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Labor Market Dualization and Welfare Attitudes in Portugal (2008-2016)

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Master in Political Economy

Supervisor:

Tiago Carvalho, Guest Assistant Professor
Iscte- Instituto Universitário de Lisboa

December, 2024



CIÊNCIAS SOCIAIS
E HUMANAS

Department of Political Economy

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Resumo

Esta dissertação investiga o impacto da dualização do mercado de trabalho nas atitudes face ao Estado de bem-estar social em Portugal, comparando os períodos que antecedem e sucedem a crise financeira europeia. A dualização segmenta os trabalhadores em "insiders", aqueles que possuem empregos estáveis e proteções robustas, e "outsiders", frequentemente expostos a condições precárias e inseguras. Em Portugal, a crise financeira e subsequentes reformas no mercado de trabalho e medidas de austeridade intensificaram essa divisão, afetando as atitudes dos trabalhadores em relação ao Estado providência. Para analisar essas dinâmicas, foram utilizados dados do European Social Survey de 2008 e 2016, possibilitando uma comparação entre os períodos de interesse. A análise identificou três dimensões de atitudes face ao estado providência: moral, social e económica. Os resultados indicam que, após a crise, as atitudes dos insiders e outsiders tornaram-se mais dispersas, com distinções notáveis em função de fatores demográficos e ideológicos, como idade, educação e orientação política. Este estudo contribui para a compreensão da influência da dualização do mercado de trabalho nas preferências de políticas sociais, destacando como crises económicas podem redefinir atitudes e aumentar divisões em mercados de trabalho segmentados.

Palavras-chave: Dualização; Mercado de trabalho; Atitudes face ao Estado Providência; Crise; Medidas de Austeridade; Portugal;

Código JEL: J08

Abstract

This dissertation investigates how labor market dualization influences welfare state attitudes in Portugal, focusing on the onset and the aftermath of the European financial crisis. Dualization separates workers into two groups, insiders, with stable contracts and protections, and outsiders, often facing insecure and precarious conditions. The financial crisis and subsequent labor reforms and austerity measures intensified this divide in Portugal, influencing workers' welfare attitudes.

Using data from the European Social Survey (2008 and 2016), this analysis compares welfare attitudes in the periods under study, categorizing them into three distinct dimensions: moral, social, and economic. Findings indicate that post-crisis, attitudes among insiders and outsiders became more dispersed, with notable distinctions based on demographic and ideological factors such as age, education, and political alignment. This study contributes to understanding how labor market dualization shapes welfare policy preferences, highlighting how economic crises have the ability to redefine attitudes and deepen divides within segmented labor markets.

Key words: Labor Market Dualization; Welfare Attitudes; Insiders and Outsiders; Economic Crisis; Austerity Measures; Portugal

JEL Code: J08

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1. Introduction

The concept of labor market dualization emerged as a lens through which to understand contemporary labor market dynamics while also enlightening us about its possible impacts. The dualization creates a distinction between two groups existing within the labor market: the insiders, who enjoy stable contracts and overall job security, and the outsiders, frequently subjected to temporary and precarious job conditions with little to no security (Rueda, 2005).

This division has consequences considering that both groups have fundamentally different interests, with insiders prioritizing up-keeping protection to ensure their job stability and security and outsiders showing more substantial concerns about addressing their lack of job security and unemployment issues (Rueda, 2005).

In Portugal, such as in many other southern European countries, these dynamics were intensified by structural and economic factors, especially after the European financial crisis. Yet before the crisis, the Portuguese labor market already displayed segmentation characteristics, with strong protections for insiders and an increasing number of workers in precarious employment conditions (Valadas, 2017). After the crisis, several austerity measures were implemented, leading to greater labor market flexibility, reinforcing the already existing precarious situations, and deepening the divide between the two groups. The liberalization imposed by the Memorandum of Understanding (MoU), mainly through labor reforms and cuts in social protections, further exacerbated this dualization for both groups (Branco & Cardoso, 2017).

Implementing these reforms transformed the Portuguese welfare state, which, rather than addressing social inequalities, began to do the opposite and reinforce them. The shift in focus toward labor market flexibility undermined the importance given to social protections, which meant that many outsiders faced fewer safety nets and greater job insecurity (Cardoso & Branco, 2017). As protections and benefits weakened, the welfare state moved from a protective role to one that effectively replicated labor market divides, underscoring a harsher reality for precarious workers. The welfare state, which had previously aimed to balance opportunities and mitigate labor market inequalities, became a system that reflected and more than intensified existing social and economic divides (Della Porta & Portos, 2020). This reconfiguration highlighted Portugal's evolving welfare model, making it a perfect example of austerity's impact in Southern Europe.

This dissertation investigates the effects of labor market dualization, specifically how being an insider or outsider shapes their welfare state attitudes. The case study centers on Portugal, comparing the period before and after the European financial crisis, examining how economic shocks reshape labor market conditions and influence welfare state attitudes, particularly considering labor market dualization.

The study focuses on Portugal, using data from the European Social Survey (ESS) from 2008 and 2016 to explore how welfare attitudes changed during the crisis onset and the post-crisis. These two rounds were selected to capture the immediate and longer-term effects of the crisis on welfare attitudes. Portugal offers a relevant case for this type of analysis as it encompasses all these elements within one context, with a history of strong labor segmentation further intensified by the austerity reforms following the crisis (Valadas, 2017).

The existing literature, mainly through Charlotte Cavaille's work, critiques traditional insider/outsider models for oversimplifying labor market complexities by categorizing workers into two broad groups. Cavaille argues for a more nuanced approach, considering individual work histories shaped by legislative and institutional factors (Cavaille, 2014). This study builds on this critique by incorporating additional variables beyond labor market status, such as type of contract and employment history, which provide deeper insights into employment stability. These are complemented by other variables such as years of full-time education, gender, political alignment, and union membership, which influence labor market experiences and help refine the understanding of dualization. By including these variables, this study captures a broader context of labor market biographies shaped by personal and institutional factors, aligning with Cavaille's critique.

The dependent variable, welfare attitudes, was operationalized using factor analysis to condense complex data into meaningful components. This allowed the identification of key components related to welfare attitudes, grouped into three distinct dimensions: moral, social, and economic. The linear regression analysis of welfare state attitude across the moral, social, and economic dimensions reveals a shift before and after the European financial crisis.

The thesis is structured as follows. The first section, the literature review, examines labor market dualization, tracing its emergence and bringing up two approaches regarding the socio-economic and political consequences and influence on welfare attitudes, specifically within the Portuguese context. The second section regards methodology, where data sources are explained, and key variables are operationalized. This is followed by the results section, which provides a descriptive analysis of the variables and linear regression analyses, highlighting shifts between insiders and outsiders during the crisis. Finally, the discussion and concluding

remarks section interprets the findings, links them to existing literature, addresses limitations, and suggests avenues for future research.

2. Literature Review

This literature review navigates the debate on labor market dualization by reconstructing the perspectives and thematic issues discussed in this field. The concept of labor market dualization emerged as a lens through which to understand contemporary labor market dynamics while also enlightening us about its possible impacts. It examines the evolving dynamics of labor market dualization and its effects on welfare attitudes, mainly focusing on the Portuguese context during the onset and post-European economic crisis periods.

The text is structured into four main subsections, starting by discussing the emergence of labor market dualization and the concepts itself, followed by the socio-economic consequences and political implications of labor market dualization. Then, it delves into the specificities of the labor market in Portugal, and lastly, it discusses welfare attitudes. Through this structure, the literature review synthesizes multiple perspectives and examines critical themes, seeking to highlight both the theoretical principles and practical implications of the fundamental concepts of this dissertation.

2.1. The emergence of Labor Market Dualization

Labor market dualization emerged as a response to significant economic and structural transformations in advanced industrial societies, particularly since the 1980s (Schwander, 2019). Key factors such as deindustrialization, technological advancements, and the shift towards a service-based economy placed traditional industries under pressure, fundamentally changing the dynamics of labor markets. These changes led to the expansion of non-standard employment forms, such as part-time and temporary contracts, reflecting broader economic shifts that increased unemployment and job instability across OECD (The Organization for Economic Cooperation and Development) countries (Häusermann & Schwander, 2010).

