimes coupled with qualitative data and methods.

Both theory and empirical research are essential!

We need theoretical concepts in order to construct an empirical research setting and generate robust explanations from empirical findings.

Qualitative studies are necessary when we seek for information on small groups such as paperless immigrants (one of the most vulnerable groups in the labour market).

However, if we want to reveal **population-level regularities**, we need statistics: thus, labour market oriented approach to employment precariousness has indisputable advantages.


”Statistics has to be regarded as foundational for sociology as a population science in the sense that, as the means through which population regularities are established, it actually constitutes the explananda or ‘objects of study’ of sociology – although always in conjunction with the concepts that sociologists form.” (p. 58)
Let’s look at some of the best evidence we have, the Finnish Quality of Working Life Surveys (FQWLS) collected by Statistics Finland, and see:

1. What proportion of Finnish wage- and salary-earners are affected by the precarization of work?*

Let’s also see how precarious labour market position is related to job quality and work-related disability:

2a. To what extent is a precarious labour market position associated with a low level of intrinsic job quality?*

2b. How job insecurity predicts an increased risk of receiving a disability pension (DP)?**

* FQWLS from 1984, 1990, 1997, 2003, 2008 and 2013 were used (research questions 1 and 2a).
** FQWLS from 1984, 1990, 1997, 2003 were used and linked with an 8-year follow-up containing register-based information on DP recipients (research question 2b).
The criteria of precarious work

1. Atypical / non-standard employment relationship (temporary labour and agency workers)
2. Realized labour market risk (at least one spell of unemployment in the past five years)
3. Fear of labour market risk (is layoff, dismissal and / or unemployment considered a threat?)
4. Poor prospects of employment (assessment of chances of finding a new job in the open labour market)
5. Low earnings (lowest pay quartile)

Respondents meeting three or more of these five criteria are considered to be in a precarious position – the accumulation of subjective and objective job insecurity is the key.

This is not the only possible way to define precarity, but the choice is in line with earlier research.
The percentage of precarious work in Finland, 1984–2013.

The proportion of precarious wage earners has varied with the economic cycles.

The percentage of precarious work by insecurity measures in 1984–2013.

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<td>Poor prospects of employment</td>
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- The criteria listed in the table show no major changes from 1984 to 2013, with the exception of fears of a personal labour market risk materializing.
- Overall then, there was increasing insecurity in the Finnish labour market in the 1990s, but in the 2000s the situation returned to “normal”.
Precarious work and job quality

• Although the majority of Finnish employees are content with their working conditions and the quality of their work, those 13% who are in a precarious position are discriminated against in the labour market.
• Precarious workers have less (1) on-the-job training, (2) less variety in work and autonomy, and (3) fewer opportunities for self-improvement than other employees.
• A precarious labour market position also indicates (4) a social climate that is less supportive of well-being in the workplace, for instance, in terms of support from one’s superiors or collegial respect and appreciation.

This is a worrying result, as these features of job quality – autonomy in particular – are generally considered to be the most important resources for well-being in the workplace. Furthermore, the development of independent skills is key to determining the employee’s future labour market position (employability).
Precarious work and the risk of receiving a disability pension

- In addition to a low level of job quality, precarious labour market position predicts the incidence of receiving a disability pension (DP).
- The study comprised 13,228 employees aged 20–54 who had been interviewed for the FQWLS in 1984, 1990, 1997, and 2003.
- Precarious work was measured with the five variables described earlier.
- An 8-year follow-up was merged with the pooled cross-sectional data, and Cox proportional hazard ratios (HRs) for receiving a DP were compared between the insecurity measures, controlling for demographics, job characteristics, and health at baseline.
- According to the results, precarious employees had an elevated risk of receiving a DP (HRs for accumulated insecurity 1.3–1.5, all covariates adjusted for).
- This risk was most clearly associated with subjective job insecurity, the strongest indicator being poor employability (HR 1.3).

How to interpret hazard ratios (HRs)?
The following example cuts some corners, but it is in line with actual research results.

- In the survey population, the absolute risk of work-related disability was 5%; i.e., 5 employees out of 100 received a DP at some point during the 8-year follow-up.
- When we evaluate relative risk – hazard ratios (HRs) for job insecurity in the case of the present study – we must relate HRs to the absolute risk.
- HRs for job insecurity e.g. at the level of 1.2 imply that the risk for DP has increased by 20%. What does this mean concretely?
  → During the follow-up period, job insecurity will result in 1 additional DP case ☹ per 100 persons.
Practical implications

• In health research, hazard ratios (HRs) are typically small.
• However, even a small reduction in common health risks could mean considerable savings in the national economy and much less human suffering.
• HRs, relative risks ratios or odds ratios are difficult to interpret and they should always be assessed in relation to the original / absolute risk.
• It is advisable to demonstrate the results by absolute numbers:

  the proportion of wage- and salary-earning precariat in Finland is 13% → this equals approx. 250,000 employees

  → 1 additional DP case out of 100 can be attributed to accumulated job insecurity

One more slide to go…
THANK YOU!

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