

RECENT TRENDS AND REFORMS IN UNEMPLOYMENT
BENEFIT COVERAGE: THE CASE OF EMPLOYEES WITH
NON-STANDARD CONTRACTS.

Mathilde Berfelde

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Supervisor:

Prof. Paulo Marques, Assistant Professor, ISCTE-IUL, Department of Political
Economy

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Abstract

The thesis examines the generosity of unemployment benefits granted to non-standard (outsiders) and standard workers (insiders) in four different countries (Germany, the United Kingdom, Italy and Sweden) between 2000 and 2017, which were selected based on their value to represent a different institutional legacy. These legacies were based off the Varieties of Capitalism literature and the Welfare Regime literature. Comparative Case Study Analysis was the chosen methodology to assess the unemployment benefit reforms, which were primarily retrieved from the LABREF database. Two supporting theories were used to analyse the outcomes, dualization theory and liberalization theory. The findings showed a clear correlation between the institutional legacies of each case and the generosity of the unemployment benefits given to insiders and outsiders. The alternative explanation that a common trend towards liberalization made unemployment benefit systems converge in all four countries could not be supported.

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I Introduction

Human Resource Management has been traditionally about the quality of the employee relationship in firms in regards to training and development, performance appraisal, salary administration, motivation etc. However, what happens if firms no longer produce stable, motivated and committed employees due to the use of non-standard employment relationships because of the advantages of reducing labour costs and being able to answer to fluctuations in demand? Human Resource Management should care about the quality of their employees work and ultimately, the level of quality of life the employment relationship provides for the worker. While the benefits of these arrangements are appreciated by both employer and employee, the potential repercussions in the long-run are numerous. Ranging from a decreased productivity growth, volatility in labour markets, detrimental effects on the economic performance to „risks to the sustainability of social security systems“ (ILO, 2016, pp. 2). As a potential Human Resources worker, it is important to understand how non-standard workers are positioned in the welfare system and the quality of labour institutions attributed to them, their positioning in terms of the benefits they receive in comparison to standard workers and the origin of these dynamics. More importantly, non-standard work already constitutes a significant share of the labour market and is likely to grow further, which is why it is important to provide the same levels of social protection as for standard workers.

The research objective was therefore, to understand these mechanisms. However, they are too broad to reach pertinent conclusions, as to why we narrowed it down to three representative groups of non-standard workers; temporary agency workers, the self-employed and employees with temporary contracts and their situation in four different countries (Germany, the United Kingdom, Italy and Sweden). Additionally, the labour market institution that was chosen to investigate for feasibility reasons, were unemployment benefits. Consequently, these components resulted in the formulation of an attainable research question: *‘Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?’* The main argument underlying this research question was based on the theories of Varieties of Capitalism and Welfare Regime literature that propose both to a certain extent that different countries apply different labour market strategies because of their institutional legacies, depending on the role of the economic actor, the firm, (Varieties of Capitalism framework) or their political and socio-historic background (Welfare Regime framework). Based on these frameworks, which are both typologies, four different cases (countries) were chosen that lied at the intersection of both of these theories;

Sweden, the United Kingdom, Germany and Italy. To test and accompany these two theories, two main arguments were used, the dualization theory and the liberalization theory. The data that was analysed consisted of unemployment benefit reforms in these four countries passed between 2000 and 2017, resulting in the conclusion that a clear correlation between institutional legacies and the strategies applied to the reformation of unemployment benefits could be found. The impact of an overshadowing deregulation of the labour market that would cause the unemployment benefit systems in all four countries to converge, was not found.

In order to cover all of the relevant topics for this research question, it was first important to familiarize the reader with the concepts of non-standard employment (and its sub-units: self-employment, temporary agency work and temporary contracts) and the notion of unemployment benefits and eligibility conditions. Moreover, both the liberalisation theory and dualization theory were presented. After the groundwork was set, we were able to construct two hypotheses that would test the research question and decide on the most suitable method for this type of research, the Comparative Case Study Analysis. Subsequently, with the help of our two frameworks (Varieties of Capitalism and Welfare Regime Literature), we were able to trace and elaborate the four cases chosen. Once we had established all of these components, we were able to move on to our data set, which was derived from the LABREF database and complemented by national legislation data. However, before this data was presented, the situation of non-standard workers in all four cases was contextualized in order to better work with the collected data. Finally, it was possible to discuss the reforms by analysing them in regards to our two hypotheses and the earlier stated conclusion was reached.

II Literature Review

II 1. What does Non-standard forms of employment (NSE) mean?

Following one of the most prominent definitions in literature by Pfeffer and Baron (1988), non-standard (or atypical) work is an umbrella term referring to all variations of employment that go beyond the full-time, permanent (indefinite contract), fixed location employment relationship with full social insurance coverage and in which the worker is „under the direct administrative control of their employer“ (Chattopadhyay et al., 2015). In practice, these employment forms range according to the International Labour Organization (ILO) from „part-time work, temporary work (fixed or project based contracts, casual labour, minijobs or even zero-hour contracts), triangular employment relationships through temporary agencies or

subcontracting companies, but also include self-employment“ (Schmid and Wagner, 2017). However, often referred to as precarious work, it is important to point out that non-standard forms of employment are not synonymous to precarious work forms, despite many research suggesting that it tends to be (Werner et al., 2013). Nonetheless, many researchers such as Schmid and Wagner (2017) have been shedding a light on the opportunity that is NSE, if regulated accordingly by institutions.

Standard forms of employment (SE) were the norm in many industrial nations for most parts of the twentieth century and thus, the focal point/framework around which social security systems, labour law and collective bargaining developed (Rubin, 1995). The Great Recession of the 1970s, marked the beginning of European economies not being able to generate enough full-time jobs for all workers (Cordova, 1986), a process accompanied by innovations in information systems and communication which allowed organizations to rely on external suppliers, to further specialize their production and to gather temporary workers quickly for assignments. The development of NSE's was additionally facilitated by labour laws designed to shield permanent employees from exploitation, giving employers an incentive to avoid these directives and costs (Kalleberg, 2000).

During and after the economic crisis of 2007/2008, the labour market encountered further fragmentation and a rise of NSE's. To illustrate, Izquierdo et al. (2017) identified mostly „demand-side influences (as well as financial and liquidity constraints)“ which caused European firms to predominantly adjust permanent employment contracts and working hours as opposed to targeting price adjustments (e.g. wages).

On this note, Monastiriotis (2018) identified in his study on the labour market adjustments made in the EU28 post-crisis, that „it appears that flexible labour use is more likely the result of demand pressures (unemployment) than a factor that helps remedy such pressures.“

II 1.1 Temporary Agency Work (TAW)

As previously mentioned, TAW is a form of non-standard employment. In general terms, it refers to a type of work in which the user firm, instead of hiring the worker directly, pays fees to an intermediate employment agency, which then hires out the worker and pays them wages and social contributions. Consequently, there is generally no direct employer relationship

between the temporary agency worker and the user firm. Nonetheless, some legal obligations between these two entities exist, especially in regards to occupational safety and health issues and in the case that the temporary work agency and the user firm have joint liability (or the user firm has subsidiary liability) (ILO, 2016).

Historically, labour providers have been a significant part of any labour market, although most prevalent in the agriculture and construction. Private-acting recruiters had been banned for the majority of the twentieth century as they were associated with ambiguous and exploitative labour practices. In 1949, the „Fee-Charging Employment Agency Convention“ was revised from its first version (1933), now allowing states to choose between either prohibiting these agencies or regulating their activities. The private employment agency as it exists today, emerged during the 1950s and 60s in Europe and North America. While first targeting their marketing campaigns at women wanting to earn additional money as e.g. secretaries, their approach quickly broadened to blue-collar professions, breaking the previous negative reputation of the sector (ILO, 2016). Steadily growing, the sector became by the 1970s and 80s a relatively small yet important part of the labour market, which made the question of a revision of the earlier convention arise. In 2008, the Directive (2008/104/EC) of the European Parliament and of the Council was created in order to allow TAW to be regionally regulated. More importantly, Article 5 of this Directive presented a milestone in TAW regulation as it decided the equality of employment conditions between those of the user firm and those of the temporary agency worker, meaning that the worker now had to be treated with the same legal obligations as a worker that was directly hired by the user firm for the same job. However, this Directive does include and allow for some deviations to it (ILO, 2016).

In 2018, they accounted for 2.5 % of the working population in the EURO countries, growing 0.7% in comparison to 2009. In the EU28, temporary agency workers make up 1.9 % of workers (Eurostat, 2019). Data from the ILO (2016) suggests that Temporary Agency Workers are a rather homogeneous group, characterised by young (2.9% in the age group between 15 to 24 years are TA workers as opposed to 0.7 % among the 55 to 64 year olds), low skilled (1.8% of TA workers are low skilled in comparison to 0.8% of high skilled) workers and which are predominantly represented (3.3%) in elementary occupations such as agriculture, transport, construction etc. as opposed to 0.4% in professional occupations. The report thus suggests that the flexibilization of businesses is disproportionally carried by the low-skilled.

II 1.2 Self-Employment (SE)

The more recent studies and reports on self-employment tend to define it as „anyone who works for himself or herself, but not for anyone else, except under arm’s length contract“ (OECD, 2001). The International Labour Organization further explained self-employment as „those jobs where the remuneration is directly dependent upon the profits (or the potential for profits) derived from the goods or services produced (where own consumption is considered to be part of the profits). The incumbents make the operational decisions affecting the enterprises, or delegate such decision while retaining responsibility“ (ILO, 2014)

According to the 2017 Eurostat data, there were around 33 Million Self-employed persons working in the European Union, out of which 9.1 Million had employees themselves and 23 Million were own-account workers.

A report of the Eurofund (2017) identified that the development of the number of SE workers in the EU28 was relatively stable between 2008 to 2015 (some countries such as Latvia or the Netherlands experienced a clear increase, while in Portugal, Croatia or Cyprus the amount of SE workers clearly decreased, but in most countries the percentage did not show great variations). Although the numbers were stable, the composition of this group of workers clearly changed throughout, while sectors such as agriculture clearly declined, the public and service sector experienced a great gain of the self-employed. Interestingly, there is a significant decrease of those without employees and one fifth of those participating in the study reported that there were no alternatives available to them other than being self-employed.

In terms of their legal status, SE workers are not in a significantly better position than the other non-standard employment counterparts, especially because a discussion about the classification of the self-employed cannot be held without the inclusion of the „dependent self-employed“ (see Supiot Report, 2001; ILO, 2003). Some countries in the EU28 have included this category to clarify this in-between situation, while others have tried to further specify SE and standard employment in order to allocate workers to either of the binary categories (Eurofund, 2017). For EU Institutions, one of the current priorities in regards to this form of employment is the adjustment of competition law so that it no longer represents a barrier to collective bargaining for this group. National governments in the EU expressed

similar objectives, adding that the legal framework for SE workers needs to be on the same level ground as for standard employees (Fulton, 2018).

II 1.3 Temporary contracts

The subject of non-standard employment can hardly be discussed without specifying its recently most discussed form, temporary contracts. To illustrate, about 11 percent of workers (in 2018, which equals to circa 25.4 Million people) in percentage of the total number of employees in the European Union are employed with temporary contracts, a number that has been relatively stable since 2005, with variations of more or less 1 percent (Eurostat, 2019).¹ Within the European Union, these numbers fluctuate significantly from 25.3 percent in Montenegro or 22.3 percent in Spain (both 2018) to 1 to 2 percent in the baltic states (Lithuanina, Latvia and Estonia).

Generally, a distinction in temporary work is made into two types, fixed-term work and casual work. The latter refers to a form of employment relationship in which the worker is engaged for a very short period of time, or on an intermittent basis and can be hired for a specific amount of hours or day. Although more often it is associated as a part of the informal economy in developing countries, it has more currently also emerged more in developed economies. In the United Kingdom it is referred to as zero-hour contracts and is a legal form of employment. In most european countries, it is highly informal and many states such as Italy, Germany or France have made an effort to replace it with so-called voucher-based work, in which the worker receives a voucher instead of cash. Its efficacy to combat informality has been questioned (ILO, 2016).

Due to its prevalence, focusing on fixed-term work/contracts seems more appropriate for the purpose of this paper. This type of work describes an employment relationship which is either limited by the condition of reaching a certain date or completing a task, project.² They serve as well as for firms and for employees themselves very important purposes. Companies might use them to respond to changing demands, to test the abilities of a newly hired worker before employing them under an open-ended contract or to fill in the position of a temporarily absent worker (due to sickness, maternity, paternity leave etc.). From the perspective of a worker,

¹ <https://ec.europa.eu/eurostat/databrowser/view/tesem110/default/table?lang=en>

² <https://www.arbeitsvertrag.org/befristeter-arbeitsvertrag/>

this form of employment can also provide positive aspects in specific situations, especially if the worker is still in education, would like to gain work experience or new skills, enter into a different professional network etc. (Aleksynska and Muller, 2015). This, of course, implies that the worker has a choice between a fixed-term contract and a permanent contract, which is rarely the case, especially not for young workers, who are disproportionately highly presented (42%)³ in this form of employment. A survey by Eurofund (2014), found that in the age group from 15-24, 40.7 percent stated that they were in temporary work for training purposes and 36.7 percent expressed that they were in temporary employment involuntarily. In terms of transitioning to permanent contracts, important differences across EU member states have to be noted, although it can be said that it is higher than the transitioning into unemployment (Givord and Wilner, 2013).

As with all other non-standard forms of employment, the regulation of these contracts is a multifaceted affair. In the European Union, the first profound directive was provided by the European Commission in 1999 (the Council Directive 99/70/EC), which was an agreement between cross-industry organisations (the ETUC, UNICE and the CEEP) and declared that although open-ended contracts shall be the norm, fixed-term contracts shall be a feature of certain activities, sectors and occupations but the principle of non-discrimination shall be applied and abuse as a consequence of the successive use of fixed-term contracts will be prevented. Unfortunately, in some EU countries such as Polen, the Czech Republic or Italy, it is not prohibited to use fixed-term contracts for permanent tasks (Muller, 2015). The maximum duration of fixed-term contracts (including any renewals) varies in EU member states from 2 years (Spain, France, the Netherlands, Portugal, to name a few) to nine years in the Czech Republic to no limitations in countries like Austria, Denmark or Poland (Aleksynska and Muller, 2015). Regarding the equal treatment (pay, benefits etc.), all EU member states are legally required for the exception of three countries; the United Kingdom, in which this standard only applies after twelve weeks qualifying period, the Netherlands, where deviations are allowed in the first six months and Estonia in which employers do not have any legal requirements to treat temporary workers the same as workers with open-ended contracts.⁴

³ <https://www.eurofound.europa.eu/observatories/emcc/comparative-information/young-people-and-temporary-employment-in-europe>

⁴ <https://projects.propublica.org/graphics/temps-around-the-world>

II 2. What are Unemployment Benefits and Eligibility Conditions?

Unemployment benefits are generally understood as policies acting against a duality of problems; first, the avoidance of a person falling into poverty when faced with job loss and secondly and consequently, providing them with adequate time to find work again. Thus, they are regarded as a safety net in case of unemployment and aimed to avoid a correlation between the latter status and extreme insecurity. Over time, the national unemployment benefit systems which developed in the late twentieth century from various social protections systems were characterized by both obligations (such as proof that the person is actively looking for work, e.g. sending four applications per week) and entitlements (access to a public employment agency, an income etc.) have contributed to unemployment being seen as a „status, backed by a social identity, clearly distinguishable from destitution or inactivity“ (Topaloy, 1994). Salais et al. (1986) have argued that given the context of the post-war period, states not only recognized the risk associated to unemployment but also the granting of benefits, was fundamental in demonstrating a „collective responsibility“ in regards to unemployment and moving towards the promise of full employment.

However, during the past thirty years, a dual process of erosion could be witnessed, that of the „wage-earner’s status [...] as well as in the social category of unemployment“ (Lefresne, 2010). This process is accompanied by a shift from the collective recognition of the right to work to an individual responsibility for unemployment and of course, a cost problem recognized by the states during the 1990s. Consequently, in order not to increase the public’s deficit or decrease the „competitiveness of their production apparatus (where benefit financing was based on wage and salary cost)“ (Freyssinet, 1999), much stricter eligibility conditions for unemployment benefits were put in place in the European Union, varying from recipients being urged to take unsuitable job offers (as the definitions of what suitable employment was, were loosened), stricter controls, shorter entitlement periods, reduced benefit amounts etc, overall a strong increase of the conditionality of unemployment benefits. In March 2000, the European Commission, via the Lisbon Strategy, called for a stronger tie between how benefit systems would be adjusted and „the governance of national employment service“ (Serrano, 2004). In 2005, there was a call for revision of the Lisbon Strategy, as deemed ineffective by many. Berton et al. (2012); Clasen and Clegg (2011) and Hinrichs and Jessoula (2012) have argued that the eligibility criteria for social insurance benefits has been putting workers with interrupted and/or short work paths (which is a main characteristic of the majority of non-

standard forms of employment) in a disadvantaged position because these social insurance schemes are still mainly based on the „post-war employment model“ (Eichhorst et al., 2016).

Today, some believe that loose unemployment benefit conditions (too long of duration, and too high) are causing longer unemployment durations and that features such as active labour market programs (ALMPs) or risk benefit sanctions are perceived to counteract the negative incentive impact of these benefits (Langenbucher, 2015).

II 3. What are the Key Theories to understand Unemployment Benefit reforms?

II 3. 1 Dualization

Theories of the dualization of the labour market can be traced back to the 1970s deriving from developments in the American labour market, characterized by non-homogeneity and continuous income inequality (Leontaridi, 1998; Chung and Yoon, 2016) and the „problem of ethnic underemployment“ (Emmenegger et al., 2012, pp. 53), which were then theorized by the American Institutional School (Marques and Salavisa, 2017) as dual labour market and labour market segmentation theories which suggested that there is a primary and a secondary labour market (Döringer and Piore, 1971; Reich et al., 1973; Gordon et al., 1982) and thereby challenged the existing classic and neo-classic positions, which according to Rosenberg (1989) were not able to explain labour market functioning in Europe and North America. The reasoning behind the primary and the secondary labour market was that they were characterized by profoundly different circumstances. Job security, high(er) wages, prospects to advance one's career, better working conditions described the primary, which is a result of the workers' skills that they have acquired via either on-the-job training or through other experience, which puts them in a powerful position since their employers (firms) will try to make them loyal through the earlier named instruments. This is opposed to the secondary labour market in which workers' tasks depend much less on the specific skills that they have acquired and therefore are easily replaceable and vulnerable to outside pressure (Marques and Salavisa, 2017). Reich et al. (1973) and Lindbeck and Snower (1988) have argued that the mobility between these two groups of workers is very limited, which results in a persisting division of the labour market (Chung and Yoon, 2016). During the 1980s, the change from industrial to post-industrial economy became more apparent and combined with the clear increase of unemployment in Europe and the rising income inequality in the United States

(Cavaille, 2011), scholars, notably Lindbeck and Snower (1988), started to argue against the position of market mechanisms and economic shocks to explain this sky-rocketing unemployment but theorized that labour market institutions interfered with the natural competition of the market and were hence causing those in unemployment (outsiders) to be in a position in which they could not compete with insiders. It is thus argued that a divergence between „institutional and mainstream economics“ (Marques and Salavisa, 2017, pp. 138) lies at the origin of the two developments in literature, economic insider-outsider theory and dual labour market theory.

Even though the literature on the insider-outsider divide is not the main part of this argument, it is important to understand the different strands that exist within this literature. As Rovny and Rovny (2017) conceptualize it, scholars have two different viewpoints. Lindbeck and Snower (1988), Blanchard and Summers (1986), Saint-Paul (1996) and Rueda (2005) are the main scholars to have depicted the difference between insiders and outsiders on the basis of their employment status. Because of its static regard and the absence of consideration of factors such as skills, gender or age, scholars such as Emmenegger (2009) have added a nuance to this categorization by pointing out five different types of outsiders: „(1) labor market insiders, who are full-time employees under permanent contract who do not occupy a higher-grade professional, administrative or managerial position; (2) labor market outsiders, who are (a) employees working part-time (or less), (b) hold a temporary contract, or (c) are currently unemployed; (3) ‘upscales’, who hold a higher-grade professional, administrative or managerial position; (4) self-employed; and (5) nonemployed, a group composed of students, housewives/ househusbands, retired persons, those helping family members, permanently disabled/sick, or out of the labor force for other reasons“ (Rovny and Rovny, 2017, pp. 164).

This categorization is opposed to the more recent evaluation of insiders and outsiders based on the risk-factor, in which the individual’s belonging to either one of the groups is relative to its level of risk to fall into unemployment. More specifically, if someone is part of an occupational class (e.g. non-standard employment), the probability of them to be unemployed is significantly higher, which classifies them as outsiders (Häusermann and Schwander, 2011). Other scholars such as Iversen and Soskice (2001) or Mughan (2007) have made a similar theorization, however, relating it to political preferences (Rovny and Rovny, 2017). For the purpose of this thesis in regards to unemployment benefits, this aspect of political preferences shall not be overlooked. As the root of this preference, the level of stability of employment is identified, which then results in insiders preferring higher job security and

lower taxes (Rueda, 2005) and outsiders, because they could easily be unemployed, tend to vote for extensive employment promotion and more ample unemployment benefits (Schwander and Häusermann, 2013, 2015; Burgoon and Dekker, 2010). Nonetheless, Schwander (2018) points out that this is an over-simplification against which she argues that insiders, too, prefer a strong welfare regime over tax cuts, but in regards to unemployment benefit their stance varies. In fact, insiders will prefer an unemployment benefit system which is based on previous contributions, which is hardly accepted by outsiders due to their much more instable career, their levels of contributions are much lower and thus, this system disadvantages them heavily.

It is important to notice that not only diverges their political preferences but the composition of these two groups is quite different since scholars such as Esping-Andersen (1999) or Häusermann and Schwander (2013) have identified young people, women and low-skilled workers to be above-average represented in the atypical employment, which constitutes higher labour market risks and consequently, makes them outsiders.

Rueda (2007), who according to Marques and Salavisa (2017), builds upon the economic insider-outsider theory by adding the dimension of political parties. He argues that social democratic parties not only fail to represent vulnerable outsiders but also consequently cause the gap between them and insiders to widen by trading off job security measures for insiders against active labour market policies for outsiders. Emmenegger (2012) from the strand of dual labour market literature argues that in countries in with welfare state in which eligibility criterias are based on contribution schemes, dualization is more pronounced. Additionally, the welfare state has likely augmented the problem in countries where the eligibility for benefits has historically been based on past contributions (Emmenegger et al., 2012).