In response to these economic challenges, many European governments introduced labor market reforms that sought to maintain competitiveness by making labor markets more flexible. A central feature of these reforms was creating a dual labor market structure, which protected existing employees with stable, long-term contracts and extensive social benefits to the insiders while subjecting new hires to insecure terms with fewer protections for the outsiders. This approach allowed companies to adjust labor costs and employment levels without directly

affecting the secure positions of established workers, thereby limiting political and social backlash from organized labor groups (Schwander, 2019).

Political dynamics also played a crucial role in reinforcing labor market dualization. In many conservative welfare states, such as Germany and France, policymakers deliberately kept high levels of protection for insiders, who were often politically organized and influential. These measures were intended to safeguard social stability and economic performance in the face of globalization and increased competition (Palier & Thelen, 2010). Consequently, reforms were designed to benefit insiders while leaving new workers, such as women, younger and low-skilled individuals, in precarious positions with limited job security and fewer rights.

The phenomenon of dualization was particularly pronounced in Southern European countries such as Portugal, where internal and external pressures intensified its effects. In Portugal, the concept of a “dual society” was first identified in the 1960s, highlighting the coexistence of traditional and modern elements within Portuguese society, marked by strong contrasts in economic sectors, education levels, and social conditions. The economic transformations of the 1980s and subsequent decades intensified labor market segmentation, with policies favoring insiders while increasing labor market flexibility for the left-out outsiders, reinforcing the insider/outsider gap (Valadas, 2017).

Labor market dualization, therefore, was not only an economic response but also a politically driven process that prioritized the interests of a single group, institutionalizing inequality within labor markets. This approach created a divide that has grown significantly, changing job markets in many advanced economies. The dualization of labor markets reflects a broader trend of shifting economic risks to more vulnerable workforce segments, exacerbating social and economic inequalities (Biegert, 2017).

Therefore, dividing the labor market into insiders and outsiders creates two distinct and contrasting groups with fundamentally different positions. Insiders who enjoy strong job security and high levels of protection, guarding them from the direct impacts of economic downturns. Outsiders, however, face unstable employment with low wages, minimal job security, limited employment rights, and reduced access to benefits and social security. These differences significantly influence each group’s priorities and welfare attitudes since insiders focus on maintaining job security, and, at the same time, outsiders are concerned with unemployment, job instability, and the lack of protective measures (Rueda, 2005).

Thus, different concerns can transform into different policy preferences. Active labor market policies (ALMPs) and passive labor market policies (PLMs) provide examples of policies that outsiders and insiders may support according to their labor market position. Active

labor market policies are measures that actively work to reduce unemployment by directly involving individuals in the labor market. These policies can include, for example, job training since their main goal is to help people find and keep jobs by improving their skills to match workers to the existing jobs better. On the other hand, passive labor market policies are primarily focused on maintaining stability. These measures focus on providing financial support to those who are currently out of work to allow them to maintain financial well-being during this period when they transition back into the workforce (Rueda, 2005).

2.2. The two different approaches

The literature on labor market dualization can be characterized by two distinct approaches that explore 1) its socio-economic and 2) the political consequences.

The first approach focuses on the socio-economic impact of dualization, examining how economic and structural changes, particularly during periods of monetary crisis, have deepened the insider/outsider divide. This perspective emphasizes the role of economic disruptions, such as the one analyzed in this research, the European financial crisis, in accelerating labor market segmentation, deregulating employment protection, and creating multiple socio-economic outcomes across different contexts.

In contrast, the second approach delves into the political consequences of labor market dualization, exploring how changes in labor market structures influence political behavior and alignments. This perspective highlights how the insider/outsider divide shapes policy attitudes and political alignments, challenging traditional political dynamics.

While the socio-economic approach centers on dualization's structural and economic consequences, the political approach emphasizes the nuanced and evolving relationship between labor market status and political behavior.

2.2.1. Socio-Economic Consequences of Labor Market Dualization

The approach refers to the socio-economic consequences of labor market dualization, and it delves into the phenomenon of labor market dualization and, as the name suggests, its consequent structural changes and socio-economic consequences.

As it has been referenced, economic crises have further exacerbated labor market dualization. “The economic crisis acted as a catalyst in this process when labor market

vulnerability increased further, moved deeper into the middle class, and also affected more men than before” (Schwander, 2019:24).

One key aspect of this approach is the role of economic crises in exacerbating existing inequalities within labor markets. The rise of precarious work has become a defining feature of modern labor markets, driven by deregulation and the prioritization of market flexibility over employment security. These crises have disproportionately impacted outsiders, who are often in insecure, low-paid jobs with limited protections. The European financial crisis is frequently highlighted as a significant turning point that accelerated dualization by intensifying labor market segmentation and reinforcing the divide between insiders and outsiders (Valadas, 2017).

Portugal exemplifies the effects of labor market dualization exacerbated by economic crises, being one of the countries most impacted by the European Sovereign Debt Crisis. Furthermore, the austerity measures in Portugal led to a drastic reduction in social protection for precarious workers, pushing them further into economic marginalization Valadas (2017). The failure of social policies to adequately address the needs of outsiders during this period highlights how dualization not only affects labor market security but also extends to broader welfare exclusion. This way, the impact of labor market dualization extends beyond the workplace and influences broader societal outcomes. Outsiders face not only employment instability but also reduced access to social security benefits, exacerbating their vulnerability to economic downturns (Rueda, 2014).

This dynamic is particularly pronounced when labor market reforms have been driven by austerity measures, as seen in Southern European countries like Portugal. In these countries, the insider/outsider divide has been deepened by cuts to social protections and a lack of active labor market policies aimed at integrating outsiders into more secure employment (Valadas, 2017).

Furthermore, the literature suggests that the socio-economic consequences of dualization are not uniform across all countries or regions. For instance, the extent to which labor market liberalization impacts workers varies significantly, depending on national institutional frameworks and political choices. In countries with strong unions and protective labor laws, the effects of dualization can be somewhat mitigated, whereas in more liberalized economies, the divide between insiders and outsiders is more pronounced, leading to more significant socio-economic disparities (Simoni & Vlandas, 2021).

This approach also highlights the dynamic nature of labor market reforms, challenging the static notion of the insider/outsider divide. Recent policy shifts in various European countries, including Portugal, reflect a mix of liberalizing and protective measures, underscoring the

complexity of labor market dualization. Understanding the varied impacts of these reforms requires considering the specific economic and institutional contexts in which they occur (Schwander, 2019). This perspective acknowledges that dualization is not a universal process but rather one that changes and adapts according to economic challenges and national policy choices.

This approach focuses on the socio-economic impacts of labor market dualization. Economic crises, such as the European financial crisis, exacerbate inequalities by pushing vulnerable workers further from secure employment and social protections. Portugal's history illustrates how austerity-driven policies can deepen this gap, emphasizing dualization's broader implications regarding welfare access and socio-economic stability.

2.2.2. Political Consequences of Labor Market Dualization

The second approach concerns the political implications of labor market dualization. The literature delves into the relationship between changing labor market structures and political behavior, including strategic direction and ideological positions of traditional political entities, particularly social democratic parties. While the insider/outsider divide influences policy attitudes, its impact on political behavior is nuanced and not straightforward.

A common assumption exists regarding the trend where labor market outsiders are increasingly displeased with mainstream politics, leading to a rise in support for populist parties (Meyer, 2019). This assumption is challenged by the observation that traditional labor market insiders are also turning to populist movements, driven not just by economic factors but also by cultural and social concerns, which are easily verified in existence (Häusermann, 2018).

