



# DUALIZATION AND POLARIZATION IN SWEDEN

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# Background: Two projects

- **Temporary employees chances for a stable labour market situation**, Kristina Håkansson (project leader), Tommy Isidorsson, Tomas Berglund, Forte 2014-2016
- **The Challenges of Polarization on the Swedish Labour**  
Tomas Berglund (project leader) + number of other researchers,  
Forte 2017-2022



# Dualization

- Labour markets have tended to be segmented into a primary and secondary labour market (a core and periphery)
  - Primary labour market: Relatively secure jobs, training opportunities, possibilities for a career/up-going mobility
  - Secondary labour market: Insecure jobs, few career and training opportunities. Employees loosely connected to the organization, e.g. temporary employment, part-time employment, self-employed (freelance, consultants etc), informal employment
- The drivers behind this development
  - Employers strive for flexibility (e.g. in hirings and firings), especially on highly regulated labour markets
  - Governments compliance with employers wish, in particular in situations of high/increasing unemployment → e.g. opening up the possibilities to use temporary employment
  - Unions weakening strength, a tendency of an insider/outsider logic
- The effect:
  - Dead-end jobs or stepping-stones to the primary labour market?
  - Financial insecurity (e.g. postpone family formation, health effects etc)
  - Decreasing unionization



Scores on  
OECD's index  
of the strictness  
of the  
Employment  
Protection  
Legislation

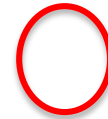
	Regular			Temporary		
	2000	2013	Change	2000	2013	Change
<b>Greece</b>	2,80	2,12	-0,68	4,75	2,25	-2,50
<b>Italy</b>	2,76	2,68	-0,08	3,25	2,00	-1,25
<b>Portugal</b>	4,58	3,18	-1,40	2,81	1,81	-1,00
<b>Germany</b>	2,68	2,68	0	2,00	1,13	-0,88
<b>Spain</b>	2,36	2,05	-0,31	3,25	2,56	-0,69
<b>Sweden</b>	2,65	2,61	-0,05	1,44	0,81	-0,63
<b>Iceland*</b>	1,73	1,73	0	0,63	0,63	0
<b>Latvia**</b>	2,69	2,69	0	0,88	0,88	0
<b>Austria</b>	2,75	2,37	-0,38	1,31	1,31	0
<b>Belgium</b>	1,85	1,89	0,05	2,38	2,38	0
<b>Denmark</b>	2,13	2,20	0,06	1,38	1,38	0
<b>Finland</b>	2,31	2,17	-0,14	1,56	1,56	0
<b>France</b>	2,34	2,38	0,04	3,63	3,63	0
<b>Luxembourg*</b>	2,25	2,25	0	3,75	3,75	0
<b>Netherlands</b>	2,88	2,82	-0,06	0,94	0,94	0
<b>Norway</b>	2,33	2,33	0	3,00	3,00	0
<b>Slovenia*</b>	2,65	2,60	-0,05	1,81	1,81	0
<b>Switzerland</b>	1,60	1,60	0	1,13	1,13	0
<b>UK</b>	1,26	1,10	-0,17	0,25	0,38	0,13
<b>Ireland</b>	1,44	1,40	-0,04	0,25	0,63	0,38
<b>Slovak Rep.</b>	2,47	1,84	-0,63	1,38	1,75	0,38
<b>Hungary</b>	2,00	1,59	-0,42	0,63	1,25	0,63
<b>Czech Rep.</b>	3,31	2,92	-0,38	0,50	1,44	0,94
<b>Poland</b>	2,23	2,23	0	0,75	1,75	1,00
<b>Estonia*</b>	2,74	1,81	-0,93	1,88	3,00	1,12