Schwander (2018) points out that many scholars such as Ferrera (2005), Thelen (2012), Bonoli (2013) argue against this theory by Rueda (2007), stating that recent reforms by welfare states such as a minimum income and/or minimum pension schemes have had a negative effects on insiders (Ferrera, 2005; Häusermann, 2012) and given that it was mainly social democratic parties that pushed these policies through (Huo, 2009; Nelson, 2013), Schwander (2018) deduces that this could provide an additional argument as to why insiders are more and more turning their backs on social democratic parties.

Returning to the dual labour market literature, it has added to this discussion by referring to the Nordic Countries in which social democratic parties have been hystorically in power

(although for instance in Sweden, they have had a clear decline starting in 2002)⁵ in which the impact of dualization has been less noticeable (Palier and Thelen, 2010; Thelen, 2012). Instead, to explain increasing dualization, they refer to the development during the 1980s and 1990s, in which in Continental Europe efforts were made to dampen the effects of deindustrialization by saving the manufacturing economy. Marques and Salavisa (2017) explain that „to maintain a set of comparative institutional advantages, coordination between capital and labour was kept within the core industry (thus preserving a number of stable and well remunerated jobs)“ (pp. 138). Consequently, new and low-paid jobs were created and thus, a secondary labour market.

For the purpose of this thesis, we will draw upon Häusermann and Schwander's (2010) reasoning of the impacts of welfare states on dualization processes and the extensive welfare regime literature in the discussion and conclusion section.

II 3.2 Liberalization

The second theoretical argument providing a framework for this thesis is liberalization and its varieties in recent literature. A few scholars such as Glyn (2006) have primarily linked liberalization to a decrease in employment security due to structural pressures, which vary from globalization “because it increases the likelihood of concession bargaining through firms' better exit alternatives“ (Hassel, 2011, pp. 11), to de-industrialization, feminization of the workforce and the impact of the Economic and Monetary Union (Streeck, 2011). According to Picot and Tassinari (2014), Streeck represents the strand of liberalization literature which defines it as „a gradual process of expansion of market relations in areas previously reserved to democratic and collective decision making“ (Picot and Tassinari, 2014, pp. 3-4). It is argued that in both Coordinated Market Economies as well as in Liberal Market Economies, in order to dampen the effects of the Great Recession, the position and protection of labour was specifically targeted via reforms. To explain the impact of the EMU, it is important to acknowledge that due to the limitations regarding monetary and fiscal policies that its institutions place on member states, the moderation of wages and the flexibilization of the labour market become the go-to instruments of government's of southern states that are part of the EMU. In his „The Crisis in Context: Democratic Capitalism and its contradictions“, Streeck (2011) argues that the financial crisis has been the most recent

⁵ https://nsd.no/european_election_database/country/sweden/parties.html

example of an existing conflict between capitalism and democracy, in which the policy-making of domestic governments is constrained by the rules of international financial markets. Consequently, it can be argued that labour market policy reforms are a result of domestic governments replying to these external constraints.

Thelen (2012) provides an interesting framework for liberalization by arguing that there are three different types of how liberalization can progress. She distinguishes between „(a) liberalization as deregulation, often associated with LMEs; (b) liberalization as dualization, associated especially with continental European political economies like Germany; and (c) liberalization through what we might think of as socially embedded flexibilization typically most closely identified with the Scandinavian cases.“ (Thelen, 2012, pp. 146). She elaborates that these three types all have in common that market relations have expanded to areas which were previously reserved to „collective political decision making“ (Streeck and Thelen, 2005, pp. 30). However, they do differ regarding the support of social coalitions under which they progressed. To summarize, the three terms deregulation, dualization and embedded flexibilization she uses in this definition of liberalization, are intended in the following way. Deregulation as the demolition of collective labour regulation such as collective bargaining that have the ability to coordinate the power of the market, which is associated historically to liberal market economies, which, as Thelen (2012) argues, is not surprising since it has been demonstrated that in circumstances in which employers do not have great coordinating capacities, they will put their efforts towards weakening unions as well. Dualization, she argues, cannot be understood as a dismantling of collective labour regulation but „transpires instead through the differential spread of market forces.“ (Thelen, 2012, pp. 147). She proceeds to argue that dualization differs from deregulation in the sense that it involves a shift of institutions instead of a direct attack. Liberalization in the form of embedded flexibilization associated with Scandinavian states, requires continuously high levels of equality in order to ensure that the strategy of promoting active labour market policies such as heavily state-funded training programs in order to actively adapt workers‘ skills to market demands, function. Briefly stated, embedded flexibilization does not involve the protection of workers from the market but the activation of their skills to ensure integration/reintegration into the labour market.

Hassel (2011) points out an interesting aspect regarding the disagreement among scholars on how to interpret the ‚markers‘ of liberalization such as a decrease of coordination or what classifies as an institutional break. Like Thelen (2012), Hassel (2011) also points out the

different approaches to developments of liberalization between Power Resource literature and Varieties of Capitalism-Rational Choice literature. The former would interpret the change towards liberalization as „a strategy pursued by business as a matter of principle to diminish the effects of constraining regulation and trade union demands for redistribution and restricted practices.“ (Hassel, 2011, pp. 7), made possible by the coalitions between businesses and political parties in power and ultimately, at the expense of labour standards. Wood (2001) explains how the contrasting VoC-Rational Choice approach predicts a shift towards liberalization based on how financial market actors in order to accumulate more capital in a non-liberal market economy pressure the management of businesses to have shorter turnover periods for staff and consequently, shorter production cycles which would lead to an increase in short-term profits. Moreover, financial market actors in non-liberal market economies would not expect the same levels of a shift to liberalization as long as it is ensured that their interests are sufficiently served by the institutions in place. Furthermore, according to Hassel (2011) it is crucial to understand these two approaches in order to retrace drivers of institutional change as well as the intention of different actors and the extent and effects of liberalization.

III Method

Before we can construct the hypotheses and decide and discuss the appropriate method, this process has to be planned. The goal of the planning process is to develop a protocol which will then guide the progress of our research. The most important aspect at this stage is to clarify the research/learning goal and to clarify potential problems. Hereby the explorative question (What?) and the descriptive question (How?) can be helpful. The earlier presented literature review has already helped to generate an overview of the theories with potentially explanatory power (dualisation theory and liberalisation theory) and the two supporting theoretical frameworks, Varieties of Capitalism and welfare regime literature, which will be presented in the next section, will help us to choose the cases (United Kingdom, Italy, Sweden and Germany).

Applying this procedure to our research, means to begin by asking ourselves, what is the learning goal that we would like to achieve by the end of this research, which is of course to find answers to the research question *Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?*‘. The complexity

of this question can be broken down into multiple points. First, the notion of unemployment benefits has been clarified in the theoretical framework of this thesis. Institutional legacies, however, indicates for the purpose of this thesis that different states have different institutional backgrounds. To explain these legacies, we will use the two frameworks, Varieties of Capitalism and Welfare Regime literature.

The next sub-section of this thesis' section will reply to the descriptive question ,How?‘.

The approach that is used to test this research question is a comparative case study analysis (CCA). There exists a variety of literature on the ill-definition of the term „case“ or alternatively, „case study“ (Karbo and Beasley, 1999), while King et al. (1994) described it as an individual data point, McKeown (1985) however defined in his „Case studies and Theory development in the Social Sciences“ case studies as „refine a theory about a particular causal mechanism“ (p.31) For this research, Vannoni's (2015) definition of cases will be adopted, which states that „a case is a spatially and temporally bounded political and/or social space and [...] the spatial and temporal bounds are determined according to the theory the researcher addresses.“, which is derived from Gerring's (2004) three-type classification of case studies according to their spatial and temporal variation. Rihoux and Ragin (2009) have portrayed the essence of comparative case study analysis by summarizing that cases are made up of different arrangements of factors or variables from which causal relations will be deduced by „systematically comparing instances of a phenomenon“ (Vannoni, 2015) or putting it briefly, to interpret a phenomenon in its context (Göthlich and Stephan, 2003). Within Comparative Case Study Analysis, the examination of a single case is not excluded, which is suggestible in the case of an extreme or singular phenomenon, in contrast to this Gerring (2004) has noted „a single unit observed at a single point in time without the addition of within-unit cases offers no evidence whatsoever of a causal proposition“. Consequently, „suggestible“ is the examination of a multiple case study, which can then be categorized into holistic, meaning that the case study is perceived in its entirety or embedded, in which the chosen case is broken down into multiple sub-units. For instance, a holistic case would be an event and the embedded sub-units would be the technology used at the event, the groups of people present and the processes needed. Linking this to our thesis, we could say that our four different states are the cases and the unemployment benefits that the non-standard workers in this state (case) receive, are the embedded sub-units.

The planning and design of a comparative case study analysis can be very tricky, especially since there are many misleading applications of this method to be found. The research design used for this thesis is based on Yin's model (1984) of how to conduct CCA.

III 1. Data collection

The term „data“ in qualitative research refers to a variation of linguistic, objective or visual information carriers, which can be derived from documents, observations, data from archives, interviews, artifacts, which all have their specific advantages and disadvantages. One factor contributing to a high quality case study is to use multiple types of sources to collect the data, In our case, as stated before, data, meaning the reforms of unemployment benefits, will be mainly retrieved from the LABREF database. LABREF was started and is managed by the European Commission and the Employment Committee. It entails reforms in nine areas ranging from ALMP's, unemployment benefits, labour taxation etc. for the 28 member states between 2000 and 2017. It does not include any drafted or planned reforms.⁶ Besides verifying the data retrieved from LABREF with national legislation sites, two other databases can provide complementary information. The other databases that are used are the Mutual Information System on Social Protection (MISSOC) database, which is also organized by the European Commission and provides information on the social protection across twelve areas in 32 european states and it is updated twice a year. The third complementary database used, is the Social Security Administration Site by the United States government, which provides extensive summaries on the social security reforms of 170 countries.

The primary data collection will result in the creation of a database, which needs to stay easily controllable and accessible throughout the research (Göthlich and Stephan, 2003). The administration of this database needs to be understandable in a sense that a third person can without facing any issues, easily familiarise themselves with the data. Changes of primary data are not permitted and as with every research method, there cannot be deductions without proof. The creation of the database is relatively straight-forward.

First, we are going to collect all the unemployment reforms between 2000 and 2017 for the four countries from the LABREF database (as presented in our database). The next and last step is to categorize these reforms in a way that will facilitate the analysis of our two hypotheses. To recall, we will examine the reforms by analysing the impact they had on insiders and outsiders, which will then allow us to draw conclusions about the correlation

⁶ <https://ec.europa.eu/social/main.jsp?catId=1143&intPageId=3193&>

between institutional legacies and the generosity of unemployment benefits. There are two steps to the analysis of each reform. First, it has to be decided if the reform addressed insiders, outsiders or both. Then, the actual impact of this reform on each group has to be evaluated. For instance, there are reforms that were positive for both insiders and outsiders, while others were positive just for insiders and therefore deteriorated further the status of outsiders and other reforms that had negative consequences for both insiders and outsiders. Translating this into a coding system could be too complex and since we want to keep the database and method as simple as possible, a 3-tier system will be applied. Reforms that addressed insiders will be marked with a „1“, whereas reforms directed towards outsiders will be marked with a „2“ and reforms that addressed both insiders and outsiders will be labelled with a „3“. The word „address“ is of great importance because it expresses that this coding system has no intention to provide information on the quality (negative or positive) of the impact of the reform on either group. This evaluation will be discussed in sections VI (Empirical results) and VII (Discussion and Conclusion). Lastly, as stated before, the categorization of insiders and outsiders follows the risk-based assessment developed by Häusermann and Schwander (2013).

III 2. Analysis

The analysis of the collected data begins with the so-called pattern matching, which implies to search the data for comparisons and patterns. Since the analysis in CCA is guided by theories, the constructed hypotheses can be clearly confronted with the empirical data. Similar to how the data is gathered with the help of triangulation, the analysis can also be conducted via three different ways. On condition of different cases producing the same results, the analysis would provide a literal replication. If the comparison of the results demonstrate differences which could have been forecasted by existing theories, it can be categorized as theoretical replication. In case that the goal of the research project is to uncover cause-effect patterns, the analysis would be directed by explanation building (Göthlich and Stephan, 2003).

As previously mentioned, a strong technique to construct comparative case study analysis is following Mill's method of differences and agreements, which will help us later to construct the two hypotheses. In Hancké's (2009) chapter on this method, he equally provides ways of how to use this technique to interpret the gathered data. Applying both Yin's model of analysis and Mill's might contribute to a strong analysis.

We have mentioned earlier that using multiple sources often creates a stronger data set. To make also the analysis stronger, we will apply the strategy of triangulation, an interesting aspect of CCA, which means nothing more than to examine the case from different perspectives. There exists for instance methodological triangulation, in which the case is looked at from distinctive methodological approaches and mindsets; the investigator triangulation, meaning researchers from diverse areas of science are examining the same problem and theory triangulation. Because we have intentionally chosen to analyse four different cases that might or might not have the same outcome and/or the same explanation, we need theory triangulation to analyse every potential correlation between institutional legacies and the generosity of unemployment benefits. By explanation, the VoC and the welfare regime framework is intended and the outcome is the resulting treatment of non-standard workers. Alternatively, the explanation can be the dualization theory or the liberalisation theory and the outcome would be the negative effects reforms had on outsiders or following the liberalisation argument, the outcome would be a growingly similar deregulation of unemployment benefits between the countries. Translating this approach to the actual analysis of the data set, we will analyse if the unemployment benefits in Sweden, as the representant of the universal welfare regime, have developed in a way that both insiders and outsiders had their situation improved. For Germany and Italy, the two chosen cases to represent the conservative welfare state, the reforms need to be analysed in reference to our hypothesis that in these two states the insiders were continuously protected deteriorating the position of outsiders. Lastly, unemployment benefit reforms in the United Kingdom will be examined to see if both insiders and outsiders access to them has worsened as we predicted for liberal welfare regimes. This step is necessary to test the first hypothesis. To clarify, if a reform positively affects insiders (protects them) from the negative circumstances of the unemployment status, it will be analysed as negatively affecting outsiders because it does not protect them, does not include them but further drives them away from the status of insider. The second hypothesis, which is to test if there is a certain trend towards liberalisation which causes western countries to deregulate their labour markets and thus, unemployment benefits, which was worsened by the financial crisis is best tested by looking at the two data sets, pre- and post-crisis, meaning to examine them as two „bundles“, one pre-crisis and the other post-crisis. Nonetheless, each case (country) will still be examined holistically when testing a trend towards liberalisation. This way is preferred in order to stay true to comparative case study analysis and to avoid a potential over-generalisation. We aim to leave room for different explanations. Using this approach, we have not only theoretical replication and explanation

building from Yin's model and Mill's analysis of agreement but it also allows us to draw rich conclusions to answer our research question *,Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?'*

III 3. Reflection upon potential methodological shortcomings, problems and the limitations of the analysis

The primary limitations of this methodological approach are due to feasibility to realize this research project. First, the research question is a general question, which is then reduced to four different cases, a time period, three specific categories of non-standard workers and one labour market institution. Consequently, there is only limited data available, the data that applies to the combination of these listed aspects. Nonetheless, they were all chosen for their „representativeness value“ which is explained thoroughly in the prior sections as well as the „Justification of cases“ section of this thesis as an attempt to constrain the problems that these choices would pose on the validity of this research.

Furthermore, to ensure that the data used for this research was complete, cross-checking the information of LABREF's database was necessary with the collected data (reforms) on other databases. As previously stated, the other databases that were used to conduct this research were the Mutual Information System on Social Protection (MISSOC) database and the Social Security Administration Site by the United States government. A similar concern of this methodology is the restricted access to data since it completely relies on secondary data. By identifying this potential issue early on, only cases and sub-cases were chosen that were extensively represented in various databases and literature.

An often identified limitation to this method (Campbell and Shelagh, 2010; Stake, 2006; Yin, 2004) is an inappropriate selection of cases that cannot explain causalities but are simply different. To exemplify, in this research we attempt to find explanations for the various access to unemployment benefits of non-standard workers. Instead of choosing cases that provide these workers with contrasting access to unemployment benefits, cases were chosen that made sense concerning the causalities in institutional patterns and the structural pressures that they were effected by.

Besides, being research-extensive, the time period poses an additional problem of allowing too much room for other explanatory factors (e.g. instable political system), while this is a

relevant concern, our approach to not exclusively use theoretical replication for our data analysis but also explanation building, deviating explanations (liberalisation theory) will not be disregarded while answering the research question.

One other typically cited disadvantage of conducting a comparative case study analysis is, specifically in comparison to quantitative studies, is the „small N problem“ (Lijphart, 1971), implying that the cases are not sufficient to make generalizations for a specific research question. One among the various suggestions to overcome this challenge in his articles was to increase the number of cases that are being compared. Interestingly, in David Collier's (1993) article on Comparative Methods, which was to a certain extent a response to Lijphart's previous piece, he stated that there are multiple factors which have been opposing the development of large N comparative studies, one of them being the extreme effort to construct an appropriate data set. To counteract the small N problem, Lijphart also suggested to focus on comparable cases, to which some researchers (e.g. Whitehead, 1986) responded that the strength of the most different design is that those analysing it are obligated to refine the multiplicity of the cases into a set of common traits that will demonstrate an important explanatory power.

Lieberson (1991) has noted that, if the cases are most different or most similar does not matter in terms of the quality of causal inference, both methods are weak regarding this aspect. Continuing, the only way to provide rich basis for causal inference is to increase the within case N. Suggesting that internal comparisons (within each case) introduce greater basis for causal inference. By not only comparing the cases (the four different chosen states) between each other but via the mean of our variable ‚economic crisis‘, we succeed at increasing the within case N considerably and therefore at constructing a richer analysis. Additionally, by choosing cases that intersected in two different frameworks (VoC and welfare regime) but within these frameworks, showed many crucial differences, Lieberson's critique of ‚most different or most similar‘ was eliminated.

Lastly, Collier's suggestion to resolve the inherent problem of comparative case study analysis is to apply more „parsimonious“ theories. Parsimonious in this context intends a theory which has been tested many times, a simple theory. Although not that straight-forward and criticized by some, many researchers have demonstrated VoC's relevancy throughout the years, even in times of high globalisation levels. Moreover, the second theoretical framework, Esping-Andersen's Three Worlds of Welfare Capitalism has been accepted to a certain extent

by researchers as having a paradigmatic status in the welfare regime literature. Lastly, both of our frameworks are typologies which makes them in some measure inherently parsimonious.

IV Case Selection

IV 1. The Varieties of Capitalism literature: The main building blocks

As recent reforms and trends in unemployment benefits are discussed, different forms of welfare systems and capitalism will be examined, for which an understanding of this theory is essential. This approach suggests that as capitalism advances, countries will have increasingly similar capitalist systems, following the logic of choosing the method which allows the best returns and because of international integration.

The very influential book series „Varieties of Capitalism“ by Peter Hall and David Soskice suggests exactly the opposite meaning that they not only identify different capitalist systems in Europe (they also touch on Japan and the United States) but argue that they are „path-dependent“ (Umney, 2014) and thus will put policies in place based on their existing structure which reinforces it and therefore capitalist systems in Europe will further diverge.

Varieties of Capitalism (2001) needs to be understood as a dualist typology that „is based upon the ways in which firms organise their structures and processes in relation to market mechanisms.“ (Isakjee, 2017, pp. 7).

The authors identify two different capitalist patterns, the coordinated market economy (CME) (present in countries such as Denmark, Germany or the Netherlands) and the liberal market economies (LME) such as the United States or the United Kingdom. The former is characterized by institutions which tend to incare there to inspire cooperation between economic actors, as opposed to LME's in which institutions are designed to strengthen „competitive market-based relationships“ (Umney, 2014) between economic actors. Consequently, measures put into place by institutions of either of these two types of economies fit with either one of these approaches and attempts to diverge from this path will result in unsuccessful implementation. For both of these two approaches, the most important thing that the authors identified is the interaction between firms and other economic actors across five different categories, first, the industrial relations (e.g. collective bargaining mechanisms); secondly, vocational training and education; third, corporate governance;

fourth, inter-firm relations and lastly, technology transfers. Although the authors create this binary classification, they leave space for six of OECD countries (Spain, Italy, Greece, Turkey, Portugal and France) that do not fall into either of these categories and thus, present a more ambiguous situation, which they describe as „marked by a large agrarian sector and recent histories of extensive state intervention that have left them with specific kinds of capacities for non-market coordination in the sphere of corporate finance but more liberal arrangements in the sphere of labor relations“ (Hall and Soskice, 2001, pp. 21).

IV 2. How „Varieties of Capitalism“ and „Beyond Varieties of Capitalism“ can help to contextualize the economic system and institutional patterns in the UK, Germany and Italy.

IV 2. 1 Germany

According to the authors of these books, Germany has to be classified as a coordinated market economy (CME). Regarding their first point, industrial relations, the argument is divided into four parts. First, the reader is being informed that CME's rely on highly skilled workers with relatively large autonomy concerning working processes and information sharing, which makes them vulnerable to the „poaching“ (Hall and Soskice, 2001) by other firms and the exploitation by their own management. Therefore, industrial relations in Germany are set up to protect workers' wages via bargaining between employer associations and trade unions and although the rate of trade unions in Germany is only moderately high, given that they cooperate with employer associations, all the members of the latter are bound to adopt the agreements. The rights of employees are then further supported by a network of work councils who have quite the bargaining power regarding issues such as layoffs and general working conditions.

Since CME's largely depend on highly skilled and specified employees, the country's vocational and educational system functions as the primary source to produce them. Germany's case is quite particular as there are trade unions and industry encompassing employer associations which oversee a „publicly subsidized training system“ (Hall and Soskice, 2001, pp. 25). A system in which the supply of in demand workers for firms is ensured following a bilateral strategy of pushing big firms to take on apprentices but simultaneously determining that training protocols are established and industry-wide skill categories are negotiated.

Continuing the logic of the five point categorization regarding the interplay between firms and economic actors, the reader is provided with an insight into the handling of corporate governance in Germany. It is stated that „inside information“ of companies is usually accessible to investors via three different pathways „(a) the close relationships that companies cultivate with major suppliers and clients, (b) the knowledge secured from extensive networks of cross-shareholding, and (c) joint membership in active industry associations that gather information about companies in the course of coordinating standard-setting, technology transfer, and vocational training.“ (Hall and Soskice, 2001, pp.23). They elaborate that it is common to find other companies either jointly working on common research and product development projects and/or present on the supervisory boards of said firms. Interestingly this indicates that in Germany potential outside funders are able to obtain a lot of relevant insights such as performance records or their research and development projects on cohesive business network that are made up of multiple firms.

Passing on to the fourth identified category, the internal structure of a firm, the authors describe to what extent the corporate governance is aligned and reinforced by the decision-making processes in German firms. In fact, managers in Germany have much less unilateral power in comparison to their counterparts in LME's, meaning that the procedure for a decision consensus includes not only the supervisory board of which the employee representative (Betriebsrat) is a part of but also major suppliers, customers and the shareholders.