In this regard, two studies can be referenced to illustrate this discussion. Brett Meyer's work "Left to Right: Labor Market Policy, Labor Market Status, and Political Affinities" highlights how individual labor market status interacts with labor market policies to influence attitudes toward trade unions and populist radical right parties, adding a layer of complexity by demonstrating how labor market policies influence these attitudes (Meyer, 2019). The study reveals that labor market outsiders facing job insecurity are less likely to support trade unions and more likely to support populist radical right parties as employment protection for insiders increases. This effect is somewhat balanced by active labor market policies that integrate outsiders into stable employment, proving that certain assumptions can be quickly challenged since they are not stagnant.

Challenging that same assumption, Silja Häusermann's research in "Dualization and Electoral Realignment" that labor market outsiders predominantly drive the rise of right-wing populism, arguing that the rise of right-wing populist parties is primarily fueled by traditional insiders, specifically skilled and routine workers in the manufacturing sector (Häusermann, 2019). This finding challenges the conventional narrative and underscores a more complex interplay of factors influencing political attitudes. This shift is attributed not solely to economic hardship but also to fears of relative decline and cultural concerns altering the understanding of political mobilization and the realignment of electoral bases in Europe.

Additional insights are provided by studies focusing on the growing vulnerability of the middle class in the labor market. Despite being qualified, these studies reveal how high-skilled young adults and women face increasing employment risks, leading to changing political behaviors (Cavaille, 2014). This shift in the political attitudes of the middle class, often directed to more radical or populist parties, emphasizes the expanding impact of labor market dualization on broader societal conjunctures. The complexity of the relationship between labor market structures and political behavior cannot be overstated. While employment status undeniably plays a role, it is just one part of a larger reality. As evidenced by the works of Brett Meyer (2019) and Silja Häusermann (2019), political attitudes are shaped by a confluence of factors, including but not limited to economic conditions. Cultural and social concerns, alongside active labor market policies and the broader socio-economic environment, significantly modulate political orientations.

Therefore, to further investigate the political implications of labor market dualization, it is essential to embrace a more comprehensive approach. This involves considering additional variables interacting with labor market status to influence political behavior. A necessary part of the literature addresses the traditional insider/outsider cleavage as limited in the sense that it might not fully capture the complexities of political behavior, advocating for a more comprehensive approach that considers broader socio-economic factors (Cavaille, 2014). This is exemplified by Charlotte Cavaille by establishing a new group composed of outsiders living with insiders (OLIS), finding that this group behaves more like insiders regarding policy attitudes, consequently diminishing the relevance of outsiders as a distinct interest group. Charlotte Cavaille argues that these living arrangements impact the political relevance of labor market segmentation. This proves the need to consider the nuanced and varied nature of labor market experiences and their political implications.

The process of realignment is also accounted for regarding Social Democratic parties, a significant area of focus being the evolving role of these parties in response to the changing

dynamics of the labor market. The literature collectively highlights a shift in traditional political alignments, challenging the conventional roles of social democratic parties (Schwander, 2019). Historically, social democratic parties have been closely associated with the interests of the working class, advocating for labor rights and welfare state policies. However, the evolution of labor markets towards dualization poses a challenge to these parties, having them now facing the dilemma of balancing the often-conflicting interests of these two groups. This transition raises critical questions about the ability of social democrats to maintain their traditional voter base, which has been composed of the working class (Rueda, 2005). The growing prevalence of precarious employment and the rise of new economic vulnerabilities require reevaluating their political strategies and policy priorities.

In this complex political environment, social democratic parties are compelled to balance the protection of insiders and their rights with the growing demands of outsiders for greater economic stability and social inclusion. This balancing act is not just a challenge for policy but also a fundamental test of these parties' ideological adaptability and electoral viability in an era marked by labor market dualization (Rueda, 2005). As previously explored, there are distinct differences in how labor market dualization manifests, leading to varied socio-economic consequences from one context to another (Schwander, 2018). This understanding is crucial for comprehensively analyzing the specificities of labor market dualization in Portugal and its implications, which is the specific case study of my dissertation.

The role of Social Democratic parties, particularly in the context of evolving labor market dynamics, is critical in navigating the increasing dualization of the labor market. Traditionally aligned with working-class interests and welfare state policies, these parties now face significant challenges as they attempt to balance the needs of both insiders (secure, stable employment) and outsiders (precarious, insecure jobs) (Rueda, 2005). This tension is evident in the Portuguese case, where the Socialist Party (PS) initially participated in a bailout coalition, implementing austerity measures and labor market reforms that marked a departure from traditional social democratic principles. The government transition from the PS to more right-leaning parties (PSD and CDS-PP) further intensified labor market liberalization, highlighting how political power and ideology shifts influence labor market policies and exacerbate segmentation issues (Branco & Cardoso, 2017). These dynamics reflect a broader trend observed across advanced capitalist countries, where labor market dualization often arises from policies favoring secure employment for insiders while neglecting or marginalizing the needs of outsiders.

However, while this analysis captures the political implications of labor market dualization, my focus extends specifically to welfare attitudes, a less explored angle in the literature and interesting regarding the context described above. I aim to investigate how these political consequences manifest through shifts in welfare attitudes, particularly in the aftermath of economic crises. My approach builds on Cavaille's framework, which critiques traditional insider/outsider models for oversimplifying the labor market divide and emphasizes the need to consider individual labor market histories shaped by legislation and institutional contexts (Cavaille, 2014).

2.3. Labor Market Dualization in Portugal

This study uses Portugal as a case study to examine how critical junctures, such as the European financial crisis, influence welfare attitudes in a dualized labor market. In Portugal, insiders enjoy stable employment and protections, while outsiders face greater job insecurity and limited social safety nets.

The economic transformations of the 1980s intensified labor market segmentation, favoring insiders with stable, protected jobs and promoting policies that increased flexibility and precarious conditions for outsiders (Valadas, 2017). The European financial crisis exacerbated these divides, further eroding social protections and expanding precarious work, reinforcing the insider/outsider divide (Cardoso & Branco, 2018). As labor markets liberalized, outsiders experienced heightened job insecurity and limited access to social protections, making Portugal an ideal setting to explore how economic downturns intensify labor market dualization and strain welfare systems.

Portugal and Spain have historically maintained some of the highest levels of employment protection for insiders. Although both countries have since reduced these protections, they continue to represent a high level of employment security for insiders (Rueda, 2014).

The European financial crisis and subsequent sovereign debt crisis are central to this analysis due to their severe, long-lasting effects on the Portuguese economy and labor market. In 2011, Portugal sought a bailout from the Troika (European Union, European Central Bank, and International Monetary Fund), which implemented austerity measures and labor market reforms. These reforms weakened employment protections, decentralized wage bargaining, and reduced unemployment benefits, affecting insiders with significant declines in job security and income protection (Valadas, 2017). The austerity-driven policies under the Troika's Memorandum of Understanding (MoU) led to "liberalized dualization," a dual approach that

reduced protections for all workers while maintaining a segmented labor market at a decreased level of security (Branco & Cardoso, 2017).

Despite intentions to promote labor market flexibility and address segmentation, these reforms ultimately shifted power toward employers and reinforced the insider/outsider divide, with reduced security for both. Outsiders continued to face precarious employment with limited social protections, while insiders experienced diminishing job security. This dualized labor market response underscores the lasting effects of crisis-induced liberalization and segmentation, particularly in the context of a prolonged economic recovery.

Portugal's experience with labor market segmentation in the wake of the European sovereign debt crisis and ensuing austerity measures provides a unique lens to analyze the intersection of economic crises, labor market structures, and welfare state attitudes. Before the crisis, Portugal's labor market was already characterized by segmentation, with strong protections for insiders and precarious conditions for outsiders (Cardoso & Branco, 2018). The sovereign debt crisis intensified these dynamics, pushing the labor market toward greater liberalization and reducing protections for both groups (Valadas, 2017). This context offers a valuable framework for examining how labor market segmentation influences welfare state attitudes and shifts in political perspectives, positioning Portugal as a pivotal case for studying labor market dualization and welfare state dynamics in times of economic instability.