Source: *OECD  
Employment and  
Labour Market  
Statistics*

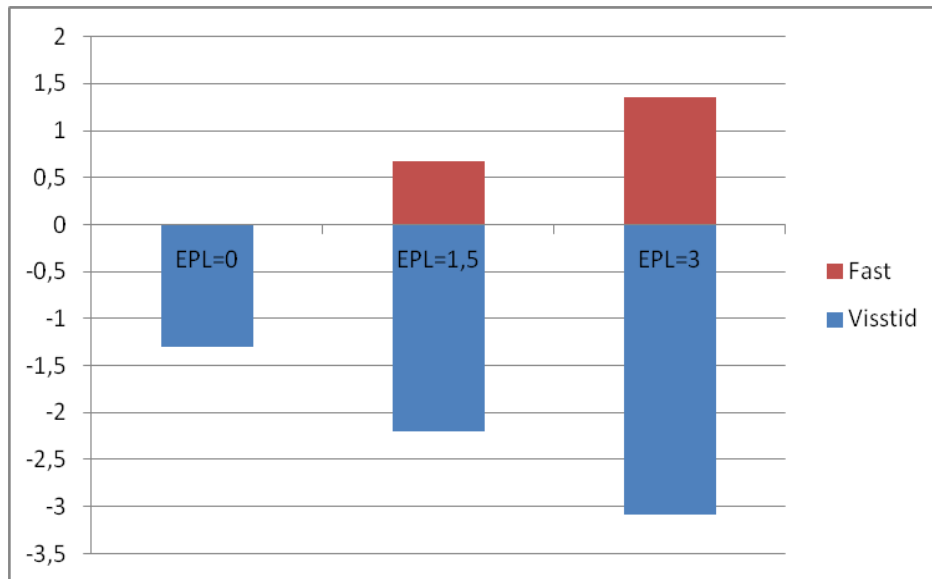
\* First year 2008, \*\* First year 2012

# Regulation of Regular and Temporary employees in Europe 2013

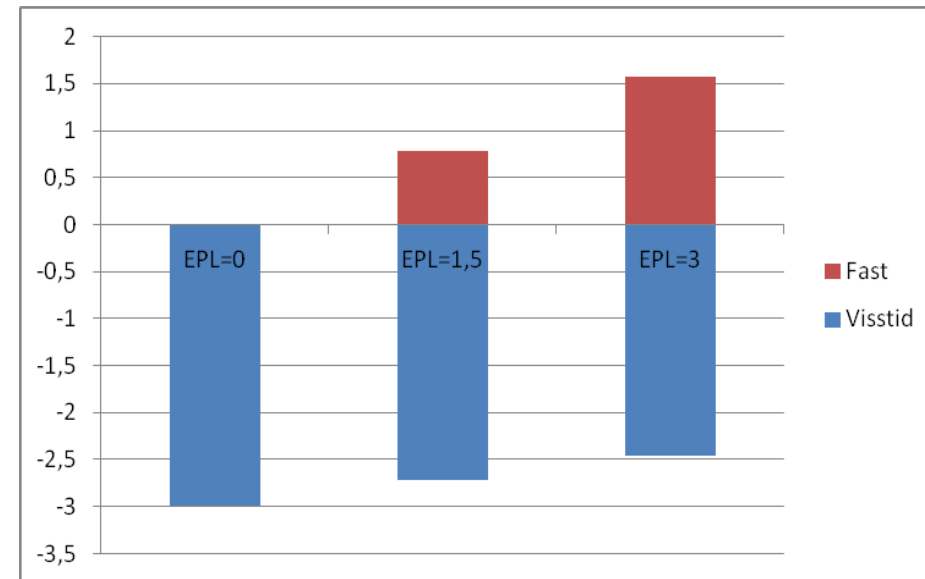
Source: OECD



## EPL-regular



## EPL-Temporary



Difference in tenure (years) between permanent (red and upper limit of bar) and temporary employed (blue and lower limit of bar) at different values of EPL-total (permanent employed with 0 EPL as reference category)



## Share Temporary Employment of all Employees. Percent

	2016	2008-16
Poland	27,5	0,5
Spain	26,1	-3,0
Portugal	22,3	-0,5
Netherlands	20,8	2,7
Slovenia	17,1	-0,3
<b>Sweden</b>	<b>16,7</b>	<b>0,7</b>
France	16,2	1,2
Finland	15,9	0,8
Italy	14,0	0,7
Denmark	13,6	5,1
Switzerland	13,2	0,0
Germany	13,1	-1,6
<i>Mean</i>	12,7	0,9
Iceland	11,9	2,4
Greece	11,2	-0,4
Czech Republic	10,2	2,2
Slovak Republic	10,1	5,4
Hungary	9,7	1,9
Belgium	9,2	0,9
Austria	9,0	0,1
Luxembourg	9,0	2,8
<b>Norway</b>	<b>8,7</b>	<b>-0,3</b>
Ireland	8,2	-0,4
United Kingdom	6,0	0,6
Latvia	3,7	0,3
Estonia	3,6	1,2
Lithuania	1,9	-0,4