Lastly, the authors explain how due to the existence of many long-term contracts, employers in Germany cannot rely as heavily as in LME's on the mobility of workers in order to ensure technological transfers. Instead, they rely on strong inter-company relations for diffusion of the latter, which are then strengthened by business associations collaborating with officials from public institutions determining in which aspects improvements can be made. This structure is sustained by corporate law complementing and strengthening these industrial relations.

IV 2. 2 United Kingdom

As a primary example of a liberal market economy, the first exemplification of the difference to a coordinated market economy, is the entirely different approach to corporate governance, stating that the UK uses a shareholder approach to corporate governance, meaning that the

power of other economic actors (stakeholders) is much weaker concerning the monitoring of corporations and in inter-company relations, the role of the market plays a much more significant role than in e.g. Germany. Additionally, associations representing employees are not a mandatory part of the governing body of companies in the UK and the power is much more centralized around the Chief Executive Officer.

In the book, Stewart Wood explores the relationship between the government and business in the UK, stating briefly that the government functions relatively unconstrained and the businesses are uncoordinated hence placing the UK at the very opposite of Germany. The implications of this are numerous; since the government is quite free to introduce considerable changes, companies are less inclined to invest into a network based governance as seen in the German case and will rather protect than share inside information. Moreover, the lack of coordination between businesses acts as an incentive for policy makers to create market enhancing circumstances. Stewart Wood further identifies a strong relation between the UK's Conservative Party and employers interests exemplified by the „Attack on Organized Labor in the 1980s“ (Wood, 2001, pp. 261) (not a considerable aspect in light of today's politics since they have been consistently the major political party from 1979-1992 and 2010 until today). This development was mainly based on the agreement to „improve employer power in a deregulated labor market“ (Wood, 2001, pp. 266).

IV 2. 3 Italy

As Italy does not fit into either one of the two archetypes of capitalism, it is still categorized as a „Mixed Market Economy“ (MME), which is broadly defined by a mixed interaction between the market and regulation by state mediation, the government which has a „gate keeping role“ (Molina and Rhodes, 2007) and employers that are similarly fragmented as businesses in LME's, however their unions are endowed with higher political power although also fragmented and without cohesive articulation of demands.

The country has experienced not an irrelevant amount of liberalization of goods and services and privatization despite the process being much slower than in other MME's such as Spain. Trade Unions in Italy are mainly sectoral or regional and there is a union density of 34% while employer associations main constituencies are in industries (as opposed to services or finances) and their organization rate lies at 51% (European Commission, 2005). Besides the existence of a „highly protective labour law“ (Molina and Rhodes, 2007, pp. 241) created in

the 70s, there is a clear dualism concerning the application of these laws as they are not applicable for firms with less than fifteen employees, which allows employers of SME's to avoid policies such as the *Cassa Integrazione Guadagni*, an instrument to maintain employee's wages. In terms of flexibility on the issues of hiring and firing of workers, wages and working hours, collective bargaining was mainly responsible for the extension of these rights until the mid 1980s following the logic of limiting the firing for a greater flexibility on internal working conditions. However, in the early 90s this approach started to fade and trade unions and employer's associations view on flexibility deviated. Consequently, it was now much harder for the state as well as for employers to „implement more comprehensive market-oriented reforms, and employers and unions from freely and jointly agreeing on coordinated adjustment strategies.“ (Molina and Rhodes, 2007). One of the peculiar aspects of Italy within the Mixed Market Economy classification, has been their unique distribution of economic adjustment costs, which have been largely carried by the state, meaning that they are divided between employers and employees.

Interestingly, due to the earlier mentioned disconnection between the interests of large firms as opposed to SMEs and a relatively weak presence of foreign multinational companies in Italy, combined with the strong political power of trade unions and the lack of a market-oriented political party until Forza Italia took off under the leadership of Silvio Berlusconi in the early 1990s, labour market flexibility has been comparatively weak. Nonetheless, Italy has experienced a great increase in self-employment of highly skilled workers and a shift to „precarious work“ of the low-skilled.

In a consecutive chapter Molina and Rhodes explore the political exchange and collective bargaining processes in Italy. As briefly mentioned above, employers associations and trade unions stances have changed over the decades, but it is important to clarify in what way. In fact, the former has continuously desired to strengthen their stance by trying to harmonize the interest of large firms with those of SMEs. In comparison, trade unions, due to the fact that large firms were always much more heavily unionized were searching to achieve a control by sectoral federations.

In 1993, trade unions in Italy profited from a political and economic unstable situation, characterized by the collapsing of the old „Consensual Democracy“ (then shifting to a „Competitive Democracy“) and the beginning of the European Monetary Union, which they used to „not only clarify company-level mechanisms of union representation but also

established a clear, two-tier distribution of tasks, with the sectoral and company levels pre-eminent.“ (Molina and Rhodes, 2007, pp. 247).

Concerning the question if Italy could develop into a direction of a liberalized market economy, the authors paint the picture of a very low likelihood since market liberalization efforts are not only comparatively quite recent (mid 90s) but also the reduction of the state business sector and the fact that the state is very much endowed with a variety of regulatory and financial tools, a clear obstacle to a market driven economic system. Although employers association such as Confindustria (the primary e.a. in Italy) have been trying to harmonize interests between SMEs and large firms, their cautious approach to liberalization has driven young entrepreneurs and their start ups in the hands of the center-right/ right parties Forza Italia and La Lega Nord.

IV 3. Critics to Varieties of Capitalism

Taking into account the various critics that were made about the argumentation in Varieties of Capitalism, for instance that it has been too fixated on the so-called „path dependency“ disregarding important factors of economic changes (Crouch and Farrell, 2004), that it treats nations as if they were functioning in isolation with little regard to influences of convergence or globalization (Panitch and Gindin, 2005; Pontusson, 2005) or the neglect of internal origins for changes in national systems (Coates, 2005), it is important to provide exogenous literature in order to move forward with a well-rounded theoretical framework.

For the case of Germany this means to have a critical look at Hall and Soskice's depiction of the bargaining power of trade unions in the country. Even though the traditional model of union membership and respective bargaining coverage was still more or less intact in the mid 1980s, some form of deregulation of standard contracts and the rise of agency work could already be noted. During the Kohl era (1982 to 1998), given the oil shocks of the 70s and thus „high“ (under 5 %) unemployment, and despite the opposition from social democrats and trade unions, the first law (*Beschäftigungsförderungsgesetz*) was passed, permitting employers to issue temporary contracts up to 18 months without reasoning, temporary agency work was also affected by increasing the contract time for projects from 3 months to 6 months. To complement the picture, during this period, employers also increasingly strategically exploited the use of low intensity (referring to working hours) part-time work (*geringfügige Beschäftigung*), especially in labour intensive sectors such as retails or hotels, because this type of work was exempt from social insurance contributions. Also during the

1990s, trade unions were facing immense pressure to release from their tough attitude towards liberalization of agency work due to the still persisting mass unemployment.

Many firms also „opted out of collective bargaining via opening clauses“ (Eichhorst, 2011, pp. 78). Given the low popularity of these reforms, the Social Democrats used them during the electoral campaign of 1998 and eventually the Kohl era was over.

The new red-green coalition government (1998 to 2001) wanted to disrupt this course and put in place a number of flexibility regulating policies, such as the inclusion of freelancers that worked for one client only into the social insurance schemes by classifying them as dependent workers. This development can be clearly used to countertell Rueba's theory (mentioned in prior section) of Social Democrats promoting marginal flexibility by exclusively working in favour for their primary political clientele, insiders. Eichhorst (2011) argues that critical periods of economical (high unemployment) or of political nature (falling approval rates) have majorly contributed to the inconsistent labour market reforms in Germany.

To provide an alternate perspective on Molina and Rhodes' (2007) depiction on the severity of the Italian liberalization process, a review of the reports on Italian Labour Reforms from different researchers can be helpful. There seems to be a consensus that the reform process towards liberalization started in the 1990s (Fana et al., 2015; Barbieri and Scherer, 2009; Demekas, 1995) but some identify the introduction of temporary contracts for young workers in 1983/84 which combined work and training as an early cornerstone. These training contracts were then a decade later extended to a wider range of situations and were naturally very cost efficient for employers. Before the much discussed *Pacchetto Treu* was implemented in 1997, which provided a new legal framework for a range of flexible working situations varying from temporary and part-time contracts, apprenticeship schemes to the creation of temporary work agencies, a national law passed in 1993 which not only regulated the adjustments of wages in times of inflation but also performance related payschemes, a result of a new approach to collective bargaining. Passing on to 2001, Decree law n. 368 which included the possibility of extending temporary work contracts also to regular employees was adopted (Fana et al., 2015). Two years later in 2003, the *Legge Biaggi* was introduced under Silvio Berlusconi's government, which aimed to provide a legal framework for a wide range of non-standard contracts (also including staff-leasing contracts), which thus also acted as an incentive for employers to make use of them. Kahn (2007) has noted that during this period the extension of this „marginal employment“ (because they were mainly targeting the vulnerable (the youth, women, workers in the South etc.) working population)

had become a great source of insecurity and brought the discussion on labour market dualism back (Ichino et al., 2003). However, Barbieri and Scherer (2009) noted that empirical research has shown that the implications of these reforms were quite complex and could neither confirm the hopes of those believing that flexibilization is the ultimate path to job creation nor could it validate those with more pessimistic views.

Since Hall's and Soskice's description of the United Kingdom's economic system and labour market institutions was quite focused on employers, we need to understand the role of the institutions in the creation of labour market reforms and see to what extent the UK is a welfare state. Against Soskice and Hall's perspective of the trade union's political power being very weak, Addison and Siebert (2013) describe a different picture. Prior to the election of Margaret Thatcher in 1979, trade unions enjoyed not only extensive legal protection and thus their power was perceived to be „excessive“ (Addison and Siebert, 2013). Nevertheless, this soon changed since they were made responsible for Britain's failing economy and the 1980 Employment Act undermined union's power drastically by eliminating the statutory union recognition which was adopted by the Labour government in 1975 and the rights for workers to refuse to join a trade union were extended. In 1982 they were even more weakened by giving employers the right to make unions financially liable and abolishing contracts in which it was specified that only union members could be employed. The next decade was used by the Tories via many different Employment Acts to diminish union's rights almost to the point of extinction. The final act was passed in 1993 and by dissolving the remaining Wage Councils which had successfully implemented a statutory minimum pay, the way was free for salary competition between employers.

With the Labour Party back in government, Tony Blair's efforts was directed towards dampening the effects of a decade long conservative state. Recognizing trade unions at the Government Communication Headquarter, promising to take part in the European Social Charter which included many basic rights regarding, full employment, working hours, social security and social protection against poverty.

The Employment Relations Act of 1997 not only restored many of the union's rights but also substantially increased dismissal costs for employers, which brought on the question of employers seeking more and more temporary contracts and making already marginal groups (the youth and older workers) more vulnerable since their skill deficit would make them even less attractive to employers that now thought twice about hiring someone with an open-ended contract.

By adopting laws to give access to those that were not „genuinely“ self-employed (although this gave much space for debate (Addison and Siebert, 2013)), access to employment rights such as severance pay or fairer dismissal, a symbolic act to spark a debate on the exploitation of non-standard contracts was concluded.

The United Kingdom was of course not exempt from the rise of unemployment which continued until 2013. During the first shock in 08/09 state expenses on „passive“ labour market measures such as unemployment maintenance and support and early retirement, increased considerably and by 2010 they had decreased again although expenditure on active measures such as direct job creation, employment and start-up incentives etc. stayed stable during the years 2007- 2008 (Fuertes and Zimmermann, 2014).

It has been established that Varieties of Capitalism provides readers with a typology of an organization of the economy. It is centred around the economic actor ‚the firm‘ and nothing substantial is being said about the welfare state of these economies. Or, as Schröder (2013) puts it: „In contrast to varieties of capitalism, welfare state research focuses more on how economic value is (re)distributed than on how it is generated.“ (Schröder, 2013, pp. 5). Our analysis is centred around unemployment benefits, which are an integral product of a welfare state and hence, to understand welfare state typology is essential to answer our research question.

IV 4. The literature on Welfare Regimes and Description of the Welfare Regimes of Germany, United Kingdom, Sweden and Italy

The categorization of welfare regimes in literature can be traced back to the classic „The three Worlds of Welfare Capitalism“ by Esping-Andersen, published in 1990. In this section the main arguments of this book will be presented and complemented by literature which has confronted this trinary typology.

Esping-Andersen’s Three Worlds of Welfare Capitalism has its origins in the attempt to shift away from the framework for Sweden’s welfare model, which the author theorized as a response to Korpi’s (1983) book on the power resource theory by explaining that the application of this theory works best for Scandinavian countries, more specifically, for Sweden. Consequently, to provide a more encompassing framework, his efforts resulted in the creation of Three Worlds of Welfare Capitalism.

Emmenegger et al. (2015) summarize the book's main arguments in three points and argue that „the impressive impact of Three Worlds can partly be ascribed to three interrelated arguments“ (pp. 5). Esping-Andersen's first main argument is that based on different historical and political developments, three different types of welfare states derive. To illustrate, according to him, the conservative welfare model of continental European states is a result of the dominant Christian democratic and conservative political parties. In contrast, the liberal welfare state that can be found in Anglo-Saxon countries can be linked to the weak influence of the political parties of the left while the opposite can be said for Nordic countries in which the strong presence of left parties resulted in a Social Democratic welfare model. This deduction goes directly against functionalist theories which depicted the welfare state as a response to economic, demographic and social transformations and insists that it is the country's political and historical pathway that will decide the composition, type of welfare state.

One other argument that has been a true turning point in welfare regime literature is the interpretation of a welfare state as an independent variable which shapes different social, political and economical outcomes based on its type: „of the many social institutions that are likely to be directly shaped and ordered by the welfare state, working life, employment and labour-market are perhaps the most important“ (Esping-Andersen, 1990, pp. 141)

The third principal argument of this book brings forward the notion that „the three welfare state types reflect different political ideologies with regard to stratification, de-commodification and the public-private mix of welfare.“ (Emmenegger et al., 2015, pp. 5). This author maintains that this reasoning broke with the conception that welfare states differ regarding the budget accorded to social expenses or in which periods they chose to introduce new policies. Instead, the difference is based on the diverging political ideologies. Esping-Andersen (1990) theorized that in the Social Democratic model of the northern countries, the government addresses and takes care of the entire population with a mix of benefits for those with mid-level incomes and minimum income schemes for those at the bottom-end. In conservative welfare states one can rather notice that via social insurance schemes, an effort is made to not deteriorate the insiders of the labour market. Finally, in the liberal model, present in the Anglo-Saxon countries, the focus is shifted to ensuring that those in need that cannot be helped by their families or market solutions, are taken care of with minimum income solutions.

The reception of this book has been widely different although, Emmenegger et al. (2015) argues that based on their codification of publications in which Esping-Andersen's classification has been used, it can be deducted that there have not been many profound criticisms brought forward which they believe is an indication that „Three Worlds has obtained paradigmatic status in welfare state research.“ (pp. 9). Alan and Scruggs (2006) summarize its popularity in two points. On the one side, the classification of welfare regimes into three types based on the „nature of their public-private mix“ (pp. 1) provides a parsimoniousness which gives researchers the possibility of understanding the logic underlying to each welfare model and secondly, it serves as a departure point for the testing of new hypotheses. On the other hand, „it employed a systematic empirical comparison of the programmatic aspects of national welfare regimes. In other words, evidence of regimes was independently confirmed in statistical data.“ (pp.1).

In order not to diverge from the topic of this thesis, Gender, Race, Healthcare and Healthcare Outcome critics to Three Worlds will not be presented. One of the main critics of this book has been the narrowness of selection of countries, especially the lack of representation of Southern European (Mediterranean countries), which do not fall into any of the three types and should constitute their own model (Leibfried, 1993; Ferrera, 1993). Ferrera proceeded in 1996 to publish a typology on the Southern Model of welfare states, which will be part of the next section, in which the case selection for this thesis is justified. The absence of representation of Asian welfare regimes has been noted by Jones (1993) and Goodman and Peng (1993), which all put forward the need to develop a unique welfare type for East Asian countries. Furthermore, Japan and possibly, Singapore, Taiwan and South Korea potentially carry a combination of elements of all three types of welfare regimes, as noted by Walker and Wong (2005) and Aspalter (2006). Almost a decade later, Esping-Andersen reformed his classification, reducing the number of case studies to 16 (previously 18), adding Spain to his analysis, however excluding which could be classified as hybrid cases such as Belgium, Ireland or Switzerland (Ebbinghaus, 2012). Isakjee (2017) depicts the Varieties of Capitalism, presented earlier as an alternative typology to the Three Worlds but which is in contrast to Amable's (2005) typology of five different capitalist systems more simplified. This economist's typology is theoretically-founded on the following variables: labour market, social protection, education system, financial system and product market. Based on these five variables, he distinguishes Asian capitalism from continental European economies, market-based capitalism (e.g. United Kingdom), Southern European capitalism as it is present in Portugal and lastly, social democratic capitalism (e.g. Sweden).

Even though many other scholars came forward with alternative models, it has to be noted for the case studies chosen for this thesis, there seems to be a relative consensus that Sweden can be classified as a Social democratic welfare regime (Esping Andersen 1990, 1999; Leibfried 1992; Ferrera 1996; Bonoli 1997; Korpi and Palme 1998; Korpi, 2000), the United Kingdom is by these listed researchers continuously mentioned as a liberal welfare state and Germany is considered as a conservative model. For the case of Italy, it has been already mentioned that it was not part of the Esping-Andersen's original typology. However, due to the contributions in literature by scholars such as Leibfried (1992), Ferrera (1996) and Bonoli (1997), Italy has been assigned to this fairly new type of Mediterranean welfare state. The details of what each welfare regime of these four countries looks like will be discussed in the following section.

IV 5. Description of the Welfare Regimes of Germany, United Kingdom, Sweden and Italy

IV 5. 1 Germany

In continental Europe (conservative welfare state), the role of the rural class, the farmers, was very different than that in Sweden. Because they had not much capital themselves and performed cheap labour in continental Europe, their affinity to red-green coalitions as present in Sweden was very limited and the stance towards left parties and unions was rather hostile. Parallel to this, conservatives had succeeded at creating right-wing alliances with the farmers.

After World War II, continental Europe was not exempt from the formation of a new middle class and conservative forces succeeded not only at tying them to their agenda but also to institutionalize this alliance with occupationally fragmented insurance plans. Adjacent to the liberal welfare states, the conservative states did not struggle with an obsession about market efficiency and whether or not to decommodify, meaning that whether or not social rights would be granted was not subject of discussion. However, what was important was the maintaining of the link between social class and the corresponding rights attached to it. Because the state had an interest in maintaining the different classes, these rights were not exactly redistributive.

Esping-Andersen argues that the value of individual independence could not be more contrasting to that of the social democratic welfare state. According to the author: „corporatist regimes are also typically shaped by the Church, and hence strongly committed to the preservation of traditional family-hood. Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar family services, are

conspicuously underdeveloped; the principle of 'subsidiarity' serves to emphasize that the state will only interfere when the family's capacity to service its members is exhausted.“ (Esping-Andersen, 1990, pp. 27). While this was a relevant depiction in 1990, it has to be noted that Germany, among other conservative welfare states, has made a considerable effort to part with the old social benefit model which was directed towards the male breadwinner to new social policies that were aimed at facilitating the reconciliation between work and family and women's participation in employment (Fleckenstein and Lee, 2012).

IV 5. 2 United Kingdom

In contrast to the social-democratic welfare states, the liberal welfare state present in the United Kingdom had a shift to a new middle class before World War II and the welfare state did not go through transformations in order to accommodate the needs of the middle class. Consequently, a dualism has been kept with the welfare state caring for the poor and the working class on the one hand and special insurance schemes and „occupational fringe benefits“ (Esping-Andersen, 1990, pp. 31) for the middle class on the other hand.

The translation of this dualism in the United Kingdom can be described as following: „a relative equality of poverty among state-welfare recipients, market-differentiated welfare among the majorities and a class-political dualism between the two.“ (Esping-Andersen, 1990, pp. 27).

In contrast to Sweden in which social democracy was the main driver of social reforms, in the UK, social reforms have been driven by a liberal work ethic. Meaning that the welfare state is limited in a way to increase tendency to choose work over it. Consequently, the social insurance schemes as well as universal transfers are modest. The cost of this type of welfare state is thus lower than in Sweden and full employment is not an essential part of the equation. In a way, the state incentivises the market by providing a minimum to the poor and working class and funding private insurance schemes parallelly. Consequently, the author argues, de-commodification is not extended like in Sweden but minimized and therefore, social rights are restricted.

IV 5.3 Sweden

Sweden has had a very different political evolution than Germany or the UK and therefore shows different characteristics in the composition of their welfare state (according to Esping-Andersen). Without going too much into detail about the origins of the social-democratic welfare state, it is important to point out the basic factors. The reasoning of Esping-Andersen follows the line of extension of de-commodification (meaning a citizen's independence from the forces of the market which the author measures in pensions, unemployment and sickness benefits) to the middle class (as opposed to only the lower class as present e.g. in liberal welfare state), which was pursued by the social democratic party. The author theorizes that because the rural class was very important in the formation of socialism and the social democratic parties (since they accounted for the majority of the electorate) and that in the nordic european countries the farmers, who mostly constituted the rural class, were well organized and articulated. This gave them considerable power to negotiate their demands. The end of World War II then marked the emergence of a new middle class and the social democratic parties had to incorporate their needs by „expanding social services and public employment, the welfare state participated directly in manufacturing a middle class instrumentally devoted to social democracy.“ (Esping-Andersen, 1990, pp. 31).

Apart from the above mentioned extension of universalism to the middle class, how does this universalistic approach translate? First, there is an absence of a state and market dualism which meant to apply an universalism of the highest standards instead of only making the very basic needs met. Secondly, individual independence is highly valued and therefore family costs are taken care of by the state (payments to children, the elderly and those without help), which the author names a „peculiar fusion of liberalism and socialism“ (Esping-Andersen, 1990, pp. 28). Lastly, since the costs of this type of welfare state are comparatively high, full employment alongside welfare is of highest priority.

IV 5. 4 Italy

Continuing with the lastly mentioned type of welfare regime, the Mediterranean (Southern) welfare state and its representative Italy, it is most ideal to present Ferrera's (1996) theorization in his article titled „The ‚Southern‘ Model of Welfare in Social Europe“. As stated, the main goal of this article was to provide a typology by identifying their common traits of a group of countries (Greece, Spain, Portugal and Italy) that Esping-Andersen had not taken into consideration as such since he counted Italy into the group of conservative welfare states. Ferrera (1996) argues that Italy is not only „at the heart of Southern Europe“ (Ferrera,

1996, pp. 19) but has also in a sense led the development of the other countries' welfare states. The first of the four shared traits between the states he points out, is the fragmentation dualization in income maintenance, which shows its most extreme forms in Greece and Italy. This term describes the combination of multiple factors. On the one hand, the author identifies an extreme manifestation of cash benefits (especially pensions) as they are typical for continental welfare models combined with a very high level of fragmentation between different occupational groups in regards to their income maintenance. Consequently, one finds in Italy a small group of very generously protected workers (e.g. private and public employees of distinct sectors) that have separate schemes which exist alongside the general schemes such as the INPS, which covers for instance industrial workers.