2.4. Welfare attitudes

Welfare attitudes refer to the collective beliefs and expectations of individuals and groups regarding the scope, the role, and the delivery of welfare state benefits and services. These attitudes encompass opinions on how social resources should be allocated, the level of social protection and redistribution the government provides, and the criteria for eligibility and access to welfare benefits. Various factors shape these attitudes, including socioeconomic status, personal and collective economic experiences, cultural norms, political ideologies, and the broader economic environment. As a result, welfare attitudes determine how individuals perceive the role of the government in redistribution, social protection, and market regulation (Eick, 2021).

Welfare attitudes are often multidimensional, encompassing several distinct dimensions, such as support for the welfare state's goals, the effectiveness of its policies, and its efficiency in general. For instance, Roosma et al. (2013) study highlights that individuals can

simultaneously support the welfare state's objectives while criticizing its bureaucratic inefficiencies and policy outcomes.

Welfare attitudes in Europe are influenced by various perceptions, including the welfare state's function, goals, efficiency, and fairness. This multidimensionality makes welfare support in dualized labor markets complex, with attitudes shaped by how different groups perceive these factors. In dualized societies, insiders and outsiders often diverge in their views on welfare policies due to their differing experiences with employment security and social protection. Insiders, who typically hold secure jobs, tend to favor policies that preserve their privileged labor market position and maintain existing benefits (Biegert, 2017). In contrast, outsiders facing job insecurity and fewer protections advocate for redistributive policies to reduce inequality and improve access to social benefits, such as unemployment insurance and job training programs (Schwander, 2018).

Economic crises significantly impact welfare attitudes, with support for welfare state responsibility and redistribution increasing, especially among those personally affected. While traditional supporters like the working class show greater support during crises, even groups like the self-employed may back welfare policies if they face economic hardship (Sachweh, 2018). This shift in attitudes is often linked to class positions, with economically vulnerable individuals expressing stronger support for protective measures.

The literature also highlights how labor market status shapes support for specific welfare policies. Outsiders, being more economically vulnerable, tend to favor active labor market policies that enhance job security and facilitate integration. Meanwhile, insiders resist changes that could weaken the protections they currently enjoy. This divergence in welfare attitudes is closely tied to political behavior, with outsiders more likely to support parties advocating for redistribution and economic security. At the same time, insiders align with those defending their labor market advantages (Schwander, 2019).

While the insider/outsider framework traditionally emphasizes a divergence in welfare preferences due to differing levels of job security and economic stability, existing literature also reveal a more nuanced picture. Cavaille (2014) finds that Germany presents a compelling example where attitudes toward redistributive policies show an unexpected alignment between these groups. Despite labor market dualization, insiders and outsiders exhibit a shared preference for social policies that provide financial security and mitigate economic risks. This convergence challenges the conventional view that insiders, who benefit from stability and high job security, would resist policies favoring redistributive measures that might benefit less-

secure outsiders. Germany's case suggests that these divides can blur under certain conditions, underscores that the insider/outsider framework is context-dependent.

3. Methodology

To examine the influence of labor market dualization on insiders and outsiders in welfare attitudes, this study draws on data from the European Social Survey (ESS), which measures attitudes, beliefs, and behavior patterns across European countries. The ESS is renowned for its rigorous methodology and comprehensive coverage of demographic variables.

For this dissertation, data from ESS Round 4 from 2008 and ESS Round 8 from 2016 were used to compare pre-crisis and post-crisis welfare attitudes in Portugal. Round 4 provides insights into labor market conditions and welfare attitudes before the crisis's full impact, precisely, a period marked by economic strain but before the crisis's full impact. As noted by Valadas (2017), the recession's consequences intensified dramatically in 2010-2011, making the 2008 data essential for understanding the context of the pre/onset crisis. While Round 8 captures the post-crisis period, reflecting changes in employment structures and welfare attitudes following the economic shock.

Table 1. Principal components analysis

	Moral	Social	Economic
Social benefits/services make people less willing care for one another	.881	.014	.126
Social benefits/services make people lazy	.865	-.026	.180
Social benefits/services lead to a more equal society	.000	.886	.046
Social benefits/services prevent widespread poverty	-.010	.873	.115
Social benefits/services cost businesses too much in taxes/charges	.113	.121	.823
Social benefits/services place too great strain on economy	.181	.039	.813

The dependent variable, welfare attitudes, was operationalized through factor analysis, a statistical method that simplifies complex datasets by grouping related variables into distinct factors. This approach was selected due to the inherent complexity of the dependent variable, which reflects the multidimensional nature of welfare attitudes. Roosma et al. (2013) emphasize

that understanding welfare attitudes requires exploring various dimensions, such as support for redistribution, social insurance, and social investment. Factor analysis is an effective tool for measuring these abstract concepts, which are often difficult to assess directly. Specifically, Principal Component Analysis (PCA) with Varimax rotation was employed. This method is particularly useful for handling large datasets with multiple variables representing similar underlying constructs. By identifying key components, PCA reduces the complexity of the data, facilitating a more straightforward interpretation of its structure while preserving the essential information for further analysis. Roosma et al.'s study also demonstrates how individuals can simultaneously endorse the welfare state's goals while criticizing its effectiveness and efficiency, reinforcing the need for a nuanced, multidimensional approach.

Through this approach, key factors were extracted to examine how different positions in the labor market influence welfare attitudes, grouped into three distinct dimensions: moral, social, and economic

This structure follows the methodology used by Van Oorschot et al. (2012), who emphasized that popular perceptions of welfare states tend to be grouped into these three areas. This tripartite division provides a more comprehensive understanding of how individuals perceive welfare. This division is also supported by their confirmatory factor analysis, which confirmed that these three dimensions were reliable measures for understanding perceptions of welfare state consequences across different European countries (Van Oorschot et al., 2012).

The first factor is the Moral dimension, which explores the fear that welfare might lead to dependency and laziness (Van Oorschot et al., 2012, p.186). It reflects how individuals view moral and ethical standards within society, focusing on attitudes toward honesty, integrity, and societal norms. The variables included in this dimension are the belief that "social benefits/services make people lazy" and "social benefits/services make people less willing to care for one another," which encapsulates a moral judgment on welfare dependency and societal values. The second is the Social Dimension, which reflects the positive intended consequences of welfare states, such as preventing poverty and fostering social equality (Van Oorschot et al., 2012). It measures the extent of individuals' attitudes towards social inclusion by asking if "social benefits/services lead to a more equal society" and if "social benefits/services prevent widespread poverty." The third and last is the Economic dimension, which captures the negative consequences that are often associated with welfare policies, including concerns about the economic strain and the perceived erosion of work ethic and personal responsibility (Van Oorschot et al., 2012:183). It intends to serve as an indicator of people's preference for state versus market involvement by questioning if individuals believe that "social benefits/services

place too great strain on the economy” and if “social benefits/services cost businesses too much in taxes/charges”.

The classification of individuals as insiders or outsiders, the independent variable, was based on a combination of specific employment characteristics, primarily focusing on the type of employment contract and experiences of unemployment. This approach aimed to capture the varying degrees of job security and labor market attachment that define and distinguish insiders and outsiders. This operationalization involved categorizing respondents based on their employment status and contract type, using survey questions from the European Social Survey (ESS) that capture aspects such as job security, contract duration, and access to employment benefits.

The primary dimension used to distinguish between insiders and outsiders was the type of employment contract held by individuals. This included two different types of contracts, limited and unlimited. Limited contracts are temporary contracts that represent a more outsider status, these contracts are characterized by lower job security, fewer rights, and limited access to social benefits since temporary workers often face greater job instability and are more vulnerable during economic downturns. On the other hand, unlimited contracts, which are permanent contracts, better represent insider status since these contracts provide higher job security, better employment rights, and access to benefits, reflecting a more stable and protected position within the labor market.

To further refine the classification, the study incorporated information about whether individuals had experienced unemployment for more than three months while actively seeking work. This aspect was crucial in capturing the extent of job insecurity faced by respondents. The integration of unemployment experience helped differentiate between varying levels of labor market precariousness within both the limited and unlimited contract categories. For this study, composite variables were also created. The combination of contract type and unemployment experience led to the creation of four distinct composite variables that accurately represented different levels of labor market security. These variables form the foundation for the subsequent analysis, allowing for a nuanced understanding of labor market segmentation.