Source: OECD  
Employment and  
Labour Market  
Statistics

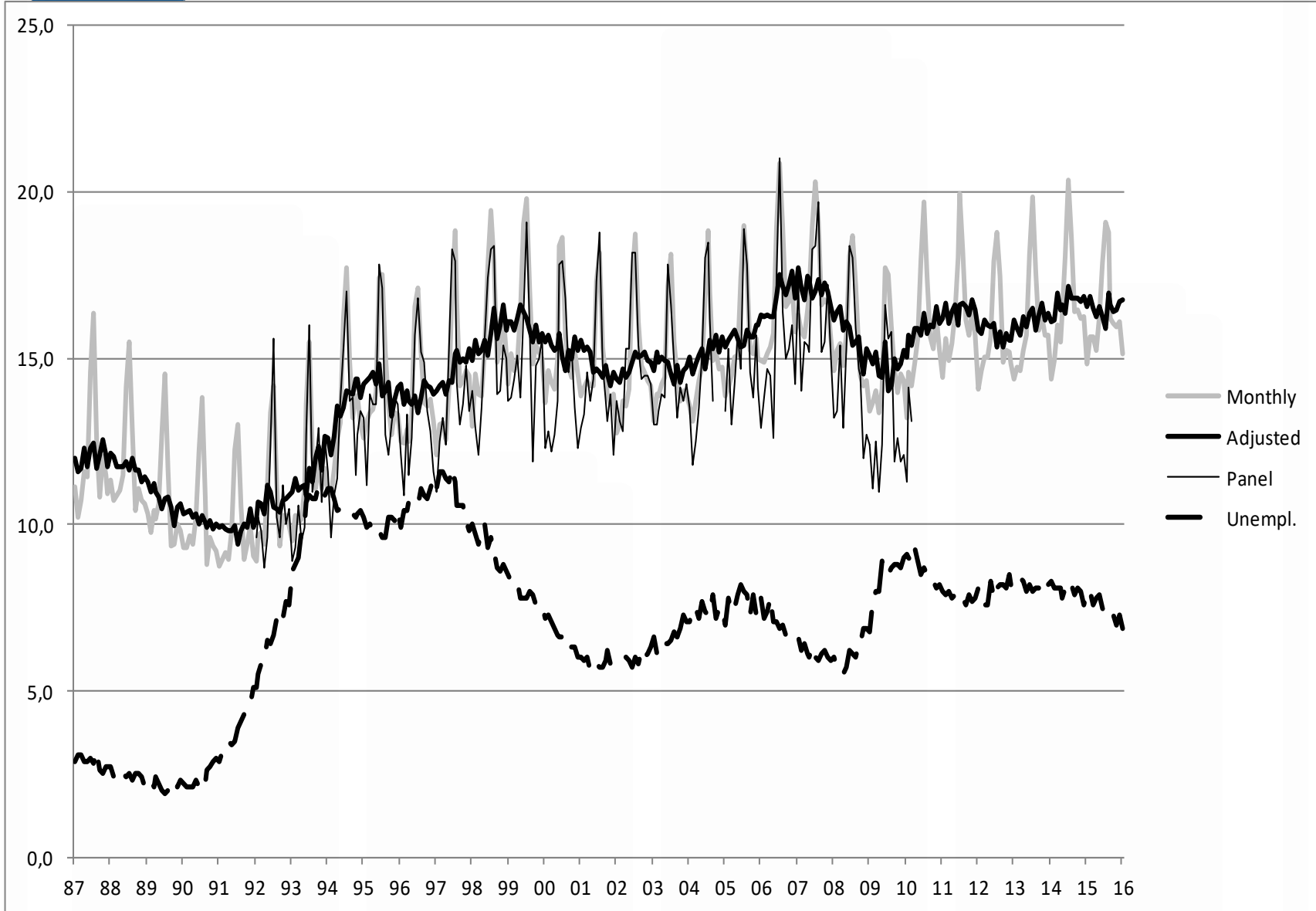


Figure 1. Proportion (%) of temporary employees among all employees, and the unemployment level. (Statistics Sweden.)



# Lagen om anställningsskydd och tidsbegränsade anställningar

Tillsvidareanställning är grundformen, men tillåter följande former av tidsbegränsade kontrakt

- Allmän visstid: Vid tillfälliga behov, men sammanlagt som mest 2 år under en 5-årsperiod.
- Vikariat: För en viss person. Högst 2 år under 5 årsperiod.
- Säsongsanställning
- Provanställning: Högst 6 månaders prøvotid, skall därefter övergå i fast anställning.
- Visstidsanställning efter 67 års ålder.

Möjligheterna att använda tidsbegränsade anställningar har ökat över tid!