Regarding the cash benefits earlier mentioned, the four southern countries have the highest pensions (calculated in percentage to the worker's salary before retirement) in Europe. In 1990, Italy was placed third in the EU with 89% of a worker's average net earnings received in benefits at retirement. This, however, was only true for someone who had a full career in the institutionally recognized labour market. For those who do not fall into that category, the minimum benefit was 19%. A staggering 70% difference. Until today, Italy has one of the lowest pension contribution averages in Europe⁷, however the second highest expenditure on pensions after Greece⁸. A second example which the author points out to clarify the difference between Italy, as representant of the Southern Welfare model and the conservative, liberal and the social-democratic welfare state, is the benefit a young, unemployed person would receive if they lived on their own. In most of the northern and continental European countries, such a person would receive a percentage of the average earning, ranging from 47% in Belgium to 18% in the United Kingdom. In Spain, Greece and Italy this number is 0. To summarize, the first main difference of the southern welfare model in comparison to the three others, is the (1) much higher proportion of weakly protected workers (compared to the conservative welfare states) and (2) dualistic protection system (compared to the universal approach in the social-democratic welfare states).

Contrasting this fragmented approach to income maintenance, is the for this type of welfare system typical universalistic approach to health care. In Italy's constitution (as well as in Spain's, Portugal's and Greece's), health care is stated as a citizen's basic right and a collective responsibility⁹. What should not be overlooked, however, is that in Italy there are a

⁷ <https://ec.europa.eu/eurostat/databrowser/view/tin00037/default/bar?lang=en>

⁸ <https://ec.europa.eu/eurostat/databrowser/view/tps00103/default/table?lang=en>

⁹ https://www.senato.it/1025?sezione=121&articolo_numero_articolo=32

lot of services that doctors and other medical staff can provide on a private basis (even in public structures, e.g. public hospitals), of which the price points are not regulated. To demonstrate, in 2017, 17% of public expenditure on healthcare went to private centres.¹⁰

Lastly, the fourth point Ferrara (1996) argues the four southern states have in common, is the „particularistic-clientilistic welfare state“ (Ferrara, 1996, pp. 25), which according to the author describes the mix of a state which at the same time has low levels of proper power and low levels of penetration of welfare institutions. Italy historically experienced a very pronounced version of this clientilistic welfare state. To illustrate, the *Democrazia Cristiana*, extremely influential political party which between 1958 and 1992 continuously had the biggest share of votes in Italy, was well known for providing for instance job opportunities (e.g. in the public sector) in exchange for votes. Apart from jobs, the author notes also that „the Italian clientelistic market has been operating at extreme levels of sophistication in the field of disability; similar syndroms have also developed in the field of unemployment insurance and of social assistance subsidies at the local level.“ (Ferrara, 1996, pp. 27). To summarize, the make-up of the welfare states in southern Europe presents similarities with those of the corporatist countries but their socio-political customs distinguish them clearly.

IV 6. Justification for the selection of cases

The previous parts of this thesis are allowing us to now explain how and why the cases used for this thesis were chosen. However, in order to get to this point, we have to take a step back and look again at the research question: *‘Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?’*.

The way this question is phrased, makes it clear that the generosity of unemployment benefits is being examined depending on the institutional legacies of a country. As a result, the selection of the cases relied primarily on the different institutional legacies observable. In the method section it was established that our research method is based on comparative case study analysis. Bringing the latter together with the dependent factor of different institutional legacies translates into selecting multiple case studies with different legacies. This is a potentially very broad category and evidently has to be narrowed down. Fortunately, with the help of the two supporting theories (Welfare regime and Varieties of Capitalism literature) this becomes much easier since cases had to be found that were at the intersection of these

¹⁰ <http://dati.istat.it/Index.aspx?lang=it&SubSessionId=73e14b52-2bbc-401c-98b9-c9b9df0f2462>

two types of literature. The United Kingdom represented the archetype of the liberal welfare state in the welfare regime literature and the liberal market economy in the Varieties of Capitalism literature. Selecting Germany was straightforward as well since it represented on the one hand a typical example of the coordinated market economy from Hall and Soskice's typology and on the other hand was listed by Esping-Andersen as an archetype for the conservative welfare regime. Italy, even though it was not considered in either of the authors' first typologies that were released, Hall and Soskice (2007) later on classified it as an example of a mixed market economy and Ferrara produced a typology of the Southern Welfare model of which Italy was representative. The selection of Sweden was not as uncomplicated since it has not been classified in the Varieties of Capitalism literature. However, the value of this particular case study was indispensable to the research question since Sweden's universal welfare model shows a distinct contrast to the other three cases which makes it very interesting to look at how they have been handling unemployment benefits during the chosen period.

Furthermore, using these two paths of literature naturally provided a very restrictive framework in terms of area (Europe), politics and values (European Union members)¹¹, similar GDP's (except for Sweden's which is ca. 1/8 of Germany's, however their population size is also ca. 1/8)¹². More recently, they were all affected by the economic crisis of 2007/2008 and their labour market institutional patterns have been widely discussed in recent literature (Scherer and Barbieri, 2009; Fana, 2015; Schmid, 2016; Eichhorst, 2015; Barlen, 2016; Hinz, 2018). Lastly, to be consistent with the definition of a case study that was established in the method section, all four cases had to be in line with Vannoni's (2015) definition of cases, which states that „a case is a spatially and temporally bounded political and/or social space and [...] the spatial and temporal boundaries are determined according to the theory the researcher addresses.“, (Vannoni, 2015, pp.3) which is derived from Gerring's (2004) three-type classification of case studies according to their spatial and temporal variation.

V Hypotheses

Now that we have established the reasons for choosing the cases and the theoretical background behind our research question and the following analysis, it is finally appropriate to construct strong hypotheses. To do so, we have to get back to Stuart Mill's method of

¹¹ The United Kingdom remains an EU member state for the duration of the chosen period of this thesis.

¹² https://ec.europa.eu/eurostat/databrowser/view/sdg_08_10/default/table?lang=en

differences and agreements from his „A System of Logic“ (1843) to compare the cases. The author explains that contrary to common belief, a thorough comparative analysis is not conducted by simply comparing the differences and similarities in multiple case studies chosen in reference to the research question, but to let a „counter-intuitive outcome“ (Hancké, 2009, p. 72) guide the research. The objective of this analysis is naturally, to provide answers to the research question *‘Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?’*. This research question is decomposed into two different hypotheses which will essentially help and guide us to answer the research question. To be in line with Bob Hancké’s approach, the construction of these two hypotheses will be made with the counter-intuitive outcome (CIC) in mind.

To explain this counter-intuitive outcome (CIC), we could take as the departure point the dualization theory and assume that the outcomes of policies that are implemented in response to structural pressures disadvantage outsiders. However, it has been shown that both insiders and outsiders can be effected negatively and the welfare regime literature leads us to believe that different states develop different strategies because of their social and political history based on which they can be classified into different types of welfare regimes. This reasoning leads us to the first hypothesis: *‘Countries differ on their strategies because institutional legacies shaped the decisions of policy makers. More precisely, we develop three different conjectures. First, countries with a universal welfare regime reformed unemployment benefits in a way that is not harmful for outsiders and positive for insiders. On the contrary, reforms were focused on improving the situation of outsiders. Conversely, in countries with a conservative welfare regime, reforms were detrimental for outsiders but the position of insiders remained protected. Finally, in liberal countries, reforms were in line with the strategy of deregulation, i.e. both the situation of insiders and outsiders was deteriorated.’*

Nonetheless, to answer the research question more appropriately, the first hypothesis needs to be challenged. The VoC framework as well as the welfare state literature both suggest that it is a country’s institutional legacy that will decide how their system treats (gives access to unemployment benefits) non-standard workers but they will also reinforce their system over a period of time and deviate more and more from other countries with different capitalist systems (this is suggested by the VoC framework, not the welfare regime theory) and that exogenous shocks will not cause these states to diverge from their path due to their different institutional legacies. In this case the CIC would be the exact opposite of that, meaning that the analysis will show that states with different systems are in fact converging over time regarding the policies that they adopt for non-standard workers because of a common trend

towards liberalisation. This counter-intuitive outcome shapes the second hypothesis:

,Countries reformed unemployment benefits in a way that led to growing similarities among them. This is so because there is a common trend towards liberalisation which is pushing all western countries towards greater deregulation of the labour market. This trend was more marked after the onset of the global financial crisis, which worked as an economic shock that accelerated this process.‘

VI Empirical results

VI 1. Germany

VI 1. 1 Self-employed, Temporary Agency Workers and Temporary Contracts: Background Information

Germany experienced a rise in self-employment during the 1990s, which was partly due to the expansion of this form of business activity to East Germany but also to the rising numbers of *Freiberufler*, meaning SE workers without employees. Even though, the latter form of SE has continued to grow alongside part-time work, start-up founders and women entering SE, self-employment has steadily decreased since 2005. Concerning the collective representation of these professionals in Germany, the authors depict an extremely fragmented system, characterized by associations representing the regulated professions, which are much more structured and have earned over the years a tangible legitimisation within other institutions, which are distinct to the many associations that have been emerging in the „knowledge, digital and creative industries“ (Borghi et al., 2018) and are quite diverse in terms of effectiveness, some of which have been existing for quite some time, such as the *VdÜ* (Association of Translators of German Literature) created in 1954 but also fairly new ones such as the *VGSD* (founded in 2012), an association for the interests of self-employed professionals disregarding of the sector or income level.¹³

As their representation is dualized, their legal protection is too. Self-employed professionals with employers (*Gewerbebetreibende*) whose income is taxed according to the system of the Chamber of Trade and Commerce (IHK), have to register with them and enrol their business activity while *Freiberufler* are not subject to this process. In line with the two previous cases, Italy and the UK, a dualization can be noticed in the access to social protection. While some

¹³ <https://www.vgsd.de/leitbild/>

SE workers (e.g. craftsmen, artists or regulated professions) are obliged to pension fund contributions, for others contributions are voluntary. These private pension funds are quite expensive and many SE professionals are not able to pay for them, creating a future economic burden for the country. Only those that have access to the mandatory pension fund would be able to get a disability pension. These circumstances push many self-employed workers to insure themselves with a private insurance schemes, creating an additional burden to them. Not only is the system compartmentalized into different access for different SE workers but also regarding the latter's access to social protection in comparison to standard workers. For instance, even though since 2006 health insurance is mandatory for all German residents, however SEW's have to pay the full monthly costs of their insurances, a constraint to many, given the fact that many of those without employees are part of the lower income groups.¹⁴

In terms of unemployment insurance, an agreement was passed in 2006, declaring that for those that have been prior to self-employment engaging in a standard employee relationship, the possibility exists to continue to contribute to the unemployment insurance scheme. But the following conditions have to be fulfilled; one has to at least paid contributions to the unemployment insurance fund for the past twelve months out of the last two years, must have a maximum of 15 working hours per week, demonstrate that you are actively looking for work and register at the local labour office (*Agentur für Arbeit*).¹⁵

Moving on the Temporary Agency Workers, it is important to note that since 1991 TAW has been rapidly increasing from 131.000 TA workers in 1991 to 1.034.000 in 2017, although men have consistently made up the larger share (WSI, 2018)¹⁶. It is important to notice that the development of this type of work has been mainly characterized by the economic boom and the changing legislative framework. But who is carrying out TAW in Germany? According to numbers from 2016, 3 out of 10 TA workers were either in the transport, security, cleaning or logistics sector, twenty-eight percent were employed in the metal or electronics sector and about thirteen percent worked in manufacturing or agriculture. The remaining twenty-five percent are spread between tourism, construction, accounting, legal occupations, administration etc. (Bundesagentur für Arbeit, 2017). From the same source, one can retain that one-third of these workers have been in a temporary work arrangement with their lenders for at least eighteen months and about twenty percent were working for nine to eighteen months for the same lender. Interestingly, ninety-three percent of

¹⁴ https://www.diw.de/documents/publikationen/73/diw_01.c.496888.de/15-7-4.pdf

¹⁵ <https://ec.europa.eu/social/main.jsp?catId=1111&langId=en&intPageId=4557>

¹⁶ <https://www.boeckler.de/53499.htm#>

TA workers in Germany belong to the compulsory social security plan and seventy-eight percent of them work full-time (while the figure is at sixty-three percent for those with standard contracts). Seventy percent of TA workers are men and almost half (47%) are not more than 35 years old, the majority (54 percent) of them belong to the professional category „specialist“ and 64 percent have obtained a professional qualification.¹⁷

The legal framework of TAW in Germany is provided by the *Arbeitnehmerüberlassungsgesetz* (AÜG) and the current situation's origin can be traced back to Hartz-I reform in 2003, which further deregulated TAW but also introduced the so-called „Equal Treatment Principle“, declaring equal pay and equal working conditions, which also includes employer-based pension insurance schemes for TA workers and standard workers in the same company (Schäfer, 2015). As with self-employed workers, also TA workers have to have paid contributions for the past twelve months over the last two years, which, as already indicated, puts them in a clearly disadvantageous position, due to their often interrupted careers. In 2008 the European Parliament together with the European Council adopted a directive on TAW, which established basic guidelines for the use of TA workers in all european union member countries. Four years later, in order to be in line with this directive, Germany adjusted their rights of access and information for these workers. In the same year, via collective bargaining a minimum wage collective agreement was passed which set a binding minimum wage level. Between 2012 and 2013, eleven additional collective agreements were adopted, all for different sectors (metal, textile, chemical industry etc.), which declared that TA workers in these sectors had a right to receive a wage increase after a specific time of having worked for a company, which of course made the employment of this type of worker much more expensive than previously (Schäfer, 2015). As mentioned above, about one-third of TAW in Germany is of minimum eighteen months, this has been changed as of 2017. The previous discussion has been quite agitated since it was not clear to which aspect the eighteen months maximum should be attributed to; either it is referred to the worker in the company or to the job position in itself. The latter would have been much more far-reaching since it would exclude the possibility to replace a worker with another one for the same task after eighteen months. In the end, the agreement obtained, included a ban for temporary work agencies to leave a worker for more than eighteen months with the same lender. This does not mean that if the person works part-time that it can be extended to thirty six months. This much discussed agreement has been heavily criticized as it not only does not

¹⁷ <https://www.lorenz-personal.de/dateien/Downloads/Arbeitsmarkt-Deutschland-Zeitarbeit-Aktuelle-Entwicklung.pdf>

tackle the problem that workers are stuck in long-term TAW but that they could also lose increased wage privileges if they do not work long enough for one lender.

There has been a double development in the use of temporary contracts in Germany during the past decade. On the one side, the number of workers employed with these type of contracts has reached its peak in 2017 with a share of 8.3 % of the total working population which can certainly be connected to the advantageous developments in the German labour market. However, it must also be noted that since 2009 the chances of moving from a temporary contract to an open-ended one, have been steadily increasing. Apart from some minor exceptions such as doctors in training or for research assistants, employers in Germany currently have two options to use a temporary contract; a) with reason, b) without reason. If the employer opts for the first one, it has to be justified by either the specific nature of the work, for a probation period, substitution of another employee, the type of work carried out is necessary to the company for a limited time etc. If there is no reason, the contract cannot exceed a period of two years. The current governing coalition has set out to reform these laws to limit the amount of temporary contracts used but specifically, to limit repeated use. Thus, they are planning to limit the legally allowed duration of temporary contracts without reason to 18 months and to limit the duration of repeated use of temporary contracts with reason to a maximum of five years (Hohendanner, 2018). The use of temporary contracts without reason is especially present when a worker is newly recruited to a firm. Especially firms with a high employee count use this procedure in order to decrease operating expenses since the reason for the use of temporary contracts is not always clear and ultimately, the decision is made by a judge in a case-by-case examination. Although the reforms planned by the coalition certainly could have a positive impact on the limitation of temporary contracts without reason, the negative consequences could outweigh. As Hohendanner (2018) argues, if the legal framework of temporary contracts is not improved (formulated more precisely), employers will be inclined to opt for more precarious work contracts or limit their hiring numbers. As with all other forms of temporary work in contribution-based social security systems, workers with temporary contracts in Germany are likely to have lower pensions, decreased possibility of meeting the conditions (contributions paid for 12 out of the last 24 months) due to the increased likelihood of career interruptions and lower life-time earnings.

In Germany, out of the total of nine unemployment benefit reforms, four could be coded as a „2“ (addressed outsiders) and five were labelled with a „3“ (addressing both insiders and outsiders). We are now going to describe how these groups were affected.

VI 1. 2 Reforms that affected outsiders

In regards to the German reforms on unemployment benefits pre-crisis, they stem for the majority from either one of the four Hartz reforms and have primarily had an effect on both insiders and outsiders, but in a very different way. For instance, the reform concerning the requirement of 12 months of unemployment insurance coverage contributions passed in 2003, especially negatively affected outsiders for the simple reason that outsiders, more than insiders have a „discontinuous working history“ which „prevents them, in most cases, from meeting the eligibility criteria of their national unemployment insurance scheme“ (Jara and Tumino, 2018). Seasonal workers and the self-employed were specifically targeted since for seasonal workers, coverage contribution requirements were previously limited to six months and now doubled and for self-employed, while prior to the reform, they were exempt from this rule, which was no longer the case and instead, replaced by the voluntary payment of unemployment benefit contributions. Moreover, we can note that the reforms on unemployment passed prior to 2008 can generally be understood as an effort by the German government to decrease the unemployment rate and to tighten the requirements for the claimants of its welfare system. For instance, in 2004, as with our other cases, the requirements for unemployed individuals to accept a job offer were tightened and sanctions, such as the reduction of the UB amount by 30%, were introduced. However, this particular reform included a detail, which would particularly affect outsiders, in this case the young. In fact, for individuals under the age of 25, the UB would not be reduced but cut entirely in case of rejection of a job offer. This was of course done with the objective to activate young people for the labour market, a measure that we will also observe in the British case. Later in 2016, Germany introduced a reform that can be seen as a double edged sword in regards to the insider-outsider divide. Germany had set their UB structure in the early 2000s and with steadily declining unemployment rates, there was no further need to reform the existing system. Hence, only one adjustment was made in 2016 for unemployed people in vocational training. In fact, already in 2005 an effort was made by the government to encourage the most disadvantaged groups in the labour market to engage in vocational training. Then 11 years later, this was developed by allowing them to apply to basic income support.

This is interesting for us because on the one hand, participants of vocational training are usually very young (under the age of 25) and it could be seen as a positive impact on outsiders. However, we also know from Häusermann and Schwander (2012) that in conservative welfare regimes, the gap between insiders and outsiders in regards to the access both groups have to vocational training is statistically significant (insiders have much more access to vocational training). Therefore, this particular reform can be interpreted as an additional advantage to insiders. Nonetheless, an exception to this line of deterioration can be found in the fourth Hartz reform, in which an additional scheme was created for temporary workers called *Kurzarbeitergeld*, which they could receive for a maximum duration of 24 months and is fixed at a 60% rate of the previous salary for individuals without children and at a 67% rate for individuals caring for children.¹⁸

VI 1. 3 Reforms that affected both insiders and outsiders

The majority of the reforms on UB in Germany in the 2000s really had an impact on both insiders and outsiders, however, the quality of the impact was much different for each group. To depict, the cut in the duration of unemployment benefits, also passed in 2003, which included the restriction to twelve months (from up to 32 months prior) and followed up by a significantly decreased unemployment pay (now called *Arbeitslosengeld II*), made around 500.000 people (LABREF) lose eligibility since the requirements regarding life savings, household income and life insurance were made more stringent. This is an example of how the German unemployment benefit system deteriorated the situation of outsiders via these reforms.

But even though this failure to improve outsiders' situation can clearly be observed in the reforms of UB from 2000 to 2017, we can also perceive a clear deregulation of the UB system. The „Job-AQTV“ law from 2001, which is signaled in our database as the Integration Agreement between Unemployed and Public Employment Services, aimed to intensify the job placements by adapting the job offers made by the employment agency to the individual's background, skills, work history etc. This agreement was also applicable to those not entitled to unemployment assistance. Nonetheless, these measurements were coupled with tighter sanctions, e.g. the interruption of unemployment benefits for twelve weeks in case of non-compliance (individuals not showing up to an arranged interview, not showing interest for the

¹⁸ <https://www.arbeitsrechte.de/kurzarbeitergeld/>

job during this appointment etc.). Three years later in 2004 as part of the Hartz IV reform, the tendency to more stringent sanctions found its peak when recipients were obliged to accept any job offer and in case of more than one violation of these regulations, the claimant would not be eligible anymore to receive the unemployment benefit II.

VI 1. 4 Synthesis of the German case

To sum up, we have established that non-standard workers make up a large share of the german labour market but their situation cannot be generalised. While self-employed individuals are subject to a fragmented system both legally and representation-wise in Germany and their level of social protection (particularly concerning health insurance) is much lower than their standard contract counterparts, individuals with temporary contracts and temporary agency workers profit from the equal treatment principle, which requires employers/lenders to provide the same pay as a co-worker with a standard contract in a similar position, treatment in case of sickness, vacation days etc. Nonetheless, these two groups are forced to operate in legally difficult circumstances. For temporary agency workers, the government has not succeeded at limiting long-term TAW and has also worsened the probability of wage increases with the introduction of the ban on lender contracts exceeding 18 months. With the limitation on repeated use of temporary contracts with reason to maximum five years, experts warn that employers will be inclined to opt for more precarious work contracts or limit their hiring numbers. As with all other forms of temporary work in contribution-based social security systems, workers with temporary contracts in Germany are likely to have lower pensions, decreased possibility of meeting the conditions (contributions paid for 12 out of the last 24 months) due to the increased likelihood of career interruptions and lower life-time earnings. As we have seen, the german government has not shown any efforts to balance the access and generosity to/of unemployment benefits between insiders and outsiders. At the same time, it was clear that the Hartz reforms deregulated UB by introducing rapid offers, tightening sanctions, redefining the notion of what is acceptable to expect from an unemployed individual in terms of mobility etc. Finally, it has to be noted that not one single reform was passed in these 17 years, which succeeded at filling the gap between workers with open-ended contracts and the rest. Since both Arbeitslosengeld I and Arbeitslosengeld II are either contributions-based or dependent on the savings and the „community of dependence“ (Bedarfsgemeinschaft), individuals with less time to contribute, to save etc. will always be disadvantaged. This is what leads to the conclusion that deregulation was produced in the form of dualization.