The reference category is “Unlimited_no,” referring to individuals who have not experienced unemployment or job searching for more than three months and have unlimited work contracts, therefore being considered textbook “full insiders”. The first composite variable was coded as “Limited_Yes,” and it regards the individuals with temporary contracts who have also been unemployed and actively seeking work for more than three months. Since this group

represents the most precarious outsiders, facing both unstable employment and significant periods of joblessness, the variable will now be referred to as full outsiders. The second variable was coded as “Limited_No,” and it represents individuals with temporary contracts who have not experienced prolonged unemployment, in other words, stable outsiders. Although still considered outsiders, these individuals have a relatively more stable employment history compared to the highly precarious temporary workers, as the adverb of degree indicates, highlighting different shades of job insecurity among outsiders. The fourth and last composite variable is “Unlimited_Yes,” it captures those with permanent contracts who have experienced unemployment for over three months and are unstable insiders. Although these individuals hold secure contracts, their experience of prolonged unemployment suggests vulnerability. From this point onward, the terms full insiders, full outsiders, stable outsiders, and unstable insiders will be consistently used throughout the analysis to represent these specific labor market positions.

Alongside contract type and unemployment status, the study considered other employment-related factors such as total hours worked, capturing whether individuals worked full-time or part-time. This helped capture the different levels of labor market security by combining contract type and unemployment plus job-seeking duration, and it clarified distinctions between various degrees and forms of labor market precariousness.

To ensure the robustness of the analysis, several control variables were included to account for other factors that might influence attitudes towards welfare. The demographic variables were included to control for individual characteristics. These variables were age and gender coded as dummy variables, with the number one representing man and, zero representing women, and year of full-time education completed. Additional variables were included, such as a dummy variable indicating whether the respondent is a member of a trade union or a similar organization. Union membership is often associated with insider status and support for protective labor policies, reflecting a collective interest in maintaining employment rights and social benefits since "Unions retain a considerable capacity for mobilizing workers, as was evident during the anti-austerity protests organized by unions and new social movements linked to precarious workers" (Paz & Naumann, 2020:872). To capture the influence of political beliefs, a variable representing ideological leaning was included, measuring political positioning on a scale where zero represents the left and one represents the right. These variables help contextualize the intersection between labor market status and broader political attitudes.

4. Results

In this section, following the operationalization of variables and the discussion of the specific methods used, the descriptive analysis of the key variables provides context to better understand important characteristics and highlights shifts in variables across both rounds of the survey.

Table 2. Descriptive Statistics – ESS Round 4

Variables	N	Min.	Max.	Mean	Std. Deviation
Dependent Variables					
Moral	1861	-2.29690	2.75017	.1631416	.95615650
Social	1861	-2.14364	-.0306418	-.0306418	.99255752
Economic	1861	-2.65424	2.77931	-.0152911	1.00015213
Independent Variables					
Year of birth	2366	1913	1994	1955.83	19.944
Years of full education completed	2333	0	25	7.71	5.031
Gender dummy	2367	.00	1.00	.3912	.48812
Hours worked per week	1335	1.00	100.00	41.6494	10.92677
Stable Outsider	2367	.00	1.00	.1483	.35546
Full Outsider	2367	.00	1.00	.0820	.27436
Unstable Insider	2367	.00	1.00	.0638	.24444
Left /Right	1598	0	10	4.83	1.951
Member of a trade union	2351	.00	1.00	.1672	.37320

The variable "Year of Birth" measures age and reveals that in Round 8, the sample is, on average, younger than in Round 4. In Round 4, the mean birth year is 1955.83, while in Round 8, it rises to 1964.76. The standard deviation decreases slightly, indicating a more concentrated age distribution in the later round. The variable measuring education shows an increase in the average years of full-time education completed from Round 4 (7.71 years) to Round 8 (10.10 years). The gender dummy variable, coded 0 for women and 1 for men, shows that the proportion of men in the sample increased from 39.1% in Round 4 to 41.7% in Round 8.

The combination of contract type and unemployment experience led to the creation of four distinct composite variables that accurately represented different levels of labor market security and experience. The four variables are the references variable full insider, unstable insider, stable outsider, and full outsider. In round 4, the percentage of unstable insiders the vulnerable

permanent workers was 6.38%, which increased to 12.83% in round 8. This change reflects a growing vulnerability among workers with permanent contracts.

In the onset crisis period, the percentage of highly precarious temporary workers, the full outsiders, was 8.20%, contrasting to 16.14% of individuals post-crisis. In the opposite situation, for stable outsiders, the respondents who had temporary contracts but had not gone through an unemployment period of over three months, there was a slight decrease. In the on-set crisis period, 14.83% of individuals were in this situation. The number fell slightly to 12.68% after the crisis. The slight decrease in this category suggests that fewer temporary workers were in stable jobs after the crisis. Although they continue to be considered outsiders due to the temporary nature of their work, the fact that they did not face prolonged unemployment before the crisis reflected a slightly more stable situation

Table 3. Descriptive Statistics – ESS Round 8

Variables	N	Min.	Max.	Mean	Std. Deviation
Dependent Variables					
Moral	1141	-2.41086	2.83983	-.2660882	1.01216138
Social	1141	-2.17082	2.93468	.0499775	1.01046529
Economic	1141	-2.36168	3.09655	0.0249402	.99968819
Independent Variables					
Year of birth	1270	1924	2002	1964.76	18.285
Years of full education completed	1258	0	25	10.10	5.0315.342
Gender dummy	1270	.00	1.00	.4173	.49331
Hours worked per week	1096	.00	168.00	42.9416	16.38175
Stable Outsider	1270	.00	1.00	.1268	.33285
Full Outsider	1270	.00	1.00	.1614	.36806
Unstable Insider	1270	.00	1.00	.1283	.33461
Left /Right	1164	0	10	4.66	2.409
Member of a trade union	1267	.00	1.00	.2313	.42180

Union and similar membership increased from 16.7% in Round 4 to 23.1% in Round 8. Trade unions advocate for workers' rights and are often associated with support for welfare programs, particularly those aimed at protecting vulnerable workers. The increase in union membership post-crisis may reflect a response to increased economic insecurity as more individuals seek collective protection through labor unions.

The mean number of hours worked per week, including overtime, remained relatively stable, increasing slightly from 41.65 hours in Round 4 to 42.94 hours in Round 8. Total working hours are essential for understanding not only individuals' labor market position since working fewer hours can mean that someone works part-time and can therefore be an outsider, but also how individuals perceive welfare, as those working more hours might believe they are contributing more to the system and may support welfare measures that provide work-related protections.

Individuals' self-placement on the political left-right scale, where zero represents the far left and the far right, provides insight into how political ideology shapes welfare attitudes. In Round 4, the mean score was 4.83, while in Round 8, it shifted slightly to 4.66, indicating a slight movement toward the left post-crisis. This shift could be interpreted as a reaction to the financial crisis, where economic hardships may have pushed individuals to favor more social policies, particularly those focused on redistribution and welfare expansion.

Regarding the dependent variable, welfare attitudes, each of the three dimensions captures a different aspect of individuals' attitudes toward welfare. The moral dimension reflects how individuals view welfare through an ethical or moral lens, including beliefs about fairness, social responsibility, and whether welfare promotes laziness or dependency. In Round 4, the mean score was 0.163, which decreased to -0.266 in Round 8. This change suggests that moral support for welfare declined post-crisis, which could reflect growing division within society or skepticism toward the fairness of welfare systems, especially in the wake of austerity measures.

The social dimension refers to people's views on welfare's role in fostering social equality and inclusion. In the analysis, we see that in Round 4, the mean score for this dimension was -0.031, indicating a generally neutral or slightly negative stance toward welfare's social function at that time. However, by Round 8, this score had increased to 0.050, suggesting a modest rise in support for welfare's role in promoting social equality. This shift could be attributed to growing awareness of social inequalities, which were likely exacerbated by the crisis, leading more individuals to recognize the importance of welfare in addressing these disparities.