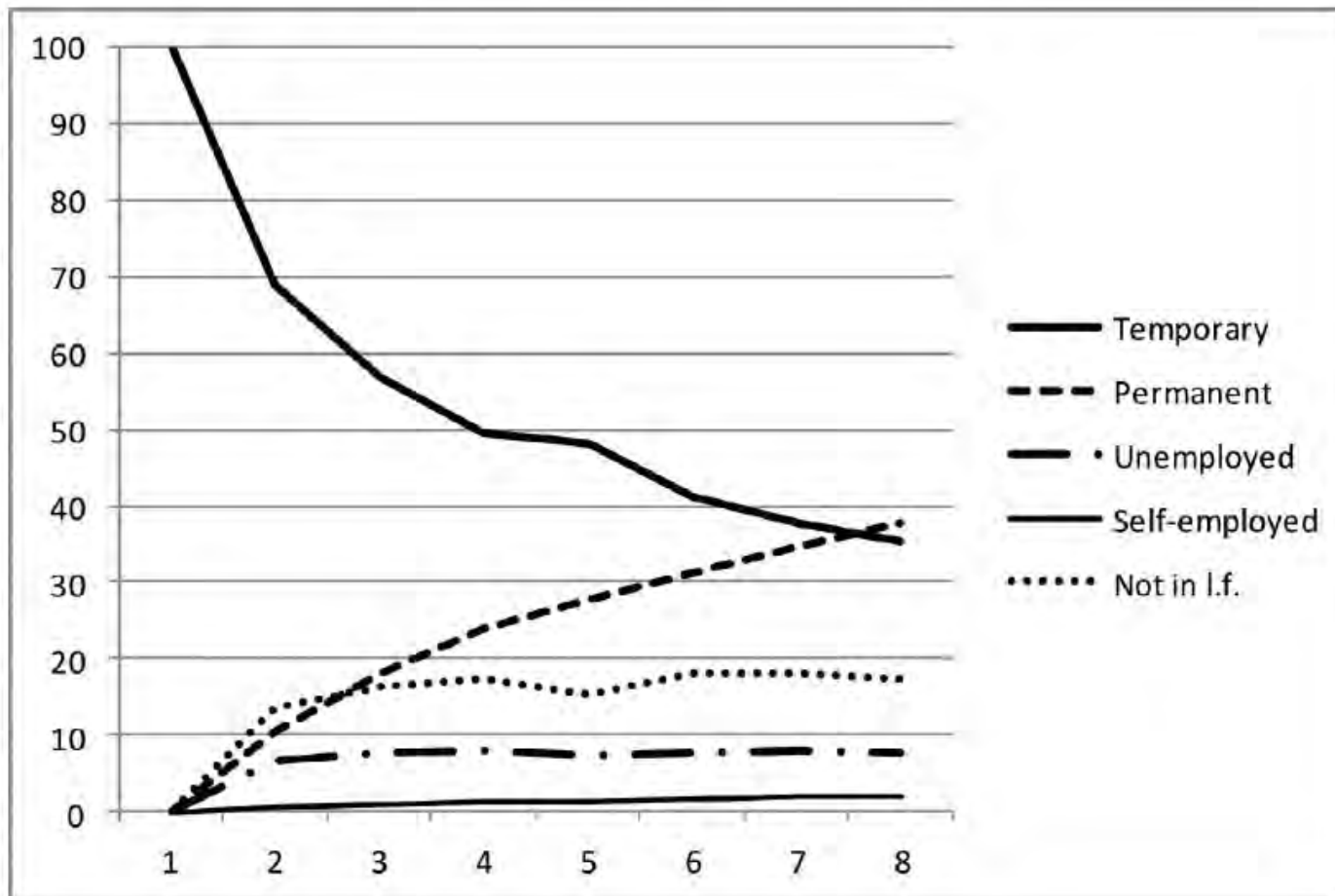


Type of Temporary Contract	2000	2014
Substitute	34.1	19.1
Probationary employee	11.7	9.0
Internship	1.5	1.3
Summer work	6.3	4.1
Seasonal employee	5.4	4.8
Project employee	17.9	9.9
On-call employee	18.3	17.5
Miscellaneous temporary	4.8	34.2
Total	100 (1962)	100 (3029)

Data: Swedish LFS (AKU). Own calculations

## More than 60% temporaries are still in an uncertain labour market situation after 2 years

**Figure 2:** Temporary employees at time-point 1 and their labor market status for the seven following quarters. Percent. Data for 1992–2009. N Max (1) = 30,253, N min (8) = 28,809.



Berglund, T.,  
Håkansson, K.,  
Isidorsson, T.,  
Alfonsson, J. (2017)  
"Temporary  
Employment and the  
Future Labor Market  
Status", *Nordic Journal  
of Working Life Studies*,  
7(2): 27-48.