VI 2. United Kingdom

VI 2. 1 Self-employed, Temporary Agency Workers and Temporary Contracts: Background Information

With the case of the UK, it is safe to say that more than in other European countries, self-employment has largely contributed to the advancement of the British economy and has thoroughly changed its business landscape. As seen in the section of Varieties of Capitalism, the UK government has been creating a culture of entrepreneurship since the 1980s for instance by pushing the unemployed or those that were not surrounded by attractive working alternatives, into self-employment. Collective representation is split between professional categories (separated between those that do have a regulated access such as the legal, medical or accounting professions and those with non-regulated access). There are some benefits that self-employed workers are eligible for such as „housing benefits, council tax reductions and the working tax credit“ (Borghi et al., 2018). However, parental benefits including paid maternity or paternity leave; pay in case of illness or employment-based pensions are not granted. In terms of unemployment benefits, self-employed workers in the UK have a choice between the ‚Jobseeker’s Allowance‘ or a ‚Working Tax Credit‘, depending on the income and working hours.¹⁹

As of March 2019, there are about 300.000 TA workers in the UK (Labour Force Survey, 2019). This number is derived from the Office of National Statistics and supported by the 2018 numbers that can be found on Eurostat²⁰. Nonetheless, this number might seem surprisingly small since there is a great variation on the statistics regarding TA workers in the UK. Some research papers suggest that they account for 4% of the general working population (Sisson and Marginson, 2003), while others note 3.6% (Spattini, 2012) which amounts to more or less 865.000 workers. These deviations can be explained by the fact that the ONS number derive from workers self-identifying themselves as TA workers but some workers are not aware of their TA status. Others argue that the higher numbers are misleading since many TA workers are counted not just once because they work for multiple agencies, which is a common practice (Runge et al., 2017). Numbers from 2007²¹ suggest that they are relatively equally divided between men (57%) and women (43%), but a large majority (75%)

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https://ec.europa.eu/employment_social/empl_portal/SSRinEU/Your%20social%20security%20rights%20in%20UK_en.pdf

²⁰ https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_qoe_4a6r2&lang=en

²¹ <https://www.eurofound.europa.eu/publications/report/2008/uk-temporary-agency-work-and-collective-bargaining-in-the-eu>

is working full-time and more than one third are between the ages of 16 to 25 and 51% are under thirty, making them a fairly young type of worker. The average working time in one user firm was 13.3 months in 2008 (ibid).

In terms of the legislative framework and protection of temporary agency workers, the UK had quite the late start in comparison to other European countries. Until the Agency Work Regulation Directive of 2010, not many requirements existed for TWA. The first law can be traced back to 1973, the Employment Agencies Act, which merely required agencies to get a license. Even thirty years later, the legal impact of the ambiguous employment status of these workers was not clarified, instead in this 2003 „Conduct of Employment Agencies and Business Regulations“²², a number of small changes were made such as the restriction of charging for additional services (e.g. CV writing), the abolition of clauses in contracts that prevent the worker to terminate the contract or work for multiple clients, the prohibition of supplying a worker to a user firm without having sufficient information on the scope and nature of work to be performed etc. (for more information, please consult ²³). Ford and Slater (2014) have argued that improvement of TA workers' working conditions have been due to other regulatory changes in labour law that applied to „workers“, such as the national minimum wage act passed in 1999, the Race Relations Act from 1976 or the Working Time Regulations Act from 1998. Adnett (2000) has stated that some of these acts that had been implemented, were still not considering TA workers and thus, they had no legal coverage. After lengthy discussion on the equal treatment (compared to standard workers in the same user firm) of workers, an agreement was reached in 2008, granting them equal treatment in pay and working conditions after twelve weeks of continuous engagement at one firm. This paved the way for the 2010 Agency Work Regulation Directive, which clarified that from the first day of work, a TA worker is granted the same access to „staff canteens, childcare and transport [...] be informed about job vacancies“ (Ford and Slater, 2014). After these above mentioned twelve weeks the same treatment in pay also includes any bonus, holiday pay, fee, commission and the same working conditions but excluding severance pay and paternity/maternity pay. As expected, the twelve week clause is an invitation to misconduct and thus, the British Department of Business Innovation and Skills (BIS) created stipulations that would counteract attempts to avoid these regulations. They are entitled to unemployment

²² <http://www.legislation.gov.uk/ukxi/2003/3319/regulation/16/made>

²³ https://www.rec.uk.com/__data/assets/pdf_file/0010/478945/Factsheet-4-Conduct-Regulations-an-explanation-January-2019.pdf

benefits after their assignment in case their agency fails to provide them subsequent work or while still on assignment depending on their income.

The legal conditions in identifying the rightful use of temporary contracts in the United Kingdom are quite similar to those in Germany, but less specific. A worker is rightfully employed under a temporary contract if: „they have an employment contract with the organisation they work for; their contract ends on a particular date, or on completion of a specific task, eg a project“.²⁴ They do not fulfill the conditions of a fixed-term employee if: „have a contract with an agency rather than the company they’re working for; are a student or trainee on a work-experience placement; are working under a ‘contract of apprenticeship’; are a member of the armed forces“²⁵. Unfortunately there is a legal grey area: „they may be a fixed-term employee if they’re: a seasonal or casual employee taken on for up to 6 months during a peak period; a specialist employee for a project; covering for maternity leave“²⁶ Contrary to Germany, temporary employees who have been working consecutively for 4 years for the same employer, are automatically transformed into permanent employees, except if the employer can demonstrate that there is a well-founded, business-based reason not to do so. Interestingly, those that were in employment before the 1st of April 2012 only had to have worked for their employer for one year to obtain the right to not be unfairly dismissed, for those employed after, the working time has to be two years. Regarding their employee rights, UK law grants them the same entitlement to pay and benefits package as their counterparts with open-ended contracts as well as the right to information on permanent vacancies in the company²⁷, the same pension benefits, right to statutory sick pay after the same qualification period as regular employees and access to training (Koukiadaki, 2010). This author argues that the equal treatment principle is due to the 2008 European directive and not the UK’s considerations. The use of full-time fixed-term contracts has been steadily increasing since 2014, although not significantly, while the quantity of part-time fixed-term contracts has been staying stable and no correlation between the financial crisis and rising numbers can be noted.²⁸ However, a survey by National Institute of Labour found that while in 2007 25.7 % of people in temporary contracts reported that they were in this employment relationship because of the lack of finding a permanent job, the number rose quickly to 37.9 % in 2009.

²⁴ <https://www.gov.uk/fixed-term-contracts>

²⁵ *ibid*

²⁶ *ibid*

²⁷ <https://www.gov.uk/fixed-term-contracts/employees-rights>

²⁸

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/temporaryemployeesemp07>

Unsurprisingly, while the number of men and women employed in full-time temporary contracts is distributed equally, women are quite overrepresented in the part-time temporary employment relationship.

In the United Kingdom, out of the total of seven unemployment benefit reforms, two could be coded as a „2“ (addressed outsiders) and five were labelled with a „3“ (addressing both insiders and outsiders). We are now going to describe how these groups were affected.

VI 2. 2 Reforms that affected outsiders

The reforms passed in the United Kingdom can be summarized in two categories; activation measures for parents and the youth and restricting the rules for the recipients. Starting with the first category, since 2008 single parents capable of work with a child over 12 years old (this was then made stricter by decreasing the child's age to 7 in 2010) were requested to actively search for work with the support of in-work credit. This is an interesting reform to analyse regarding the insider-outsider divide. For one because it is known that in liberal welfare states, low-skilled workers make the prominent share of outsiders (Häusermann and Schwander, 2012) but there is also a significant share of women that make up the group of outsiders, namely around 70% (Häusermann and Schwander, 2012). Knowing that women make up 87%²⁹ of single parents in the United Kingdom, we can deduce that this reform was quite harmful to outsiders. Another reform that we can quite surely determine that it affected specifically outsiders negatively, is the reform in 2015 that restricted entitlement to Universal Credit for EEA nationals. We stated that low-skilled workers make up the biggest share of outsiders in the UK and statistics have shown that EEA nationals make up 35% (the biggest share) of low-skilled workers in the UK.³⁰

VI 2. 3 Reforms that affected both insiders and outsiders

Now we are going to have a look at the five other unemployment benefit reforms that we coded as a „3“ in the database. To continue with our categorization, there is one other reform that falls into the category of activation measure. It was passed in 2017 under the name

²⁹

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/familiesandhouseholds>

³⁰ <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-in-the-uk-labour-market-an-overview/>

, Youth Obligation', which generally aimed at supporting and preparing 18 to 21 year olds who receive Universal Credit to be ready to work and pushing those that were not employed after six months to apply for traineeships, apprenticeships etc. Young people make up around the same share of outsiders in liberal welfare states as they do in continental welfare states (Häusermann and Schwander, 2018), which is around 1/3. Meaning that this is still a significant share of outsiders being affected by this measure.

In regards to the other category, restriction of rules for recipients, the first reform was passed in 2012. It declared that job seekers that do not comply with the rules could now lose their entitlement to UB for up to three years (this applied to individuals refusing a reasonable job offer or leaving a job without valid reason multiple times over a longer period). This was quite a dramatic change from the previous maximum duration of three months. In 2013, a new form that included a personal statement in which the job seeker had to identify the tasks expected from them that was accompanied by regular monitoring, was implemented. In 2015, job seekers had to now present themselves at the Job centre weekly instead of biweekly. It has already been discussed in our section on Critics of Varieties of Capitalism, that even the Employment Relations Act of 1997 never fully restored collective labour regulation and that because dismissal costs were raised, employers sought after temporary contracts and outsider groups were even less attractive for hiring. The United Kingdom's case shows how tightening the requirements and raising the sanctions limits the generosity of the access to unemployment benefits. Deregulation is hereby interpreted as the weakening of protective labour market institutions.

Alongside these two type of reforms, an effort was also made to simplify the UB system in 2009 by forming only two types of benefits; the Employment Support Allowance (to which many individuals that were previously on Income Support were moved to) and Jobseeker's Allowance.

VI 2. 4 Synthesis of the British case

In comparison to the German case, the United Kingdom has always had a more open approach to self-employment, i.e. self-employment is a serious part of the british economy. However, this does not translate into the protection of these workers, as their access to a large part of social benefits is restricted. Along similar lines, TAW have only recently entered the sphere of adequate working conditions and social protection compared to other countries.

They are still lacking access to severance pay and paternity/maternity pay but do have access to unemployment benefits. As in Germany, employees with temporary contracts are entitled to the same benefit packages and working conditions as a counterpart in a comparable position with an open-ended contract.

Regarding the unemployment benefit reforms that were passed during the period analysed, two points can be noted. On the one hand, we found two reforms that had negative consequences for outsiders specifically and on the other hand, the majority of reforms, focused on tightening the requirements to access unemployment benefits and maximising the sanctions in case of non-compliance. Based on this, we can confirm the first hypothesis which predicted a pattern of deregulation affecting both insiders and outsiders.

VI 3. Italy

VI 3. 1 Self-employed, Temporary Agency Workers and Temporary Contracts: Background Information

Other than in the United Kingdom, a very different situation of the self-employed can be observed in Italy, as Boghi et al. (2018) present that their disadvantageous placement, low representation in society derived from three different factors. First, self-employment was regarded as an economy of micro-businesses that could not be expanded and therefore would have difficulty competing in the global economy. The authors also argue that SE, especially the categories that are regulated, has been categorically derogated as exploiting advantageous fiscal conditions and Italian academics seem to have found a consensus that the rise of SE over the past two decades has been due to the rise in false SE, meaning dependent self-employment in which a professional is carrying out work for one employer whose rules they are bound to (Pallini, 2006). These perceptions can be partially related to a development of the Italian labour market during the 1990s, in which workers were pushed into dependent self-employment in order to tackle high unemployment numbers. In these years, self-employment became also more specialized and grew especially in the tertiary sector which presented a clear disruption with the industrial age from the 1970s to the 1980s, in which many people started small manufacturing businesses, leading to a growth in SE.

Regarding collective representations, unions have only recently started to include self-employed professionals, by for instance setting up an online community *viVAce!*³¹, which was created by CISL (Italian Confederation of Workers' Trade Unions) even though some trade unions had already in the 1990s expanded their focus from typical work to atypical work by implementing with sub-unions such as the Nidil³² (belongs to the CGIL, the Italian General Confederation of Labour). As already hinted at, there is a distinct dualism regarding SE in Italy due to the legal framework (the civil code) which on one hand creates the category of knowledge-related (equal to regulated) professions (more than thirty professions fall into this category) and non-regulated professions. In 2013 an effort was made to slim the discrepancies between these two in terms of regulation, however differences remain, e.g. due to regulated professions having their own private fund for pensions, paid maternity leave etc. In 1995, the „Dini reform“ or pension reform, aimed to provide some consolation to non-regulated SE workers by creating a public pension fund for them, however, social security rates were higher than for those with a private fund. SE workers in Italy have access to a contributions-based unemployment benefits scheme, called DIS-COLL, which cannot exceed six months of payment.³³

According to the latest data from Eurostat (2018), Italy has one of the lowest temporary agency worker's proportion to the general working population in the EURO countries (the average is 2.5%). With only 1.1%, they also lie behind the EU28 average of 1.9%. Men and women are equally represented in this form of work in Italy and in 2006, the researcher Picchio using data from the Survey on Household Income and Wealth has found a wage gap of twelve percent between temporary agency workers and permanent workers in Italy (Cappellari, 2012). For thirty-seven years, between 1960 and 1997, agency contracts were prohibited in Italy, which was changed by law 196³⁴ (earlier mentioned „Treu-Package“), meaning that it was made legal and six years later, without changing much of the regulation, the name of this type of work was changed to „short-term labour administration contract“. But prior to this in 1999, the law 488, restricted user firms to make use of the services of these agencies in a number of cases, including for instance the replacement of workers that asked for a reduction of their working hours or the work charge or the replacement of workers that were on strike (Tealdi, 2012). The same law also reduced the

³¹ <https://vivaceonline.it/convenzioni>

³² <http://www.nidil.cgil.it/>

³³ <https://ec.europa.eu/social/main.jsp?catId=1116&langId=en&intPageId=4627>

³⁴ <https://www.eurofound.europa.eu/publications/report/2008/italy-temporary-agency-work-and-collective-bargaining-in-the-eu>

percentage of the salary that the agency is bound to pay for the training of the worker from 5% to 4%. Later in 2007, companies could no longer lease staff on a permanent basis, but only fixed-term. Prior to the EU directive on Equal Treatment, Italian law and collective bargaining agreements (*contratti collettivi nazionali di lavoro*) had specified that leased staff could not be paid less than a standard worker in the same company. Among other specified aspects of these collective agreements were that the user firm has to pay the same amount of social security (maternity leave, unemployment benefits, family allowance, sick pay etc.) as a permanent worker in their company would receive (however, this varies according to the business sector) and a redefinition of when user firms could hire these workers. Permanent staff-leasing was reintroduced in 2010.

Since 2007 the number of temporary contracts has been steadily increasing, while the number of open-ended contracts stayed relatively stable, with the exception for 2015 and 2016 in which a relevant increase in open-ended contract could be observed (after the Jobs Act), however still allowing the indication that new hires in Italy are for the majority temporary contracts.³⁵ After the efforts of the Jobs Act, it was clear that regulations were not sufficient to make a lasting impact and consequently, the legal framework for temporary contracts has been undergoing changes very recently again. The major changes made by the Jobs Act of 2014/2015, were therefore modified with the ‘Dignity Decree’ in 2018, especially in regards to the extension and renewal of these contracts. This decree declared that fixed-term contracts cannot exceed twelve months but can be under the following conditions up to twenty-four months long (previously, the maximum duration was 36 months). These conditions are: „The fixed-term contract meets temporary and objective needs, unrelated to the ordinary activity of the organisation or meets a need to replace other employees“ and „The fixed-term contract meets needs connected to temporary, significant and unpredictable peaks in ordinary business activity.“³⁶ In case that the employee carries out the activity for additional thirty days (in case that the contract was inferior to six months) or additional fifty days (in case the duration of the contract exceed six months), the contract will be automatically transformed into an open-ended contract.³⁷ Additionally to these changes, the minimum indemnity for unfair dismissals has been increased from 4 months to 6 months and the social security contributions for these contracts have also been increased by 0.5%. In sum, a significant effort was made to make the use of temporary contracts more extensive and

³⁵ <http://dati-congiuntura.istat.it/Index.aspx?QueryId=26887#>

³⁶ <https://www.lexology.com/library/detail.aspx?g=fdb68e09-c6a4-40d0-ae8b-80b8090b7d62>

³⁷ <https://www.lavoro.gov.it/temi-e-priorita/rapporti-di-lavoro-e-relazioni-industriali/focus-on/Disciplina-rapporto-lavoro/Pagine/contratto-a-tempo-determinato.aspx>

therefore reduce their prevalence. Unfortunately, it is too soon to tell if the Dignity Decree will have a long-lasting impact.

In Italy, out of the total of seventeen unemployment benefit reforms, three could be coded as a „1“ (addressed insiders), five were labelled with a „2“ (addressing outsiders) and nine were marked with a „3“ (addressing both insiders and outsiders). We are now going to describe how these groups were affected.

VI 3. 2 Reforms that affected insiders

In Italy, a comparatively interesting picture is found. Interesting in the sense that not one single reform was passed prior to 2008 that addressed non-standard workers. In reference to the two reforms addressing old workers from 2000, it is important to address two fairly simple reasonings. First, why old workers can be considered as insiders in the Italian workforce and secondly, why, if a reform enhances the conditions for one group (old workers – insiders), it means that it disadvantages the other group (outsiders). To explain the first reasoning, we have to understand the position of older workers (50 and upwards) in the Italian labour force. To paint a picture, a look at the unemployment rates in this age group is appropriate. Although having increased after 2007, older workers in Italy have had consistently low unemployment rates (Adda and Triggari, 2016), even lower than the EURO countries average. This is of significance considering that the unemployment rate for the 15-24 year olds is one of the highest among European Union member states and considerably higher than the OECD average. Even the unemployment rate for those considered being in their prime age (25 to 50 years old), is higher than the OECD average. The second reason why this categorization (counting older workers as insiders) was made for the case of Italy, is that we know that in Italy the share of atypical contracts considerably decreases with older age. More specifically, the share of atypical workers in the age group 50 to 64 is 6 %, while 26.2 % of the 15 to 29 years old have some form of non-standard contract (Tealdi, 2011). Also, Häusermann and Schwander (2012) note that „the composition of insiders and outsiders also differs across regimes: in the Nordic and Continental countries, gender is the most important criterion, while in the Southern European regime, outsidership concerns mostly young labor market participants,“ (Häusermann and Schwander, 2012, pp. 34). Consequently, the two reforms in question have been labelled as impacting specifically insiders. One raised the amount that

individuals over 50 are entitled to, to 40% of their previous salary (10% increase) and the other, introduced in the same year, raised the duration of UB to 9 months for the same age group.

The second reasoning that is applied to the categorization made in our database, is relatively straight-forward. By reforming laws to the advantage of one group without implementing that same law to a second group, the divide between these two groups becomes larger than before and thus, one group finds itself in a more advantaged position while the other group stays at the same level making them disadvantaged in relation to the first group. One really fitting example to showcase this reasoning is a reform from 2007, in which the duration of UB was raised for older workers and individuals under 50 to 12 and 8 months respectively, except for workers from the agricultural sector, which in Italy is about 50% composed by seasonal workers.³⁸

VI 3. 3 Reforms that affected outsiders

In 2008, Italy like other countries impacted by the financial crisis, started to experience the full effects of it, but peaking in 2009 and consecutive years (Checchi and Leonardi, 2015). In the next year Italy's GDP would decrease by five percent, by 2009, the unemployment rate rose to 7.8% and 16% of temporary workers lost their occupations, while fixed-term workers were not hit at the same scale.³⁹ In light of this information, we have to assess the first reform passed in 2008, which was actually implemented in 2009 and also revoked in 2009. It consisted of the extension of unemployment benefits to non-standard workers, such as temporary agency workers and project workers and served the purpose of „supporting families, work, employment and business, and to restructure the National Strategic Framework to combat the crisis“ (LABREF). The reform was categorized in our database as addressing outsiders, as it specifically impacted the above listed type of workers belonging to the group of those who have a high risk of unemployment and to find themselves in atypical work arrangements. It was a short-lasting policy response by Italy's government to deal with the rise in unemployment of non-standard workers.

The solidarity contracts of the Extraordinary Wage Fund (CIGS), which covers workers affected by restructuring were extended in 2012 to workers from the retail sector and travel

³⁸ <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/620479/cs-human-suffering-italy-agricultural-value-chain-210618-en.pdf?sequence=4&isAllowed=y>

³⁹ <https://www.eurofound.europa.eu/publications/article/2010/effects-of-economic-crisis-on-italian-economy>

agencies, transport companies and private security firms and then in 2013 these contracts declared that workers could now receive 70% of the previous salary before they were made redundant. The Extraordinary Wage Fund is also directed towards the employees of political parties, infrastructure & logistics companies etc.⁴⁰, which are all companies that rely heavily on non-standard workers⁴¹, specifically temporary agency workers and temporary contracts, which is the reason why this reform was labelled as impacting outsiders. It is important to note that this scheme has been introduced to substitute „rights-based unemployment benefits“ (Sacchi, 2013, pp. 6).

Moreover, coordinated self-employed workers could receive income support if they fulfilled 1) the worker must have worked for a single employer over the past year 2) overall income in the last 12 months did not exceed 20.000€, 3) they had to pay contributions for a minimum duration of one month and 4) have been unemployed for at least 2 months in the last year. These relatively generous eligibility conditions are accommodating to the reality of self-employed workers in Italy, which as we have seen, are for the majority in non-regulated professions. In 2017, another positive change for non-entrepreneurial self-employment was produced through their introduction into the DIS-COLL (Jobs Act for the self-employed). The individuals belonging to this category were now entitled to 75% of their average monthly income.

VI 3. 4 Reforms that affected both insiders and outsiders

When looking at the data (meaning the reforms between 2008 and 2017) in the LABREF database, it becomes quickly apparent that out of the four countries, Italy was the most affected by the financial crisis and the resulting unemployment. The country went from 6.1 % of unemployed people in 2007 to the double of 12.1 % in 2013⁴². Being faced with double the amount of unemployed individuals, drastic measures were taken.