In contrast, the economic dimension serves as an indicator of people's preference for state versus market involvement. A higher score suggests a more pro-state stance, where individuals are more comfortable with government intervention in ensuring economic security. A lower score, on the other hand, reflects a pro-market preference, with individuals favoring less state involvement. In this context, the changes in scores between Rounds 4 and 8 illustrate evolving attitudes toward the balance of state and market roles in providing economic stability. In Round

4, the mean score was -0.015, suggesting a somewhat neutral but slightly market-leaning stance, with individuals preferring less state intervention in economic matters. By Round 8, the score had increased to 0.024, reflecting a growing preference for state intervention in ensuring economic stability. This shift indicates that, in the aftermath of the crisis, more people became open to the idea of the state playing a more active role in securing economic security rather than relying solely on market mechanisms.

4.2. Insiders and Outsiders VS The Welfare State

The use of linear regressions in this research is crucial for uncovering the complex relationships between individuals' positions in the labor market and their welfare state attitudes. By analyzing data from different rounds of the ESS, we can compare how these relationships hold or change over time, especially during periods of significant economic or social change.

4.2.1. Moral dimension

The regression results from rounds 4 and 8 of the European Social Survey highlight a shift in attitudes toward the moral dimension of welfare across different labor market positions. This dimension is evaluated through responses to two specific questions included in both survey rounds. The survey employs a Likert-type scale, where respondents express their agreement or

Table 4. Linear Regression - Moral Dimension - Round 4 and Round 8

	Round 4	Round 8
Year of birth	-.133 ***	-.110 **
Education	-.174 ***	.328 ***
Man	.017	.129 ***
Hours worked per week	.131 ***	-.067 **
Stable Outsider	.000	.046
Full Outsider	.023	.045
Unstable Insider	.048	.029
Left/Right	-.085 **	-.049
Member of a trade union	.041	.072 **

Notes: Significance levels: ***p < 0.001; **p < 0.05; *p < .0.1. The values in the Linear Regression are the Standardized Coefficient Beta

disagreement with the statements on a graded scale. The questions are framed with a negative connotation, meaning that agreement with these statements reflects a positive attitude toward the welfare state, as it indicates a rejection of the negative assumptions underlying the statements.

The model's explanatory power for round 8 improves to 12%, showing that the 2008 financial crisis led to more pronounced distinctions, with five variables showing significance. The behavior of the year of birth stays the same in both rounds, meaning that younger people disagree when asked if social benefits and services make people lazy and less willing to care for one another, having more positive attitudes regarding the moral dimension of the welfare state. Years of full-time education continue to be a significant variable, although the direction changes, and after the crisis, individuals with more years of education became more supportive of the moral dimension of welfare.

Additionally, gender becomes a significant factor, with men having more positive attitudes regarding the moral dimension of welfare attitudes when compared to women. The trend reverses again regarding the total number of hours worked. Individuals who work more hours tend to have negative attitudes toward welfare, tending to believe that social benefits/services make people lazy or less willing to care for one another. Those who are members of trade unions or similar tend to have more positive attitudes toward the moral dimension of welfare.

The regression results show shifts in welfare attitudes between rounds 4 and 8, showing that after the crisis, older, more educated individuals and those who work more hours were supportive of the moral dimension of the welfare state.

4.2.2. Social dimension

The social dimension of the welfare state is assessed the same way as the other dimensions, however, the questions in the European Social Survey are framed differently. The questions have a negative connotation in the moral and economic dimensions, meaning that agreement with these statements indicates a positive attitude toward the welfare state. In contrast, the questions in the social dimension are framed positively, so disagreement with these statements reflects a negative attitude toward the welfare state.

The regression model for round 4 of this dimension explains only 0.6% of the variation in attitudes, suggesting that insider/outsider status plays a minimal role in shaping attitudes on welfare social aspects. The model has weak explanatory power, and none of the variables,

including types of contracts, education, or political orientation, significantly influenced views on the social dimension of welfare.

Table 5. Linear Regression - Social Dimension - Round 4 and Round 8

	Round 4	Round 8
Year of birth	.016	.141 ***
Education	.018	-.090 **
Man	.007	-.100**
Hours worked per week	.024	-.011
Stable Outsider	-.036	-.018
Full Outsider	-.042	-.024
Unstable Insider	-.038	.014
Left/Right	.036	-.025
Member of a trade union	.002	.005

Notes: Significance levels: ***p < 0.001; **p < 0.05; *p < .0.1. The values in the Linear Regression are the Standardized Coefficient Beta

After the crisis, the model still explains only 2.5% of the variance in social attitudes. Although this is a slight increase compared to round 4, the model's explanatory capacity is still weak, with only three significant variables. The behavior of the variable year of birth shows that older individuals tend to disagree with the notion that that social benefits lead to a more equal society and help prevent widespread poverty.

On the contrary, education has a negative coefficient, indicating that those with higher education agree with the question asked. Gender appears as a significant variable, highlighting that men have more positive attitudes when compared to women, believing that social benefits do have positive social effects. Labor market status remained insignificant, suggesting that social attitudes toward welfare are complex and influenced by factors beyond individual characteristics.

To sum up, after the crisis, older individuals were more likely to disagree with the positive impact of social benefits, whereas those with higher education and men expressed more favorable views. Labor market status remained insignificant, underscoring the complexity of social attitudes and the influence of broader cultural and societal norm that aligns with existing literature.

4.2.3. Economic Dimension

This dimension is evaluated through responses to two specific questions included in both survey rounds of the ESS. As well as in the moral dimension, the questions are framed with a negative connotation, therefore, displaying agreement with these statements portrays a positive attitude toward the economic dimension of welfare by rejecting the negative assumptions embedded within them.

Table 6. Linear Regression - Economic Dimension - Round 4 and Round 8

	Round 4	Round 8
Year of birth	-.026	-.155 ***
Education	.013	.119 **
Man	-.037	-.002
Hours worked per week	-.002	.065 *
Stable Outsider	-.076 **	.060 *
Full Outsider	-.039	.039
Unstable Insider	-.038	.064 *
Left/Right	-.037	-.079 **
Member of a trade union	-.022	-.012

Notes: Significance levels: *** $p < 0.001$; ** $p < 0.05$; * $p < .0.1$. The values in the Linear Regression are the Standardized Coefficient Beta

The regression results from round 4, the onset crisis period, indicate that labor market status, whether insider or outsider, had little influence on economic attitudes toward the welfare state. The model's low explanatory power and the insignificance of key variables suggest that before the crisis, both insiders and outsiders shared similar views on the economic aspects of welfare, with variables such as education and gender playing minimal roles. The only significant variable in this round is the stable outsider, which represents those who do not have permanent work contracts but have never experienced unemployment and job search for three months or more. The coefficient of this variable is negative, implying that these individuals have a negative vision regarding the economic dimension of welfare attitudes and, therefore showing up as being more pro-market when compared to full insiders.

However, in the post-crisis period, in round 8, labor market status begins to have a more noticeable impact. The model's explanatory power increases as three variables, year of birth and education position on the right/left to right scale, become significant. The variable year of

birth starts to influence the economic dimension of welfare attitudes, with a negative coefficient, the relation of the two variables indicates that younger people tend to believe that social benefits/services cost businesses much in taxes and that these same social benefits/services place a great strain on the overall economy. Therefore, younger people have a more pro-market attitude after the crisis. Regarding people with higher full-time education tend to have a more positive vision regarding the economic dimension of welfare attitudes, believing social benefits are not a burden to the economy and standing as more pro-state. Individuals who place themselves more to the left of the political spectrum tend to have a more positive vision about the economic dimension, therefore, standing as pro-state.

It is also important to highlight other variables that emerge as significant in these results, such as the total number of hours worked per week. This indicates that individuals who work longer hours tend to be more pro-state. Additionally, stable outsiders and unstable insiders exhibit more positive attitudes toward the economic dimension of the welfare state.