The majority of them concerned the refinement of the coverage and eligibility conditions. Interestingly, the first reform after the crisis addressed TA workers and project workers by extending the UB to them. Four years later when redundancies were at an all time high, four

⁴⁰ <https://www.lavoro.gov.it/temi-e-priorita/ammortizzatori-sociali/focus-on/CIGS/Pagine/Cassa-integrazione-guadagni-straordinaria-CIGS.aspx>

⁴¹ <https://www.eurofound.europa.eu/it/publications/report/2010/italy-flexible-forms-of-work-very-atypical-contractual-arrangements>

⁴² <https://ec.europa.eu/eurostat/databrowser/view/tipsun20/default/table?lang=en>

reforms tried to both extend and restrict the coverage and eligibility conditions. For instance, the social insurance for employment (ASpl) did not allow the coverage of agricultural workers and civil servants with standard contracts. Those that did not meet the requirements for the ASpl but have worked a minimum of 13 weeks over the past 2 years before being unemployed could receive the „mini ASpl“ which was evidently an aid to many outsiders. An additional support was created for those not working in the sectors covered by the CIGS by creating an insurance-based Bilateral Solidarity Fund that was financed to 2/3 by the employers and 1/3 by the employees. Three years later, the ASpl and Mini-ASpl were replaced by the wage-dependent and contributions-based NASpl with requirements now being having worked for at least 13 weeks in 4 years instead of 2 but 30 days over the past twelve months. One has to keep in mind that the tenure of Italy's governments has been historically low to which a part of the comparatively high inconsistencies in policies can be attributed to.

In addition to the coverage and eligibility conditions, five relatively straight forward changes were made to the search and job availability requirements. For example, in order to receive UB, individuals now (2009) had to declare their readiness to take on work or a training offer by which the earlier sanctions surrounding the procedures for refusing a job offer were clarified. Furthermore, the increased conditionality of declaring the availability to participate in ALMP's was then also applied to the recipients of DIS-COLL and NASpl. A year later, in 2016, the refusal of a suitable job offer translated into not only the removal of UB but also the unemployment status.

In terms of the net replacement rate (NRR, meaning the „Net Replacement Rates in unemployment measure the proportion of previous in-work income that is maintained after 1, 2, ..., T months of unemployment.“⁴³), four important changes had been made, as this part of UB was characterized by increasing levels of generosity before the crisis. After, this course was kept only to a certain extent. Then, the mobility allowance (unemployment benefits for people that were made redundant) was increased to 60% of the gross income and for workers over the age of 50 in the north/centre and all workers in the South the transition time from the previous UB to this mobility allowance was increased.

Concerning the duration of the UB, one change was made for the recipients of ASpl, namely that it was raised to 12 months for workers under the age of 55 and 18 months for those exceeding that age. Previously DIS-COLL and NASpl did not exist in that way, so the

⁴³ <https://stats.oecd.org/Index.aspx?DataSetCode=NRR>

duration of these two types was adjusted to a maximum of six months and 50% of the weeks of contributions in the last four years, respectively.

The reforms that did not regard any of these four categories were quite numerous as well, ranging from extending the state funding of the UB system, which was a very necessary step, to eliminating the possibility to receive CGIS in case of bankruptcy/insolvency. Furthermore, the mobility allowance was repealed in the same year as it was introduced, 2012, and replaced again by the ASpl.

VI 2. 5 Synthesis of the Italian case

Italy has to be regarded individually as the rigidity of the labour market protection has been historically higher than in liberal welfare states but lower than in continental/conservative welfare states (Sacchi, 2013). The use of non-standard workers started to really flourish in the 1990s and 2000s and has specifically impacted younger workers since they are overly represented, while the number of employees with open-ended contracts has been staying relatively stable. Regarding the UB system, it is important to keep in mind that similarly to Germany, Italy also has a contributions-based unemployment benefit system and we were able to observe that before the financial crisis started to show its detrimental consequences in Italy, the reforms affecting exclusively insiders were more frequent and more pronounced than in Germany. Furthermore, based on the reforms that were passed, it is plausible to state that the Italian government made a considerable effort to cater to non-standard workers but they completely failed to accommodate to the group that represents the biggest share of outsiders, the Italian youth. Despite this, if we leave the realm of unemployment benefits, we cannot ignore how evidently the Italian government via the Fornero Reform and the Jobs Act deregulated the dismissal protection of individuals with open-ended contracts. These two reforms were introduced during Monti and the Renzi government, of which both did not pursue much cooperation with trade unions and other social partners.⁴⁴ Concluding, that even though the earlier reforms were accentuating the existing dualization within the LM, what persists today are the deregulated standard contracts existing alongside not sufficiently regulated non-standard contracts.

⁴⁴ <http://critcom.councilforeuropeanstudies.org/labor-market-reforms-in-italy-in-the-aftermath-of-the-2008-crisis/>

VI 4. Sweden

VI 4. 1 Self-employed, Temporary Agency Workers and Temporary Contracts: Background Information

Sweden has one of the lowest shares of self-employed persons among EU states. With 7.4 percent in 2018⁴⁵ it has even decreased since 2009 and developed similarly to numbers in Germany. To draw a picture, Sweden's self-employed are predominantly men, are part of the older age groups (most are between 55 to 64 years old, followed by 45 to 54 years) and have either, for the majority, received upper secondary or post-secondary education⁴⁶. Immigrants are overrepresented in the group of the self-employed, not only do they earn less than native SE workers, but they also earn less than regularly employed immigrants, which can be an indication that self-employment is obligatory for some immigrants due to not being able to integrate themselves in the regular labour market (Brunk and Thorsén, 2008). Since the income of the self-employed is taxed under „incomes from commercial activities“⁴⁷, the difference between standard workers and self-employed persons in Sweden is regulated via the Swedish tax laws because standard workers' incomes are taxed as incomes from employment. To be classified as a self-employed worker, the activity has to be „professionally, independently, with the ambition to make profit“⁴⁸. In addition to the three criterias listed above, in order to classify as a self-employed worker, one has to also register for a F-Tax sheet. There are no trade unions in Sweden representing the rights of SE workers, there are, however, the Swedish Association of Free Entrepreneurs, the Confederation of Swedish Enterprise and the Federation of Private Enterprises, who all, although not specifically for the self-employed, aim to improve their taxation status and social security rights. Not too many differences exist between the access and application of the social security regime between regular employees and the self-employed. The main difference and critique that is being made, is that it „does not take seasonal income fluctuations into account, when calculating for example sickness benefit or parental allowance.“ (Brunk and Thorsén, 2008, pp. 22). To illustrate, in order to receive sickness pay, a self-employed worker has to apply for it, as opposed to being entitled to it like a regular employee. The amount that is being paid by the social insurance is alike for both categories, meaning that it cannot be above 80% of the sick benefit grounding income (SGI). The amount of parental allowance equally

⁴⁵ https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfst_hhsety&lang=en

⁴⁶ <https://www.statista.com/statistics/528350/sweden-self-employed-people-by-education-level/>

⁴⁷ <https://www.eurofound.europa.eu/publications/report/2009/sweden-self-employed-workers>

⁴⁸ <https://www.eurofound.europa.eu/publications/report/2009/sweden-self-employed-workers>

depends on the SGI and again, does not differ between SE and standard workers, in both cases parents are entitled up to 390 days of full paid parental leave, which both parents can split equally. In the Swedish social insurance system, everyone is entitled to unemployment benefits, if they fulfill the following conditions: „are capable of work and can work unhindered for at least 3 hours every working day and for an average of at least 17 hours a week; are registered as a jobseeker in the public employment service agency (arbetsförmedlingen); you are at the disposal of the labour market.“ and „have worked for at least 6 months and worked for at least 80 hours per calendar month, or have worked for at least 480 hours in a continuous period of 6 calendar months, and worked for at least 50 hours in each of these months.“⁴⁹. SE workers can also choose to participate in the earnings-based scheme via voluntary contributions (Matsaganis et al., 2015).

The share of Temporary Agency Work in Sweden compared to the total working population is under the average in EU member states but with 1.3 percent in 2018 slightly higher than in Italy.⁵⁰ Predominantly male (although the difference between men and women represented in TAW is not as big as in other EU states), they work for the most part in information and communication, financial/assurance, administrative and technical/scientific activities which is compared to other EU countries, a singular occurrence. In terms of age distribution among this working group, Eurostat does not provide data for Sweden.⁵¹

As with all European member states, the 2008 Equal Treatment Act is also effective in Sweden and thus has the same consequences explained above and its principles are also stated in the Swedish Agency Work Act. There is no specific legislation in Sweden for Temporary Work Agencies, they are treated like any other business and according to Hakansson and Isidorsson (2015) this relatively liberal legislation is characteristic for Swedish labour law since it is expected for social partners to agree and impose regulations via collective bargaining. To demonstrate, in 2012 a Staffing Agreement was passed between Swedish Staffing Agencies and the Swedish Trade Union Confederation, stating that the client organizations are obliged to pay the same hourly rates to TA workers as comparable regular workers in their organization. Interestingly, TA workers in Sweden are granted a guaranteed wage which is the salary they receive when they do not have an assignment. Another aspect which makes Sweden's treatment of TA workers stand out, is that according to the Swedish

⁴⁹ <https://www.norden.org/en/info-norden/swedish-regulations-unemployment-insurance-and-unemployment-benefits>

⁵⁰ https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_qoe_4a6r2&lang=en

⁵¹ https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_qoe_4a6r2&lang=en

Employment Protection Act, they have the same chances of an open-ended contract as regular employees. During recent years, a trend for increased regulation can be observed and in sum, Sweden distinguishes itself from the four other cases studies in the extent of social security and working conditions provided to its TA workers.

As with the two other cases, Italy and Germany, temporary contracts in Sweden have also been continuously increasing since the 1990s. Nonetheless, numbers have been showing little variations around the 15% of total employment mark. Different to our other cases, in Sweden the vulnerable groups (women, the young, the elderly and limited education) are still very clearly those with temporary contracts. To illustrate, 48.8% of 20 to 24 year olds are in this type of employment relationship (compared to only 11.2% of 25 to 54 year olds) and 28.1% of workers with temporary contracts have only completed primary education and transition rates to permanent employment are significantly higher for native-born Swedes than foreigners. Interestingly, in Sweden wage gaps between temporary contracts and standard contracts are not significant, which can be linked to the extensive coverage of collective bargaining and highly constricted wage structure (Skedinger, 2018). In Sweden, social security contributions do not differ between temporary contracts and open-ended contracts. As stated before, Sweden has a universal flat-rate system with voluntary state-subsidised earnings-related compensation. With the other case studies, the likelihood of career interruptions and lower wages always had a negative impact on the amount of benefits received. However, in Sweden, the fact that there is no significant wage gap between fixed-term and open-ended contracts completely eliminates this concern.

In Sweden, out of the total of thirteen unemployment benefit reforms, one could be coded as a „1“ (addressed insiders), three were labelled with a „2“ (addressing outsiders) and nine were marked with a „3“ (addressing both insiders and outsiders). We are now going to describe how these groups were affected.

VI 4. 2 Reforms that affected insiders

In Sweden, one can observe a very distinguishable situation. While it has been established that the country has a very universalistic approach to the welfare state, the Swedish economy went through financial hardship during the 90s and some cutbacks had to be made by the government. Nonetheless, one will be able to observe that the universality and generosity has

not been lost. Some traces of this were still perceptible in the early 2000s, as we will observe with the reforms that affected both insiders and outsiders. Nonetheless, we first have to focus on the one unemployment reform that according to our risk-based assessment specifically protected insiders. The reform revolved around making the AGB, which is a special insurance plan for older blue collar workers that has been existing since 1965, more generous. If a worker fulfilled the requirement of working for a minimum period of five years for one or more employer that was covered by the AGB insurance, now received also an individual support during the adjustment period after they had been facing either collective or individual redundancy. Employers pay into the insurance scheme with their contributions that were 0.03% in 2001 and had increased up to 0.3% in 2009. The significance of this insurance plan should not be overlooked as there are about 950.000 workers in the private sector that benefit from it. Without having knowledge of the composition of the outsider group in social-democratic welfare states, one could assume that since older workers are being targeted, this must be automatically favourable to outsiders. However, older blue collar workers in Sweden are not found to be outsiders but belong to the insider group, as Häusermann and Schwander established in 2012.

VI 4. 3 Reforms that affected outsiders

Instead of analysing the reforms in chronological order, let us begin with the first and only reform in the Swedish UB system that was directed specifically to a sub-group of non-standard workers. The reform in question was introduced in 2010 and granted self-employed individuals the possibility of obtaining UB in the first two years of their launch, depending on the previous salary they received as a dependent employee. However positive this was, Sweden as our fourth case is not exempt from negatively impacting outsiders via an UB reform. To illustrate, in 2006, the minimum amount of work tenure was increased and it was decided that studies do not qualify any longer to receive benefits. We have established numerous times how this can negatively impact outsiders.

Finally, we have to discuss a three-part reform that was passed in 2007, which targeted the financial nature of the unemployment insurance, the possibility of extending the duration of UB and the first five days of unemployment. To summarize, the unemployment scheme was made expenditure dependent in a clearer way than previously and the contribution is equal to 33% of the fund's payments of income-dependent UB. Furthermore, the extension period for the benefit was limited to 75 days for part-time workers (for parents with children under the

age of 18 this period is 150 days). It is this aspect of the reform that decided the coding of „2“ in our database, because not only are part-time workers non-standard workers making them more likely to become unemployed but we also know that in social-democratic welfare states gender is the most determinant factor to belong to the group of outsiders and women make up 85% of part-time employees in Sweden.⁵² Finally, in an effort to incentivise people to immediately search for an alternative job, the government introduced a reform which stated that no benefit will be paid in the initial period of the first five days of a person's unemployment.

VI 4. 4 Reforms that affected both insiders and outsiders

As stated earlier, the Swedish system has had to make some cut backs in the early 2000s due to their economic situation. In 2001, the duration of unemployment benefits was limited to 300 days and even though this was clearly a restriction, the generosity of this duration in comparison of the other cases studied, is undeniable. In the same year, two other unemployment benefit reforms were passed, both of which can be linked to an effort to cease a potential correlation between LM measures and long-term unemployment and both not deteriorating the situation of outsiders. On the one hand, unemployed people would get a higher maximum amount during the first 100 days (after that period the maximum setting went back to the prior amount) and on the other hand a combination of three measures was introduced. First, a participation in ALMP's was no longer a guarantee to receive an additional period of unemployment insurance, secondly, people seeking work had to extend their search geographically and occupationally after the first 100 days and lastly, the refusal of a suitable job offer results in a decrease of the amount received culminating in the loss of the right to receive UB after three refusals in the same benefit period.

In 2002, not only was the maximum setting in the first hundred days increased again but the former maximum setting now constituted the „normal“ amount an unemployed person received during day 101 and 300. Additionally, the daily rate was increased to 80% of the pay the person received prior and the minimum daily rate was also increased.

Sweden only passed four reforms after the financial crisis. In 2009, they removed for one the rule that made it necessary to have worked for a given time (very outsider-friendly) and on the other hand the government decided to loosen the membership conditions for the unemployment fund. Besides this, it was introduced that a person that has been receiving

⁵² <https://www.nikk.no/en/facts/in-depth/deltid/>

sickness benefits for long-term could, for the duration of three years (2010 to 2013), be given unemployment benefits. Five years later, multiple aspects of UB were substantially increased again, including the maximum daily allowance for the first 100 days, the maximum daily allowance after that initial period as well as the minimum compensation from unemployment insurance.

VI 4. 5 Synthesis of the Swedish case

To stay in line with the previous structures of the syntheses, we are first going to sum up the situation of the three chosen groups of non-standard workers. Self-employed workers are made up of two dominant groups; highly educated, older men and immigrant. There are several associations that represent SE workers, although this not being their primary goal. Entitlement to social protection is equal to standard workers, however, financial differences can occur due to the non-consideration of seasonal fluctuations. As with self-employed individuals, the share of TAW to the general working population is under the EU average. As with the other cases, Sweden is subject to the Equal Treatment Principle and a trend for increased regulation can be observed in the last years. Their regulation depends heavily on the national trade unions. Even though vulnerable groups very predominantly constitute the group of employees with temporary contracts, their access to social benefits is above EU average. A very distinct factor about the Swedish temporary contracts was the absence of a significant wage gap between this group and workers employed under standard contracts. This could be linked to the extensive coverage of collective bargaining and the tight wage structure.

When we look at the reforms that Sweden has passed during 2000 and 2017, we can pick up on two different trajectories. First, the generosity of the UB system has increased steadily over the years both in the amount and duration but also concerning the conditionality. At the same time, an effort to protect insiders and improve the situation of outsiders was also perceivable. Nonetheless, it must also be taken into account that some restrictions were put in place, recalling the reform from 2001, which similarly to the German case demanded from jobseekers to widen their job search geographically and occupationally and the reform from 2006 requiring longer work tenure to qualify for entitlement to UB. We were not able to observe liberalization in the form of embedded flexibilization, because this type of liberalization is associated with providing workers with in-demand skills for the labour market, which in Sweden was mainly achieved through their ALMPs.

VI 5. Comparison of the four cases

Before exploring the meaning of the data findings for our research question and ultimately, for the two hypotheses, it will be helpful to gain a better understanding of the findings by comparing the four cases studied.

One common trend we can find in all the four cases, can be described as an individual responsibility for unemployment status which is characterized by stricter eligibility criteria, a redefinition of the meaning of suitable employment, stricter controls and sanctions which then become conditional to receive unemployment benefits or holding the unemployment status.

While this shift to increased individual responsibility was clearly observable, one could also find an increasing transfer from the traditional unemployment benefit system to alternative schemes, especially in our two cases Italy and Germany. In Italy this was most apparent with the splitting of the ASpl and the mini-ASpl which were then combined into the NASpl, the *Cassa Integrazione Guadagni (CIG)*, which first was intended for employees of companies that had to make redundancies due to short-term difficulties but then also incorporated workers from sectors that experienced heavy restructuring, the creation of the CIGS and the DIS-COLL etc. In Germany, the introduction of the short-term work financing scheme (Kurzarbeitergeld) is a similar example of this course.

Germany and the UK are two countries which have a very fixed UB structure, there is the Arbeitslosengeld I and II (also called Hartz IV) in Germany and the contributions-based Jobseeker's Allowance, Income-based Allowance and Universal Credit in the UK. No reform was introduced in either countries, that would have adapted the UB system more to the circumstances of non-standard workers. In contrast to the systems of these two countries stands the highly fragmented UB system in Italy, a country in which between 2008 and 2017, efforts were clearly made to try to reflect the reality of the fragmented labour market in the unemployment benefit system. It is important to keep in mind that even though there are many similarities between Germany and Italy concerning the level of dualization in the working population, the protected insiders in Germany constitute a much larger share than in Italy, in which this group is very minor. This aspect of the Southern welfare state made it very hard for Italy to cope with the economic downfall that was the financial crisis because the large share of vulnerable workers with temporary agency contracts temporary contracts were the first to lose their jobs. In Sweden, the approach to accommodate to the circumstances of non-standard workers was not linear. We have seen the conditionality of longer work tenure in

2006 and introduction of entitlement for self-employed individuals in 2010, two reforms with opposing impacts, but generally viewed, the reforms got increasingly more accommodating and generous over the period studied. In regards to Sweden's case, the primary factor to note is that the UB structure does not further accentuate the difference between insiders and outsiders. Because even though there are income gaps between the two groups (Häusermann and Schwander, 2012), they are not as significant and the disregard for contributions naturally bridges the gap at least to some extent.

Additionally, what we could also observe in Germany and the UK is the use of new management/organisation tools. Meaning for instance the introduction of the Job Centre Plus in the United Kingdom or the reform of the Job Centres in Germany, which were then (2004) named *Bundesagentur für Arbeit* introduced alongside the Hartz-III reform.

Lastly, it is important to notice something that is not very tangible and cannot be necessarily called a trend, but that still binds the course of the reforms, which is the influence of the European Union. In fact, the first tendency that we described, the increase in individual responsibility, is based for a big part on the European Union's guidelines (Pochet, 2009).

For further details, please see Table 1 (Comparison of the unemployment benefit systems (in 2019) between the four cases) in the Annexes.

VII Discussion and Conclusion

VII 1. Analysis of the first hypothesis

After the amount of reforms presented, it is necessary to repeat the hypothesis that will be analysed in this section: *Countries differ on their strategies because institutional legacies shaped the decisions of policy makers. More precisely, we develop three different conjectures. First, countries with a universal welfare regime reformed unemployment benefits in a way that is not harmful for outsiders and positive for insiders. On the contrary, reforms were focused on improving the situation of outsiders. On the contrary, in countries with a conservative welfare regime, reforms were detrimental for outsiders but the position of insiders remained protected. Finally, in liberal countries, reforms were in line with the strategy of deregulation, i.e. both the situation of insiders and outsiders was deteriorated.*

The analysis should follow the structure of the hypothesis, starting with the course that Sweden has taken. As the representative of the universal welfare model, we expected to see a positive impact on insiders and an effort to improve outsiders' situation. To what extent can this be supported or not by the reforms we described?

Based on the trajectory of the Swedish unemployment benefit structure, we could observe two streams, one very minor and the other one representing the dominant one. The first stream correlated with Sweden's economic situation. During the 90s, the country experienced an immense increase in the unemployment rate⁵³, which the government succeeded at reducing quickly by the year 2000. However, unemployment rates were still much higher than in 1990 and began to increase quickly again, although not as drastically. In reaction, some minor scale adjustments were made such as the maximum duration to receive UB was set to 300 days in 2001, sanctions in case of refusing a job offer were introduced in the same year and longer work tenure was required to qualify in 2006 when unemployment was almost at 8 % again. The Swedish case cannot be generalized as a part of the egalitarian Nordic countries, because its position within is actually quite different. For instance, the highest share of workers in temporary employment and the chances of mobility from a temporary to a permanent employment relationship was lower than in Norway and Finland and the probability of moving from a temporary contract to unemployment was higher than in the other two countries (Svalund, Saloniemi and Vulkan, 2016). There is no doubt that Sweden's labour market is dualized, however the dualization looks much more temporary than it is permanent (Svalund, Saloniemi and Vulkan, 2016). One major reform, which is not mentioned in our empirical results section but which set the foundations that would allow both insiders and outsiders to profit from the generosity of the UB system was passed in 1998, the Social Services Act. Among the many different adjustments this Act included, one is particularly relevant, „The documents also contain the aim according to which social assistance claimants with unemployment as their only problem should not receive a different kind of treatment from employment services than insured unemployed job seekers (Sweden, Government, 1999/2000: 98: 57). This may be interpreted as an explicit aim to counteract any potential insider/outsider divisions between insured and uninsured job seekers“ (Kananen, 2012, pp. 565). Based on the reforms we described, we can conclude that apart from one reform (longer work tenure to qualify for UB, 2006), the Swedish government did not introduce any other reforms that could negatively impact outsiders further. On the contrary, by increasing the

⁵³ <https://www.ceicdata.com/en/indicator/sweden/unemployment-rate>

period that UB entitlement calculations are based on, relaxing the UB eligibility, introducing entitlement for self-employed workers, positive adjustments were made while paralelly catering towards the industrial core workforce (insiders in Sweden). To sum up, the first part of the hypotheses seems to be confirmed for the selected case, period and labour market institution.