Overall, the economic dimension reflects individuals' preferences for the state versus the market's involvement in the economy. In round 4, the model showed that labor market status had little influence on economic welfare attitudes. The only significant group were the stable outsiders, who had more of a negative view, favoring less intervention in the economy. In the three dimensions, this is the first time a variable regarding actual labor market status has appeared as significant. However, in round 8, the models' explanatory power increased with age, education, and political alignments becoming significant factors as well as the total hours worked per week and the labor market positions stable outsider and unstable insider.

The overall score shift from Round 4 to Round 8 reflects a growing preference for more state intervention after the crisis, with more individuals believing that economic security should not rely only on market mechanisms.

5. Insights and Implications of the Findings

The regression analysis reveals shifts in welfare attitudes across the three key dimensions, the moral, social, and economic, between insiders and outsiders during the onset period of the European economic crisis and its aftermath.

A considerable percentage of the moral dimension's models are explained compared to the other two dimensions. In Round 4, at the onset of the European financial crisis, the model explains 6.2% of the variance in attitudes, showing a moderate predictive power. During this period of heightened economic instability, distinctions in welfare attitudes between labor market insiders and outsiders were less pronounced. However, by Round 8, the model's explanatory power increases to 12%, indicating a sharper delineation in welfare attitudes that emerged post-crisis. Younger individuals continue to hold negative views, agreeing with the notion that welfare promotes laziness or undermines social responsibility. Education remains a significant factor, but its direction shifts: after the crisis, individuals with higher levels of education expressed their belief in welfare's moral dimension, suggesting an evolving perspective among the educated. Gender also becomes significant, with men believing social benefits and services are beneficial regarding the moral dimension when compared to women, highlighting an emerging gender divide. Additionally, individuals working longer hours now hold less favorable views on welfare, reversing from Round 4, and trade union members exhibit the opposite. These findings underscore how economic crises can alter the moral dimension of welfare attitudes, intensifying distinctions across demographic and ideological lines. Austerity did not diminish people's belief in the positive moral implications of social benefits.

The social dimension, which reflects beliefs about welfare's role in promoting equality and reducing poverty, saw minimal effect by labor market dualization at the onset of the crisis, and this remained largely consistent even in its aftermath. This can be attributed to the fact that in Portugal, the social dimension of welfare is not seen as a benefit but more of a fundamental right or a historically contingent right (Vieira et al., 2016). This perception is rooted in Portugal's transition to democracy, which led to a shared commitment to welfare as an essential part of social citizenship. Both insiders and outsiders saw welfare support as a rightful social entitlement rather than a privilege, leading to a collective and, therefore, less dispersed view of welfare's role in supporting equality. By round 8, the model's explanatory power slightly increases to 2.5%, with three variables becoming significant. Younger individuals tend to agree that social benefits promote equality and prevent poverty, as well as the ones with higher education. Gender also becomes significant, with men expressing more positive attitudes compared to women. Labor market status remains insignificant, reinforcing the idea that social

attitudes toward welfare in Portugal are more reflective of cultural or societal values than labor market positioning.

In both the moral and the social dimensions, gender emerges as a significant variable however, the way it behaves is not expected according to existing literature. The fact that men, after the crisis, displayed more favorable attitude regarding welfare in both the moral and social dimensions goes against traditional norms, as women are generally more supportive of welfare policies. Historically, men have been more skeptical of redistribution and government spending, aligning themselves more with pro-market views. Multiple studies highlight that in Western European countries, such as Portugal, men typically display less support for welfare policies, while women, who are often connected to the economic left, tend to express greater support for redistribution (Shorrocks & Grasso, 2020).

However, women's support for redistribution may depend on the specific type of social policy. As Hwang et al. (2022) suggest, addressing workplace equity issues is crucial, as these significantly impact women's preferences for redistributive policies aimed at reducing both financial and career-related vulnerabilities. This could explain why, in this study, men emerged as more supportive of welfare in the post-crisis period. After experiencing the economic turbulence that exposed vulnerabilities across the labor market, men may have reassessed their views on welfare, recognizing its critical role in providing stability and protection, which did not happen due to their higher level of protection. This aligns with the governmental protection hypothesis, which suggests that during times of economic hardship, heightened exposure to social risks leads to increased welfare support, even among traditionally secure groups, as they seek economic safety nets (Sachweh, 2018).

In the economic dimension, preferences for state versus market involvement shifted notably between rounds. In round 4, the low explanatory power at the start of the crisis and the only significant group, stable outsiders, revealed a pro-market stance. However, by round 8, after the crisis, year of birth becomes a significant variable displaying a negative coefficient, indicates that younger individuals, as well as those with higher education tend to view social benefits as economically burdensome, aligning with a more pro-market perspective. On the other hand, those leaning towards the left of the political ideology scale as well as individuals who work longer hour per week and the ones characterized as being stable and also unstable outsiders, emerged as positive towards the economic dimension of the welfare, indicating a pro-state attitude.

Following the economic crisis, younger individuals emerged as having a more pro-market attitude, contrasting with much of the existing literature on outsidership among the youth.

While many studies suggest that young people, as new entrants to flexible labor markets, often face precarious employment conditions and therefore align with pro-state welfare attitudes, the findings in this analysis indicate otherwise.

However, this trend does not deny the existence of structural disadvantages faced by young workers. As Marques & Salavisa (2017) and Rueda (2014) point out, younger individuals often encounter segmented labor markets that divide secure, protected employment from precarious, flexible jobs. Despite their precarious conditions, the findings suggest that younger people may internalize pro-market narratives as a response to their constrained opportunities, possibly perceiving reliance on state benefits as incompatible with the ambition of experiencing upward mobility.

This divergence from traditional outsider literature highlights the complexity of young outsidership in Southern Europe. While structural factors expose young workers to vulnerability, their economic attitudes appear shaped by a blend of ideological influences and labor market realities, pointing to a nuanced relationship between youth and outsidership and welfare attitudes in Portugal during and after the crisis.

The results of the economic dimension suggest that while labor market positions did not have a uniform influence across all welfare dimensions, the economic dimension is where labor market status is the most meaningful, suggesting that economic concerns are where dualization most directly translates into distinct welfare preference

5.1. Theoretical Implications

This research contributes to the ongoing discussion on labor market dualization's influence on welfare attitudes by examining how these dynamics unfold under crisis conditions, specifically within the context of Portugal during the onset and aftermath of the European financial crisis.

This study relates to the literature by offering a nuanced view of labor market dualization into insiders and outsiders, contrasting with more static characterizations in other models. Existing literature defines insiders and outsiders based predominantly on labor market status or occupational class. For instance, Rueda (2005) classifies individuals as insiders or outsiders according to job stability, being that insiders have stable and permanent roles and outsiders have precarious and temporary ones. While this provides a structural basis for dualization analysis, creating two different directions to follow when characterizing individuals, it fails to account for broader aspects, such as individuals' history as participants in the labor market.

Other scholars, such as Häusermann and Schwander (2011) and Rehm (2009), incorporate occupational risk as well as class-based indicators to add complexity to the characterization. However, these models tend to overlook individual variations in risk perception and, again, the nuanced labor market experiences that shape welfare preferences, risking creating a static view of labor segmentation

However, my research goes further in its operationalization of insiders and outsiders by incorporating contract type, employment history, and socio-demographic indicators such as education, gender, political alignment, and union membership. The methodology aligns with Cavaille's (2019) recommendation for models to account for diverse employment histories shaped by institutional and legislative factors. This complete operationalization of dualization addresses the critiques by Cavaille and offers a more comprehensive understanding of welfare attitudes in segmented labor markets tailored to dynamic and labor market realities.

In the existing literature on labor market dualization, two main perspectives were brought up in this study. The socio-economic approach examines how economic and structural changes, particularly during crises, deepen the insider/outsider divide, and the political approach focuses on how dualization influences policy preferences and political alignment. This study brings these perspectives together, highlighting that labor market dualization is not a static or solely structural issue but one deeply intertwined with political behaviors and economic pressures.

In line with the socio-economic approach, my study reveals how economic shocks, such as the European crisis, exacerbate dualization. This approach confirms Schwander's (2019) and Valadas' (2017) theories that economic crises can intensify dualization's effects on welfare preferences. By confirming these theories, my research emphasizes that economic crises not only deepen labor market segmentation but also create points of convergence in welfare support due to heightened socio-economic risks.

The political approach is evident in the way labor market dualization influences attitudes toward political entities and welfare policies. In particular, my study supports the argument that being an insider or an outsider affects ideological leanings and political behaviors, as seen in the attitudes of insiders and outsiders toward welfare. After the crisis, the divide in welfare support widened, with more right-leaning ideologically tending to favor market-driven solutions, while more educated and younger individuals supported more state intervention. This aligns with studies by Meyer (2019) and Häusermann (2019), who argue that dualization not only shapes welfare preferences but also reconfigures political landscapes.

This dual approach advances the literature by showing that both socioeconomic conditions and political alignments contribute to shaping welfare attitudes in a dualized labor market. By

combining socio-economic conditions and political landscapes, this study offers a holistic view of dualization's impact on welfare attitudes, revealing that labor market segmentation cannot be fully understood without acknowledging its political and ideological consequences, especially during times of economic crisis.

Building on this foundation, the inclusion of welfare preferences is divided into moral, social, and economic dimensions, done by drawing from the work of Van Oorschot et al. (2012), who emphasize the multi-dimensionality aspect of welfare attitudes. This means that individuals' perspectives on the welfare state can vary widely across different aspects of welfare policy, as was observed in this dissertation. Roosma, Gelissen, and van Oorschot (2013) conceptualize welfare attitudes as encompassing multiple dimensions that capture individuals varied and sometimes contradictory views. People assess welfare policies through different lenses, evaluating aspects such as the welfare state's economic impact, its role in promoting social equality, and its moral implications.

This multidimensional framework allows for a more comprehensive understanding of welfare attitudes, recognizing that people may simultaneously support certain welfare goals while criticizing other aspects, such as its efficiency or economic burden, as was seen in this analysis. Despite labor market status having limited influence on social attitudes, certain demographic and ideological factors show varying significance across dimensions, aligning with Roosma et al.'s 2013 notion that welfare attitudes are shaped by both individual and collective values. By approaching welfare attitudes as a multidimensional construct, this analysis aligns with the literature and provides a nuanced perspective that reflects the complexity of public opinion toward welfare policies, especially in a post-crisis context.

5.2. Limitations of the study

While this study provides significant insights into the relationship between labor market dualization and welfare attitudes, there are several limitations that need to be considered.

One key limitation of this research concerns the time frame of the data used in the analysis. The study draws on data from the European Social Survey (ESS) of the years 2008 and 2016. The time that has passed since these data points make it difficult to relate the findings to the current reality of 2024. The data used does not capture the more recent economic, social, and political developments, which are crucial in understanding today's welfare state attitudes. This issue is particularly relevant given that labor market dynamics and welfare preferences continually evolve in response to new economic conditions, such as the most recently critical

juncture, the COVID-19 pandemic, which has fundamentally reshaped many aspects of the global labor market.

An additional limitation is the country-specific aspect of this study. The research focuses solely on Portugal, which has its strengths, for example, in providing a deep dive into the national context and offering insights specific to the Portuguese labor market reforms and the country's experience with dualization. However, by not adopting a cross-national comparative approach, the research is limited in its ability to generalize its findings beyond Portugal or to show how institutional contexts shape behaviors in different ways.

5.3. Concluding remarks and research perspectives

This dissertation has delved into the intricate dynamics of labor market dualization and its influence on welfare attitudes in Portugal, with a focus on the transformative period surrounding the European financial crisis. The findings reveal that dualization not only structures economic inequalities but also profoundly impacts societal attitudes toward the welfare state. By dividing workers into insiders, who enjoy stable contracts and robust protections, and outsiders, who face precarious employment and limited safety nets, labor market dualization creates distinct priorities and preferences that influence public support for welfare policies.

The crisis intensified the insider/outsider divide, as austerity-driven reforms and labor market liberalization exacerbated precarity and reinforced segmentation. Insiders increasingly tried to safeguard existing protections, reflecting a defensive position aimed at preserving their advantageousness in the labor market. On the other hand, outsiders, whose experiences with insecurity and exclusion deepened during this period, called for redistributive policies that would address their vulnerabilities. These dispersed preferences reflect a broader social reality since economic crises do not merely expose preexisting inequalities but also actively shape the contours of societal expectations and demands.

Analyzing welfare attitudes across the moral, social, and economic dimensions highlighted the complexity of these shifts. The moral dimension showed significant dispersion, with attitudes shaped by demographic and labor market variables, such as age, education, and hours worked. This highlights the extent to which individuals' experiences in the labor market shape their perceptions of welfare's societal role. The economic dimension also underscored the growing tension between state and market solutions, with younger individuals increasingly aligning with pro-market views post-crisis, a finding that challenges traditional narratives about youth vulnerability in dualized labor markets.

In contrast, the social dimension remained less distributed, reflecting a traditional belief in welfare's role in promoting equality and addressing poverty. This finding aligns with Portugal's historical legacy of social solidarity, particularly since the democratic transition, where welfare was seen as a foundational element of citizenship. This resilience suggests that cultural and historical factors can mitigate some of the divisive effects of labor market segmentation, offering an avenue for policies aimed at fostering broader social cohesion.

Another significant contribution of this research is its challenge to static models of insider-outsider dynamics. The findings reinforce the argument that these categories are not inflexible but are shaped by household dynamics, economic pressures, and experiences. As insiders and outsiders navigate shared economic challenges, such as during crises, attitudinal convergence can appear in unexpected ways, further complicating simple two-way classifications. This fluidity suggests that the insider/outsider framework requires a more nuanced application that incorporates socio-political and demographic variables in order to fully capture the complexities of labor market segmentation.

Concerning prospective research, building on this dissertation's findings, an interesting direction for future research would involve examining specific groups within the labor market to understand how particular economic pressures influence their welfare support. The findings of this study challenge the traditional narrative that women are the primary supporters of welfare policies. Instead, men emerged as stronger proponents of welfare in the aftermath of the European financial crisis, suggesting a shift in traditional gendered patterns of welfare support. This unexpected result invites further exploration into the structural and cultural factors that might explain this divergence. For instance, it would be valuable to investigate whether men's heightened support stems from increased vulnerability to economic risks during the crisis, changes in societal norms, or evolving perceptions of welfare's role in ensuring stability and opportunity. Studies like "Exploring the gender gap in welfare attitudes: relational skills and perceptions of pay equity" by Hwang, I. H., Lim, H., & Lee, C. have previously linked women's support for welfare to structural inequities, such as wage disparities and career barriers. Future research could adapt this framework to analyze men's welfare preferences, focusing on how economic insecurity and shifting labor market dynamics might have influenced their attitudes during and after the European financial crisis. Applying this perspective specifically to Portuguese men, as identified in this dissertation, would provide a nuanced understanding of the context-specific factors driving their welfare support.

Additionally, a key limitation of this study, as previously mentioned, is its focus on a single country. An interesting avenue for future research would be to explore a comparative analysis across different welfare regimes, especially by contrasting Southern European countries with Nordic or even liberal regimes. Southern European nations often experience intensified dualization due to structural challenges and austerity policies, whereas Nordic welfare states counteract segmentation through universal protections and robust social policies. Häusermann and Schwander (2010) underscore how welfare regimes shape the insider/outsider divide, with Nordic models narrowing this gap by promoting inclusivity through comprehensive social protections and proactive labor market policies. In contrast, Southern European welfare systems struggle to achieve similar equity due to more limited social policies. The research could be developed further following this comparative approach by possibly extending the analysis to a country such as Denmark since it could clarify how institutional frameworks and policy responses shape the extent of insider-outsider divisions and welfare preferences.

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