We projected for Germany that UB reforms deteriorated the situation of outsiders but continued to protect insiders. Looking at the reforms, Germany's case is not that straightforward. The standard workers that are integrated into the insurance-based unemployment scheme who are assessed based on their occupational activity and the amount received is wage-related. Contrasting to this are the restrictions for long-term unemployed that do not have the right to remain in their previous employment path, do not have the right to receive an amount based on their previous salary but on the calculated need of that of the individual and the household they live in. This system strips them off their skills and experience and thus limits them to their status of unemployed. Additionally, we have found that the extension of contribution duration had a profound negative effect on all those likely to have interrupted careers (TAW, temporary contract workers, seasonal workers etc.). Despite this, authors such as Hassel and Schiller (2009) have argued that insiders were also negatively affected by these reforms but while keeping that in mind, it is important to remember that open-ended contracts are very well protected in Germany and that the likelihood of individuals with these contracts being affected by long-term unemployment (longer than 1 year) are quite slim. What is problematic about the consequences of the Hartz reforms is the low probability of mobility from unemployment to standard work. To illustrate, we know that 30% of the jobs that are nowadays provided to unemployed individuals are temporary agency jobs ⁵⁴ Meaning that insiders are likely to remain insiders and outsiders have low chances of becoming insiders, the exception being workers with temporary contracts.

We have extensively talked about the unemployment benefit reforms that were introduced prior to financial crisis which were directed towards the insiders in the labour market, even though non-standard work by that time was already an important part of the labour market. More interestingly for us is how the various italian governments have dealt with the rise in unemployment beginning in 2008. In Italy „Reforms tend to be more frequent when the environment is characterised by unsatisfactory labour market outcomes (notably high and

⁵⁴ <https://www.welt.de/politik/deutschland/article191013015/Arbeitslose-In-der-Leiharbeit-durch-Helfertaetigkeiten-dequalifiziert.html>

growing unemployment) and a high initial level of regulations or fiscal burden on labour.“ (Turrini et al., 2014, pp. 22). The European Union put a lot of pressure on the Italian governments, to follow a deregulatory path which both Monti and Renzi were not exactly opposed to. Picot and Tassinari (2015) even argue that Renzi intentionally wanted to break with the historic link between unionists and the Partito Democratico and instead wanted to gain electoral voters within the group of outsiders. The reforms passed after the financial crisis are often referred to as a recalibration⁵⁵ (Picot and Tassinari, 2014), meaning an effort to converge legislation surrounding insiders and outsiders. Despite of the various introductions of UB entitlement to non-standard workers, this plan did not realize itself as planned. When the incentives to hire new workers with an open-ended contract (part of the Jobs Act) ended in 2016, so did the number of new hires with open-ended contracts, to no surprise and the objective of making standard contracts the norm quickly came to an end. Therefore, we can conclude that the Italian case is a very peculiar one in which insiders were heavily affected by deregulation after the financial crisis and outsiders were given more favours to but not enough to end the persisting dualism between the youth and the old, the South and the North etc. For now, Italy remains a highly fragmented country.

The picture in the United Kingdom, our liberal welfare state representant, is quite different and hence the analysis must be different. First, we know that the income gap between insiders and outsiders is not that significant in comparison to the other three cases (Häusermann and Schwander, 2012) and that the income divide is clearly reduced due to tax and transfer distribution (ibid). As we know from the description of the United Kingdom's UB system that was presented in the 'Critics to Varieties of Capitalism' section of this thesis. And as we know from the welfare literature, Britain's approach to the UB system has always been focused around the idea that the unemployed individual must demonstrate their absolute willingness to work. Even before the restrictions were imposed starting in 2008, the UK had a very low-expenditure, flat-rate and contribution-based unemployment benefit scheme. We also know that for those that do not qualify for this scheme, the Job Seeker's Allowance, there is the Income-based Job Seeker's Allowance which is calculated according to the last income, the individual's savings and the household size. This in comparison to the southern and the continental welfare state is a more egalitarian approach since the income-based allowance to which many outsiders resort to will not accentuate differences intensely. Consequently, we could state that the UB system is not inherently dualized, what we could however observe, is

⁵⁵ <http://critcom.councilforeuropeanstudies.org/labor-market-reforms-in-italy-in-the-aftermath-of-the-2008-crisis/>

that a clear deregulation course was followed during the selected period. Starting in 2008, the unemployment rose steadily, reaching its peak (8.5%) in November 2011.⁵⁶ The economic recovery was very quick due to rapid job creations. Nevertheless, these jobs were for the majority non-standard jobs (Coulter, 2016). By suggesting that the access to unemployment benefits in the UK is less discriminatory than in Germany and Italy, we could also deduce that every change in the UB system will affect both insiders and outsiders and that in fact, both groups were negatively impacted by the continuous restrictions that were placed on the access to unemployment benefits. This is especially accentuated because insiders in the United Kingdom do not profit from high employment protection levels like in Germany and Italy and therefore, their risk of actually becoming unemployed is much higher than in the two other countries. Despite of this, it has been noted that outsidership in the UK is mainly based on low-level skills and therefore access to vocational training and other training options is essential to bridge the gap. Unfortunately, the unequal access to these trainings has persisted (Häusermann and Schwander, 2012).

Summing up, the findings demonstrated that the first hypothesis we constructed could be partially accepted. It has been confirmed for each case except Italy, which did not fully follow through with their trajectory of protecting insiders of the 2000s for the earlier explained reasons.

VII 2. Analysis of the second hypothesis

Beginning again with our hypothesis, to recall: Countries reformed unemployment benefits in a way that led to growing similarities among them. This is so because there is a common trend towards liberalisation which is pushing all western countries towards greater deregulation of the labour market. This trend was more marked after the onset of the global financial crisis, which worked as an economic shock that accelerated this process.

The cases that were chosen for this thesis share growing similarities only in the largest possible sense of the word. This is because even though we find traces of liberalization in each case, they all manifest themselves very differently. We demonstrated how in Germany a deregulation of the unemployment benefit system left an accentuated dualized structure behind concerning both access and conditionality, which is in concordance with Thelen's

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<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms>

(2012) theory of liberalization as dualization present in Coordinated Market Economies. The trend of liberalization in Germany was definitely not accentuated by the financial crisis since the country was hardly affected in terms of unemployment rates and had their system already set in place, which did not need to be adjusted. The United Kingdom however, even though, they were starting with one of the lowest unemployment rates in Europe before the crisis, was affected quite a lot, but dealt with it by creating insecure jobs, specifically the rise in self-employment is worth mentioning. Consequently, real wages and productivity were affected negatively (Coulter, 2016). The unemployment benefit system was deregulated by making conditionality and sanctions so much more pronounced and although this trend was observed in the other cases, looking at the UK's reforms during 2008 and 2017, this was the main focus point. In Italy, the reforms before the financial crisis were very accommodating to the circumstances of the core workers of the labour market as we demonstrated. But 2008 constituted a turning point for the trajectory of unemployment benefit reforms but not in the sense that the second hypothesis would suggest. Quite the contrary was unfolding as we explained earlier, a deregulation of standard worker's protection accompanied by a regulation of non-standard contracts, which left behind a dualistic labour market because the efforts to regulate non-standard workers were not entirely successful in bridging coverage gaps, although less pronounced than in Germany. In Sweden, the financial crisis had no perceivable consequences on how the unemployment benefit system was structured. In fact, after the crisis the system got even more generous than before and did for the first time cater to one group of non-standard workers, the self-employed. Nevertheless, Thelen's theory of liberalization in the form of embedded flexibilization present in Nordic countries can be observed in the country's immense efforts to prepare citizens with in-demand skills for the labour market via the extensive focus on active labour market policies (LABREF).

To sum up, liberalization had its effects on each case that was studied but based on the data, we cannot confirm that it actualized itself in a way that leads us to believe that these four countries are becoming growingly similar and we particularly cannot confirm the suspicion that the financial crisis accentuated the trend of liberalization, at least not for the labour market institution that was selected for this research, unemployment benefits. Therefore, we need to reject the second hypothesis.

VII 3. Conclusion

The goal of this thesis was to give an answer to the research question *‘Did institutional legacies influence the way governments reformed the generosity of unemployment benefits between 2000 and 2017?’*, to which the short answer is Yes. The idea that different political and historical pathways decide the composition, type of a country’s welfare state and that moreover, this variable, the welfare state will then shape the social and economical outcomes, has shown to be the dependent variable in our research, although only partially true for the case of Italy. The opposing hypothesis, of a common trend towards liberalisation has not shown itself to explain the variations found in the unemployment benefit reforms between the four cases. More likely, the institutional legacies could be found responsible for the trajectory that each country took in the revision of their unemployment benefit system. Nonetheless, this comparative case study analysis clearly demonstrated how none of the cases succeeded at adjusting their income-based/flat-rate/contributions-based unemployment benefit system to compensate for the difference between insiders and outsiders in the labour market. More importantly, non-standard work has had a stable place for multiple decades now and will most likely continue to grow, and therefore, it is time for policy makers to create a labour market in which a non-standard contract is no longer a disadvantage.

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Annexes

Database of all unemployment benefit reforms introduced in Germany, the United Kingdom, Italy and Sweden during 2000 to 2017

Country	Policy Measure	Description
Germany	Integration Agreement between Unemployed and Public Employment Services (PES) 2001 Source: LABREF Coding: 3	The agreement included that the PES creates job offers according to the individual's skills, interests, background and gender and in return, the unemployed makes an effort to find a job, in case of non-compliance sanctions include UB stop for 12 weeks, individuals raising children that were previously employed in a position in which they paid insurance contributions, will receive support
Germany	Hartz I 2002 Source: LABREF Coding: 3	Those liable to pay social insurance contributions are obliged to present themselves at their local PES if they have been notified that their employment will terminate, in case of non-compliance UB will be cut. The rules regarding what is acceptable in terms of mobility have been fixed: commuting time up to 2 hours (there and back), or up to 6 months in a different region where different accommodation would be necessary, those that do not provide important reasons for non-compliance will have their UB cut for 12 weeks.
Germany	Requirement of 12 months of Unemployment Insurance Coverage Contributions	The period in which these 12 months of contributions must have happened is now reduced to two years instead

	<p>2003</p> <p>Source: LABREF</p> <p>Coding: 2</p>	<p>of the previously more generous three years. No exceptions for seasonal workers, self-employed or care givers.</p>
Germany	<p>Cut in the duration of UB</p> <p>2003</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The duration was cut to 12 months and the amount was reduced to 53-57% of the previous salary.</p>
Germany	<p>Unemployment Benefits II program</p> <p>2004</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>Everybody that was previously eligible to UB now become recipients of unemployment benefit II. Those considered not eligible to work will receive social benefit. An eligibility test is necessary for both.</p>
Germany	<p>Job acceptance requirements are tightened</p> <p>2004</p> <p>Source: LABREF</p> <p>Coding: 2</p>	<p>Recipients of the new UB II are now obliged to accept any job offer. In case of rejection, a reduction of UB (of 30%) for 3 months will be the consequence. For persons under 25, a rejection of a job offer will result in a complete cut of UB for 3 months.</p>
Germany	<p>Introduction of rapid offers and sanctions</p> <p>2006</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>For those that just enter unemployment, job offers and training courses will be immediate to test their willingness to work. Sanctions are now widened to 60% of UB amount.</p>
Germany	<p>Unemployment assistance extended to participants of vocational training</p> <p>2016</p> <p>Source: LABREF</p>	<p>Those taking part in vocational training can now apply for income support according to the Social Code Book II.</p>

	Coding: 2	
United Kingdom	<p>Activation Measures for lone parents</p> <p>2008</p> <p>Source: LABREF</p> <p>Coding: 2</p>	<p>Single parents that are able to work and with their youngest child being at least 12 years old are now required to actively search work. This age limit is then subsequently decreased to 10 years old in 2009 and 7 years old in 2010.</p>
United Kingdom	<p>Welfare Reform Bill</p> <p>2009</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>A simpler benefit system with only two benefits available; the Job Seeker's Allowance for those that are ready for work and up until then received other benefits and the Employment Support Allowance that will absorb those that were before on Income Support. Income Support is abolished.</p>
United Kingdom	<p>More stringent rules for jobseeker's allowance to comply</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>Recipients of Job Seeker's Allowance that fail to comply with regulations can now lose their benefit entitlement for up to three years (previously three months). The maximum of three years is for those that do not accept a reasonable job offer or leave a job without a good reason and have a long history of not complying.</p>
United Kingdom	<p>Claimant Commitment</p> <p>2013</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The claimant commitment is an agreement between the jobseeker and the advisor including a set of expected tasks, monitoring and following adjustment.</p>
United Kingdom	<p>Restrictions on EEA nationals entitlements for Universal Credit</p> <p>2015</p>	<p>EEA nationals that reside in the UK as an EEA jobseeker or as a family member of such a person are not entitled to Universal Credit.</p>

	Source: LABREF Coding: 2	
United Kingdom	More requirements for claimants of jobseeker's allowance 2015 Source: LABREF Coding: 3	The new requirement is the obligation to present themselves at the Jobcentre weekly.
United Kingdom	Introduction of Youth Obligation in Universal Credit full service area 2017 Source: LABREF Coding: 3	18 to 21 year olds receiving Universal Credit are expected to gain work-based skills, take up work placements, apprenticeships or traineeships.
Italy	Duration of unemployment benefits raised to 9 months for old workers 2000 Source: LABREF Coding: 1	
Italy	UB raised to 40% of wage for old workers 2000 Source: LABREF Coding: 1	For workers that are over 50 years, they are now entitled to 40% of their previous salary instead of 30%.
Italy	Duration of availability allowance increased for those effected by workforce reduction + during this extension period, allowance is reduced	This availability allowance is available for those that are registered in the availability list and for workers in the textile sector.

	<p>2002</p> <p>Source: LABREF</p> <p>Coding: 3</p>	
Italy	<p>Duration of UB is increased and raised to 50 % of wage</p> <p>2005</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The duration is increased to 7 months and for workers above the age of 50 it is increased to 10 months.</p>
Italy	<p>This increased duration and the increased amount of the allowance are made permanent (before it was provisional)</p> <p>2006</p> <p>Source: LABREF</p> <p>Coding: 3</p>	
Italy	<p>Duration is further increased except for workers in the agricultural sector; the level of UB is raised specifically for everybody that is not working in the agricultural sector.</p> <p>2007</p> <p>Source: LABREF</p> <p>Coding: 1</p>	<p>For workers under the age of 50, the duration of UB is further increased to 8 months; for those over this age the maximum duration is 12 months, agricultural sector worker are exempt from this revision. The level of UB is permanently increased to 60% for the initial 6 months, then it is subsequently reduced to 40% after the 8th month.</p>
Italy	<p>Extending UB to Temporary Agency Workers and project workers</p> <p>2008</p> <p>Source: LABREF</p> <p>Coding: 2</p>	<p>Specifically project workers are entitled to a one time payment equivalent to 10% of their income in the previous year.</p>

Italy	<p>Clarification of procedures for sanctions in case of refusal of job offers</p> <p>2009</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The entitlement to receive UB is made conditional to the individual stating their immediate willingness to participate in training or start working.</p>
Italy	<p>Extension of the Extraordinary Wage Integration Fund</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>This fund, which is aimed at workers faced by restructuring now also covers workers from the retail sector working in a firm with more than 50 employees; travel agencies with at least 50 workers, private security firms with at least 15 employees and air transport companies (without restrictions concerning the number of employees).</p>
Italy	<p>Mini-ASpl; Bilateral Solidarity Funds; ASpl</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The ASpl is the Social Insurance for Employment which covers apprentices and employees that work in cooperative. It does not include agricultural workers or civil servants that have an open-ended contract. Individuals fitting in these categories are only eligible if they have paid at least 2 years of contributions prior to their involuntary unemployment.</p> <p>The Bilateral Solidarity Funds are directed towards workers that are not covered in the CIGS or CIG insurance and work in companies with more than 15 employees. The funds provide financial support in case of termination of the employment relationship, benefits for workers that</p>

		<p>have been dismissed and qualify for retirement in the next five years and lastly, training opportunities.</p> <p>The mini-ASpl is directed towards those that cannot fulfill the requirements of the ASpl. Individuals are eligible for this insurance if they have worked for a minimum of 13 weeks in the past twelve months. They lose their rights if they are no longer unemployed; initiate self-employment without communicating it to the INPS; become eligible for retirement or disability benefits.</p>
Italy	<p>Income support for coordinated self-employment</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 2</p>	<p>To be eligible for this financial support: they must have worked for one employer only in the last year, their overall income in the previous year cannot exceed 20.000€, they have to have contributed for at least one month in the last year and must have been unemployed for at least two consecutive months within the last year.</p>
Italy	<p>Revision of the transition to the new safety net; Revision of the whole safety net</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>This safety net refers to the ASpl which was revised by: replacing all current UB, eligibility is conditional on having made contributions for at least two years, duration is fixed to 12 months (18 months for workers over the age of 55) and the amount is fixed to 75% of the gross earnings, which is more favourable than before. Additionally, the mobility allowance is revised by delaying the transition from it to the ASpl</p>

		by one year and for workers over 50 years old in the centre-north of Italy and all workers from the South can have an additional year of payments. Moreover the CIG (Extraordinary Wage Integration Fund) is no longer available for individuals facing bankruptcy or insolvency.
Italy	<p>Repeal of mobility allowance</p> <p>2012</p> <p>Source: LABREF</p> <p>Coding: 3</p>	
Italy	<p>Increase of income supplement for solidarity contracts</p> <p>2013</p> <p>Source: LABREF</p> <p>Coding: 1</p>	From 2014 on, the workers that were employees in firms that had access to the CIGS can now receive 70% of their previous wage if they have been made redundant.
Italy	<p>Decree NASpl; Decree DISCOLL; Changes in the administrative definition of unemployment; Wage Integration Scheme</p> <p>2015/2016</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>The NASpl was introduced to replace the ASpl and the mini-ASpl. The eligibility conditions are: 13 weeks of contributions paid in the last four years and a minimum of 30 days of work in the past 12 months prior to unemployment.</p> <p>The DISCOLL Decree was introduced specifically for coordinated self-employed („quasi employees“), which can be received for a maximum of 6 months. Workers are only eligible if they had 3 months of contributions in the same</p>

		<p>year that they started unemployment.</p> <p>Furthermore, unemployment is now defined in two categories: a) the unemployed worker and b) the worker at risk of unemployment. This was then changed again and it was declared that an unemployed individual is someone without employment who declares their readiness to work or participate in ALMPs.</p> <p>Regarding the Wage Integration Scheme, revisions have been made as well. It is now also applicable to employees under an apprenticeship contract. The time limit to for a firm to submit a request for this fund was reduced to 15 working days and the approval has been transferred to the national INPS instead of the committees in the provinces. The company can apply to this fund in case of 1) company reorganisation; 2) company crisis or 3) solidarity contracts.</p>
Italy	<p>Implementation of the conditionality principle</p> <p>2016</p> <p>Source: LABREF</p> <p>Coding: 3</p>	<p>An individual that refuses a suitable job offer without good reason loses not only their unemployment status but also their unemployment benefit.</p>
Italy	<p>Extension of UB to non-entrepreneurial self-employment</p> <p>2017</p>	<p>The UB amounts to 75% of the average monthly income.</p>

	Source: LABREF Coding: 2	
Sweden	Limitation of the maximum duration of benefits to 300 days 2001 Source: LABREF Coding: 3	
Sweden	The maximum setting during the first 100 days is increased 2001 Source: LABREF Coding: 3	The maximum amount is increased from 580 SEK (~ 54€) to 680 SEK (~ 63€) per day during the first 100 days.
Sweden	Participation in ALMP no longer confers entitlement to new benefit period for UB insurance 2001 Source: LABREF Coding: 3	During the first 100 days the jobseeker can restrict the search both occupationally and geographically. Those refusing an offer are sanctioned; the benefit reduces everytime the jobseeker refuses an offer, after the third time (during the same benefit period), the entitlement is removed.
Sweden	Daily rate of UB is increased to 80% of former wage 2002 Source: LABREF Coding: 3	Additionally, the minimum rate per day is increased to 320 SEK (~ 30€) and the maximum daily rate is increased again to 730 SEK (~ 68€) during the first 100 days. From the 101st day onward, the maximum daily rate now is 680 SEK.
Sweden	Introduction of a more generous AGB insurance 2004	New adjustment scheme for blue-collar older workers subject to individual or collective redundancy.

	Source: LABREF Coding: 1	
Sweden	Pilot model to centralize UB entitlement responsibility 2005 Source: LABREF Coding: 3	The responsibility of testing an individual's eligibility to benefit is transferred to the central function at the national employment office.
Sweden	Longer work tenure to qualify for benefits 2006 Source: LABREF Coding: 2	Studies are no longer counted into the work tenure necessary to be eligible for UB.
Sweden	Maximum UB level is fixed to 680 SEK per day 2006 Source: LABREF Coding: 3	The maximum level is therefore reduced by 50 SEK. Additionally, the gross replacement rate declines to 70% (previously 80%) after the first 200 days and after that period the individual will be placed into a job and development guarantee scheme with a gross replacement rate of 65%. The level of the UB is now calculated based on the 12 months of income instead of the last 6 months.
Sweden	Improving the link between Unemployment insurance benefits and contributions 2007 Source: LABREF Coding: 2	The unemployment contribution is now equal to 33% of the payments of income-related UB. Secondly, the top up benefit for part-time workers is limited to 75 days to avoid overuse of the support for longer periods.
Sweden	Relaxing UB eligibility 2009	For each month that the individual has been a member of an

	Source: LABREF Coding: 3	unemployment insurance fund, one additional month is added. Therefore applicants can fulfill the membership conditions in less time. (This is restricted to 2009.)
Sweden	UB are introduced to the long-term sick 2009 Source: LABREF Coding: 3	Between the period of 2010 to 2013, people with long-term sicknesses that have „used up“ their entitlement to UB, can receive UB again.
Sweden	Entitlement for self-employed 2010 Source: LABREF Coding: 2	For the first two years of self-employment, the individual can receive UB based on their previous salary as a dependent worker.
Sweden	UB made more generous 2015 Source: LABREF Coding: 3	Highest daily allowance increased to 910 SEK (~ 85€) during the first 100 days, after that the maximum is 760 SEK (~ 71€) per day and the minimum is increased to 365 SEK (~ 34€) per day.

Explanation of Coding:

- 1 = The reform addresses insiders
- 2 = The reform addresses outsiders
- 3 = The reform addresses both insiders and outsiders

Table 1: Comparison of the unemployment benefit systems (in 2019) between the four cases

	Germany	United Kingdom	Italy	Sweden
Unemployment <i>1-Applicable Statutory Basis</i> <i>2-Basic principles</i>	1-Unemployment insurance (Arbeitslosenversicherung), Social Code (Sozialgesetzbuch, SGB II and III), Social assistance benefits for jobseekers (Grundsicherung für Arbeitssuchende) 2-Contribution-financed compulsory social insurance scheme, social assistance benefits for jobseekers: tax-financed scheme of means-tested minimum flat-rate benefits for recipients fit for work, not employable dependants living together with the beneficiary in a joint household (Bedarfsgemeinschaft) can claim Social Benefit	1-E-X-01-UKJobseekers Act 1995 2-Contribution-based Jobseekers' Allowance (JSA): Compulsory social insurance scheme for all employed and some self-employed persons financed by employee and employer contributions. Benefits are flat-rate. Income-based Jobseekers' Allowance: Social assistance scheme, tax financed and with means-tested flat-rate benefits.	1-Law No. 427, Law No. 160, Law No. 223, Law No. 350, Law No. 80, Law No. 247, Law No. 133, Law No. 92, Law No. 183/2014 (known as Jobs' Act), Legislative Decree n. 22, Legislative Decree n. 148, Law No. 81, Legislative decree no. 147, Law No. 205 2-Compulsory insurance scheme for employees and assimilated, financed partly through contributions from employers and partly through general taxation. It provides for earnings-related benefits. No special unemployment assistance scheme, but welfare-based benefits under the general income guarantee scheme are granted upon condition of being long-term involuntarily unemployed, The unemployment insurance benefits are earnings-related	1-Unemployment Insurance Act 1997, Regulation on Unemployment Insurance 1997, Act on Unemployment Insurance Funds 1997 and Regulation on Unemployment Insurance Funds 1997 2-Unemployment insurance scheme consisting of two parts: * a voluntary insurance to compensate the loss of income providing an Income-related benefit financed by employers' contributions and membership fees; * Basic insurance financed by employers' contributions covering those not voluntarily insured and providing a flat-rate benefit. No special unemployment assistance scheme, but "Guaranteed minimum resources".
UB insurance <i>1-Field of application</i> <i>2-Main conditions</i>	1- All employees (including trainees), Also parents with children up to the age of 3 and carers who,for at least 10 hours per week,care for a dependent requiring grade 2 care or above within the home	1- Contribution-based Jobseekers' Allowance: All employed persons, except married women who chose before April 1977 not to be insured.	1- NASpI (Nuova Assicurazione Sociale per l'Impiego): all employees and assimilated, apprentices, members of cooperatives and show-business employees.	1- Income-related benefit (inkomstbortfallsförsäkring) is paid to employee and self-employed who have joined an unemployment insurance fund and fulfil the membership and working conditions.

<p>3- Qualifying period</p> <p>4- Waiting period</p> <p>5- Reference basis for calculations</p> <p>6- Amounts</p> <p>7- Duration of benefits</p>	<p>environment, provided that, prior to the parental leave or commencement of the care, the parent/carer was subject to compulsory insurance or was entitled to unemployment insurance benefit payments, In general, entitlement to unemployment benefit (Arbeitslosengeld) does not depend on nationality, The provisions of the German Social Code apply in principle to all persons with residency or habitual residency in Germany, For certain categories of persons, there is the possibility of making contributions to voluntarily insure themselves in the unemployment insurance scheme (§ 28a Social Code, Book III - SGB III). Eligible categories of persons include</p> <ul style="list-style-type: none"> * parents of a child after the age of 3, * persons who develop themselves professionally if this enables a career advancement, or become capable for another professional activity, * self-employed persons working at least 15 hours per week, persons employed abroad outside the European Union or associated countries, 	<p>No voluntary insurance. The unemployment insurance benefits do not depend on residence and/or citizenship. Citizens living abroad are not covered.</p> <p>2- Contribution-based Jobseekers' Allowance:</p> <ul style="list-style-type: none"> * to be involuntarily unemployed; * is not engaged in work for 16 or more hours a week; * to be capable of work; * to be available for work; * is under pensionable age; * has entered into a Claimant Commitment; * to be actively seeking employment; * is in Great Britain; * is not a full-time student; * is not engaged in a trade dispute. <p>3- Contribution-based Jobseekers' Allowance:</p> <p>No qualifying period, but contributions must have been paid:</p> <ul style="list-style-type: none"> * Contributions paid for at least 26 weeks in one of the 2 tax years on which the claim is based at the 	<p>Dis-Coll: para-subordinate workers assimilated to employees (former co.co.pro) and self-employed insured under "Gestione separata" (see MISSOC information on the social protection of the self-employed). No possibility of voluntary insurance. Periods of unemployment are taken into consideration as deemed contributions. Entitlement is not dependent on residence and/or citizenship, but on affiliation to the relevant scheme. Benefits are exportable upon condition of actively seeking a new job in an EU and EEA Countries.</p> <p>2- NASPI:</p> <ul style="list-style-type: none"> * To be involuntarily unemployed; * not engaged in work for more than 6 months; * to be capable to work; * To be actively searching another job; * having signed an 'Declaration of Immediate Availability' (Italian acronym: DID) for working or participating in training at the competent Job Centre; 	<p>Basic insurance (grundförsäkring) is paid to employee and self-employed above the age of 20 who:</p> <ul style="list-style-type: none"> * fulfil the working condition; * are not a member of an unemployment fund, or * are a member of an unemployment fund but do not satisfy the membership condition required for entitlement to an income-related benefit. <p>The entitlement to unemployment insurance benefits is not dependent on residence or citizenship. Only persons who satisfy the benefit conditions set forth in the Unemployment Insurance Act (Lagen (1997:238) om arbetslöshetsförsäkring) are entitled to benefit. Entitlement is not dependent on residence.</p> <p>2- Applicants are entitled to benefit in the event of unemployment if they:</p> <ul style="list-style-type: none"> * are registered as jobseekers at the public employment office; * are capable of working and there is nothing to prevent them from undertaking work on behalf of an employer for at least 3 hours each working day and an average of at least 17 hours per week; * are below the age of 65; * are otherwise available to the labour market. <p>3- Qualifying period for both basic</p>
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<p>* Employed persons who take employment in a country outside the EU.</p> <p>* Conditions: prior to this, 12 months of compulsory insurance coverage according to the SGB III (e.g. insurable employment) within the last 24 months or entitlement to unemployment insurance benefit payments immediately prior to take-up of the activity/employment. No other compulsory insurance coverage according to the SGB III.</p> <p>2- An employed person is considered to be unemployed if he or she</p> <p>* is not engaged in an employment relationship (without work),</p> <p>* takes an effort to put an end to this situation (efforts of his or her own) and</p> <p>* is available for the placement efforts undertaken by the employment agency (availability). The person's employment, self-employment or activity as collaborating family member does not rule out that the person is without work if the time of the work or activity performed is less than 15 hours per week. A person is considered available if he or she</p> <p>* is able and allowed to take up an insurable</p>	<p>minimum weekly contribution rate for that year, and</p> <p>* contributions paid or credited in both the appropriate tax years amounting to a total of at least 50 times the minimum weekly contribution for that year. The conditions above apply irrespective of the number of previous periods of unemployment benefit receipt</p> <p>4- 7 days at the start of claim, irrespective of the circumstances leading to unemployment The waiting period does not apply where a claimant or their partner had received certain benefits, including unemployment benefit, within the previous 12 weeks of the claim.</p> <p>5- Contribution-based Jobseekers' Allowance: Not applicable. Benefits not based on earnings.</p> <p>6- Contribution-based Jobseekers' Allowance: Flat-rate benefit, varying according to age at the time</p>	<p>* not benefiting from any other pension treatment; * no work income higher than the personal annual taxable ceiling: €8,000;</p> <p>* claim to be presented within 68 days (98 days in case of lawful dismissal for misconduct). Dis-Coll:</p> <p>* to be involuntarily unemployed;</p> <p>* to submit the relevant claim within 68 days from the contract termination;</p> <p>* to be actively searching for a new job;</p> <p>* having signed an 'Immediate Availability Declaration' (Italian acronym: DID) for working or training course attendance at the relevant Job Centre.</p> <p>3- NASpl: Having matured at least 13 weeks of work insurance during the four years prior to the onset of unemployment and at least thirty days of work insurance accrued during the last 12 months prior to dismissal. Dis-Coll: having completed at least 3 months of contributions in the calendar year prior to the year of dismissal and 1 month of</p>	<p>insurance (grundförsäkring) and income-related benefits (inkomstbortfallsförsäkring):</p> <p>* to have been employed or self-employed for at least 6 months and at least 80 hours of work per month during the last 12 months, or</p> <p>* to have been employed or self-employed for at least 480 hours during a consecutive period of 6 months with at least 50 hours of work every month during the last 12 months (working condition). Additional condition to be qualified for the income-related benefit:</p> <p>* being a member of an unemployment insurance fund for at least 12 consecutive months proving work in the unemployment fund's scope of practice. If necessary, a maximum of 2 months in the working condition may be replaced by leave of absence with parental benefit (föräldrapenning) or military education as a recruit within the Armed Forces. The qualifying period does not vary with age. The same conditions apply irrespective of the number of previous periods of unemployment benefit.</p> <p>4- 6 days for both the basic insurance (grundförsäkring) and the income-related benefit (inkomstbortfallsförsäkring). The waiting period does not vary with age or any other circumstances surrounding unemployment.</p>
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	<p>suitable work of at least 15 hours per week under the conditions usual on the section of the labour market which is considered suitable,</p> <ul style="list-style-type: none"> * is able to react quickly and on the spot to the offers made by the employment agency to his or her integration into the labour market, * is ready to take up any reasonable insurable employment of up to 15 hours per week and * is ready to participate in any occupational integration measures. <p>3- The unemployed person must have been compulsorily insured for at least 12 months during the last 2 years. Compulsory insured are employees subject to compulsory insurance and:</p> <ul style="list-style-type: none"> * recipients of maternity benefit (Mutterschaftsgeld) or sickness benefit (Krankengeld) * persons taking care of children under three * persons providing home care to a person with a care need of at least level 2, and this for at least 10 hours per week. <p>if immediately before the benefit, care leave or care activities, they were obligatorily insured or were eligible for a wage compensation benefit provided by the</p>	<p>of the claim, but the rate does not vary according to the duration of, or reason for, unemployment. However, the amount of benefit payable is affected if an occupational or personal pension is in payment. The first GBP 50 (€55) a week from an occupational or personal pension is disregarded. The full amount of any excess above GBP 50 (€55) a week is deducted from the benefit. Contribution-based Jobseekers' Allowance:</p> <ul style="list-style-type: none"> * aged 25 or over: GBP 73.10 (€81) per week; * aged 18-24: GBP 57.90 (€64) per week. <p>No increase for dependants.</p> <p>7- Contribution-based Jobseekers' Allowance: Limited to 182 days in any job seeking period. The duration does not vary according to the reason for unemployment.</p>	<p>contributions during the year of dismissal.</p> <p>4- Waiting period of 8 days.</p> <p>5- The benefit is calculated as a percentage of the average monthly gross income earned by the worker in the last four years prior to the dismissal, with a maximum gross monthly amount of €1,314.30 for 2018.</p> <p>6- NASpl and Dis-Coll: it amounts to 75% of the monthly reference earnings with a monthly ceiling of €1,221.44 plus 25% of the portion of the worker's actual monthly pay exceeding the said ceiling. The maximum payable amount is equal to €1,328.76 (gross) per month. The benefit is paid on a monthly basis and, as of the first day of the fourth month (91st day) of receipt of the benefit, it is reduced by 3% every following month. The amount does not vary with age or any other factors.</p> <p>7- NASpl: statutory duration equal to half the number of weekly contributions paid during the last four years prior to dismiss.</p>	<p>5- Income-related benefit (inkomstbortfallsförsäkring): Calculation is normally based on previous daily average income in a reference period of 12 months. For self-employed persons, calculation is based on the latest decision on final tax or, if it is more advantageous, on the average income from operations during the two years preceding the year of income taken into account in the latest decision on final tax. If self-employed cease to carry on their activity within 24 months from the date the operation started, the compensation may be calculated on the entrepreneur's employment. A month during which the person has worked at least 80 hours (as a general rule) and at the same time received benefits from the Social Insurance Agency (Försäkringskassan), i.e. sickness benefit or parental benefit, is included in the basis for calculating the unemployment benefit. Earnings ceiling for income-related benefit (inkomstbortfallsförsäkring): SEK 25,025 (€2,574) per month or SEK 910 (€94) per day. Basic insurance (grundförsäkring): Not related to earnings. The unemployment benefit is calculated on gross earnings.</p> <p>6- Income-related benefit (inkomstbortfallsförsäkring):</p>
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<p>unemployment insurance. The following groups are also subject to compulsory insurance under certain conditions:</p> <ul style="list-style-type: none"> * young persons participating in vocational training and rehabilitation services, * persons doing military service * prisoners receiving wage according to the German Penal Code (Strafvollzugsgesetz). <p>The same conditions apply regardless of the number of previous spells of unemployment. The only condition is that a new qualification period will need to be completed. Specific provisions may apply for older unemployed persons (see “Duration of benefits”).</p> <p>4- In principle no waiting periods. If the unemployed person has terminated their employment contract without good reason or has caused the termination of the contract through their own misconduct, a waiting period (a so-called blocking period) (Sperrzeit) of up to 12 weeks may become effective.</p> <p>5- Average daily gross wage during the last year up to a benefits assessment ceiling of €6,500 per month in the</p>		<p>Dis-Coll: for a number of months corresponding to half the number of monthly contributions paid in the period starting from 1st January of the year prior to dismissal till the date of dismissal, but not exceeding 6 months.</p>	<p>80% of reference income during 200 days. Thereafter, 70% during 100 days. Maximum SEK 910 (€94) per day for the first 100 days and maximum SEK 760 (€78) for the remaining days. Basic insurance (grundförsäkring): Maximum SEK 365 (€38) per day. If the working requirement is fulfilled by part-time work, the basic insurance is proportionally reduced.</p> <p>7- 300 days and 450 days for applicants who have a child under the age of 18. The benefit cannot be prolonged. The duration of payment is the same for income related benefit as well as basic insurance.</p>
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	<p>old Länder and €5,800 per month in the new Länder.</p> <p>6- Beneficiaries with children: 67% of net earnings (net earnings are determined on a flat-rate basis by deducting the usual employee's stoppage from the gross salary). Beneficiaries without children: 60% of net earnings. The benefit rate does not diminish over time with the duration of unemployment. The maximum amount is determined by the benefits assessment ceiling (see “Unemployment insurance benefits – 5. Reference basis for calculation). In principle, there is no minimum level. Indirectly, there is a minimum level because wages up to €450 are exempt from insurance. Minimum and maximum amounts do not vary according to the reasons for unemployment.</p> <p>7- The duration of benefits (DB) depends on the duration of compulsory insurance coverage (DI) and on the age of the beneficiary</p>			
<p>Temporary/Partial Unemployment</p> <p><i>1- Conditions</i></p>	<p>1- Short-time working allowance (Kurzarbeitergeld): * Temporary, unavoidable work loss affecting at least one third of employees in the company combined with</p>	<p>1- Benefits do not exist, therefore not applicable</p> <p>2- Not applicable</p>	<p>1- Same conditions as full unemployment benefits.</p> <p>2- Ordinary earnings supplement (Cassa integrazione guadagni ordinaria):</p>	<p>1- The conditions are the same whether the applicant is fully or partially unemployed.</p> <p>2- The income-related benefit (inkomstbortfallsförsäkring)</p>

<p><i>2-Amounts</i></p>	<p>wage loss of more than 10% of monthly gross income.</p> <p>* Continued existence of a non-terminated employment relationship subject to compulsory insurance.</p> <p>* Notification of work loss to the employment agency.</p> <p>Seasonal short-time working allowance (Saison-Kurzarbeitergeld):</p> <p>* Temporary, unavoidable loss of work in the building sector.</p> <p>* Continued existence of a non-terminated employment relationship subject to compulsory insurance.</p> <p>Transfer short-time working allowance (Transfer-Kurzarbeit):</p> <p>* Long-term, unavoidable loss of work due to operational changes resulting in job losses.</p> <p>* Work-place parties are advised by the Agency for Employment within the framework of the negotiations on reconciliation of interests and social plan (and thereby the creation of a transfer company).</p> <p>* Continuation of an employment under compulsory insurance coverage in the newly established transfer company.</p> <p>* The persons concerned register with the employment agency as jobseekers and</p>		<p>80% of the total remuneration for non-worked hours between 24 and 40 hours a week for a maximum period of 12 months. For the subsequent period of 6 months, the benefit is capped in the same way as the ordinary unemployment benefit.</p> <p>Extraordinary earnings supplement (Cassa integrazione guadagni straordinaria):</p> <p>80% of total remuneration for hours not worked (from 0 to 40 hours per week) for a maximum period of 36 months. The benefit is capped in the same way as the ordinary unemployment benefit.</p>	<p>is paid according to a special table prescribed by the government.</p> <p>The basic insurance (grundförsäkring) is in principle calculated in proportion to reduction of working hours.</p> <p>Persons who perform or declare part-time work are paid unemployment benefits for a maximum of 60 weeks during the benefit period. The remaining benefit days of that period must be used only for weeks when the person is not performing or declaring any work at all. This is valid for both income related benefit and basic insurance.</p> <p>Single parents with dependent children under the age of 18 will be able to continue to work part-time under the Job and development programme (Jobb- och utvecklingsgarantin) and receive more help to find a full-time job after the 60 weeks have been used up. They will receive activity grant (aktivitetsstöd) for the time they are covered by the employment and vocational development guarantee.</p>
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<p>participate in a profiling measure.</p> <p>* Notification of work loss to the employment agency.</p> <p>* Employer (transfer company) submits job proposals, offering qualification measures where necessary.</p> <p>2- Short-time working allowance (Kurzarbeitergeld):</p> <p>* determined on the basis of the difference between the gross salary in the case of work shortage and the gross wage for full employment and the resulting net payment difference. Financing from first hour of work shortage by the unemployment insurance.</p> <p>* Frequency of payment: monthly.</p> <p>* Duration of payment: maximum 12 months. Extension up to 24 months is possible by decree.</p> <p>Seasonal short-time working allowance (Saison-Kurzarbeitergeld):</p> <p>* Amount: As for short-time working allowance. The so-called ancillary benefits (i.e. the reimbursement of the social insurance contributions for sickness, long-term care and pension insurance to the employer and the payment of winter weather allowance to the employee) are financed from a special levy</p>			
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	<p>(Winterbeschäftigungs-Umlage) paid by employees and employers in the construction sector.</p> <p>* Frequency of payment: monthly.</p> <p>* Duration of payment: maximum 4 months (December-March).</p> <p>Transfer short-time working allowance (Transfer-Kurzarbeitergeld):</p> <p>* Amount: As for short-time working allowance.</p> <p>* Frequency of payment: monthly.</p> <p>Duration of payment: maximum 12 months.</p>			
Sanctions	<p>The right to (temporary) unemployment benefits (Arbeitslosengeld) may be suspended for a period of up to 12 weeks if any of the insurance conditions are violated without good reason, e.g. unemployment is caused by unemployed person (giving up their job), a reasonable job or a labour market integration measure is refused without justification, the unemployed person makes insufficient effort to find work, or 'sign-on' appointments are missed.</p>	<p>Contribution-based Jobseekers' Allowance and Income-based Jobseekers' Allowance will not be paid for various periods of time if:</p> <ul style="list-style-type: none"> * the jobseeker fails to show they had just cause for leaving a job voluntarily; * the jobseeker has refused or failed to comply with a reasonable 'Jobseekers' direction' (see below); * they lost their last job because of misconduct; * the jobseeker has, without good cause, refused or failed to apply for a vacancy notified by an employment officer, or failed to 	<p>NASpI and Dis-coll:</p> <p>In the case of failure to cooperate with or to show up at the employment services or in the case of refusal to attend a retraining programme without just cause sanctions are increasingly stringent:</p> <ul style="list-style-type: none"> * one monthly payment reduced by ¼ at first failure; * one monthly payment withheld at second failure; * right to revoke permanently the unemployment benefit at further failure. <p>Revocation of rights to unemployment benefit in case of voluntary unemployment resulting from the refusal of an appropriate job without a just cause.</p>	<p>The sanctions described below apply to both the basic insurance (grundförsäkring) and the income-related benefit (inkomstbortfallsförsäkring). After a first warning, suspension of unemployment benefits for a duration of:</p> <ul style="list-style-type: none"> * 1, 5 or 10 benefit days in the case of neglecting the task of job seeking; * 5, 10 or 45 benefit days in the case of wilful extension of the unemployment period (e.g. unjustified refusal of a suitable work offer or refusal of referral to a labour market programme providing activity support). <p>Moreover, suspension of unemployment benefits for 20 or 45 days when jobseekers are considered to have caused the unemployment (e.g. when they have left their job without an acceptable reason</p>

		<p>accept it when it was offered;</p> <p>* the jobseeker lose their place on a compulsory training scheme or employment programme because of misconduct;</p> <p>* the jobseeker refuses or fails to apply or even gives up a place or fails to attend a place on a compulsory training scheme or employment programme without good cause;</p> <p>* the jobseeker has neglected to avail themselves of a reasonable opportunity of employment;</p> <p>* the jobseeker has been dismissed or discharged from the Armed Forces. The jobseeker may (if they meet the criteria) receive a Jobseekers' Allowance hardship payment. The sanction period is variable, between 1 and 26 weeks for some offences. Others carry a fixed sanction of either two weeks or four weeks.</p> <p>In cases of fraud, benefit will not be paid for 4 weeks in the case of a first offence, or 13 weeks in the case</p>		<p>or have been dismissed on the grounds of unacceptable behaviour).</p> <p>In all these cases, repeated misconduct will cause the unemployed persons to lose their right to unemployment benefits completely until they qualify for benefits again.</p> <p>Applicants who deliberately or by gross negligence have provided incorrect or misleading information or have failed to report changes to an unemployment fund about circumstances that are relevant to the assessment of their entitlement to benefit shall be expelled from membership of the unemployment insurance fund. If there are special reasons, the fund can decide, instead, to deprive the jobseeker of entitlement to benefit for a period of minimum 45 and maximum 195 benefit days.</p> <p>The law on benefit fraud (bidragsbrottslagen (2007:612)) is applicable to unemployment benefits whereat states in section 2 that persons who give wrongful information or fail to report changed circumstances which they are obliged to report, and therefore risks the wrongful payment of a benefit or the payment of a too high amount, are convicted of benefit fraud. Actions mentioned in section 2 which are committed out of gross negligence are offences. The penalty can be a fine or imprisonment. A person who voluntarily takes action before the payment of</p>
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		<p>of two or more offences within five years.</p> <p>A 'Jobseekers' direction' is a written notice from an employment officer (a personal adviser) in a Jobcentre Plus office giving the jobseeker specific instructions on looking for work, such as applying for a specific vacancy, attending training or to improve their behaviour or appearance in order to present themselves better to potential employers.</p>		<p>a benefit so that a correct decision can be taken, is not convicted.</p>
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Source: MISSOC