**Table 3** Labor market transitions for temporary employees after slightly less than 2 years  
(measuring points 1 and 8)

	From temporary to permanent		From temporary to unemployed		From temporary to self-employed		From temporary to not in labor force	
	b	Odds ratio	b	Odds ratio	b	Odds ratio	b	Odds ratio
<b>Type of temporary</b>								
(ref: Substitute)								
On-call employee	-0.653***	0.520	-0.193*	0.825	0.051	1.052	-0.009	1.009
Miscellaneous temporary	-0.540***	0.583	-0.189	0.828	-0.070	0.933	-0.091	0.913
Project employee	-0.448***	0.639	0.204*	1.227	0.236*	1.266	-0.001	0.999
Seasonal employee	-0.965***	0.381	0.172	1.188	0.142	1.153	0.028	1.028
Summer work	-0.716***	0.489	0.114	1.121	-0.023	0.978	0.790***	2.203
Internship	0.032	1.033	0.627**	1.872	0.146	1.157	0.751***	2.119
Probationary employee	0.877***	2.404	0.691***	1.996	0.677***	1.967	0.445***	1.561

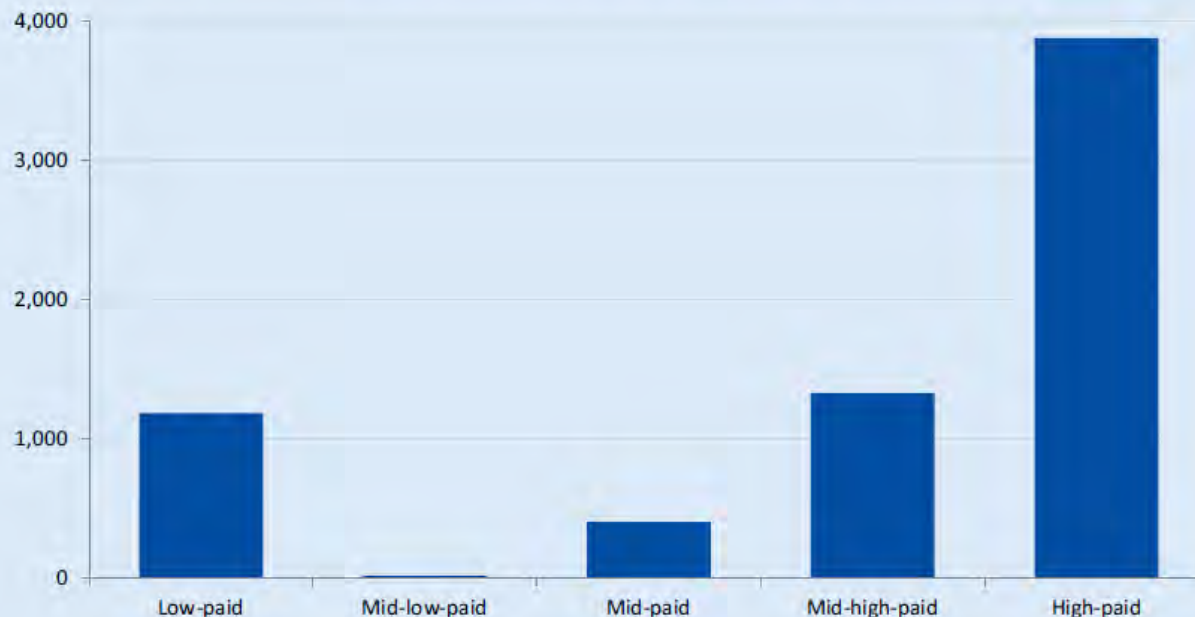
Berglund, T., Håkansson, K., Isidorsson, T., Alfonsson, J. (2017) "Temporary Employment and the Future Labor Market Status", *Nordic Journal of Working Life Studies*, 7(2): 27-48.



# Polarization

- Growth of employment in the both end of the occupational-wage structure, i.e. the number of both high and low paid jobs grow, while middle paid jobs are stagnating or declining in numbers.

Figure 4: Net employment change (in thousands) by job-wage quintile, EU, 2011 Q2–2016 Q2



Note: EU27 (Luxembourg data omitted); Q2 data in each year.

Source: Eurofound (2017) *Occupational change and wage inequality: European Jobs Monitor 2017*



- Main driver of the development is believed to be technological change: Computerization, digitalization, robotization
  - Skill-Biased Technological Change (SBTC-hypothesis): Upgrading
  - Routine-Biased Technological Change (RBTC-hypothesis): Polarization
- However other factors have also been suggested:
  - Outsourzing abroad
  - Changing labour supply: Feminization, immigration (both RBTC), high supply of highly skilled (SBTC)
  - Deliberate policies to increase "simple jobs": Mini-jobs i Germany, the RUT-reform in Sweden, discussions of decreasing minimum wages.
- Actors:
  - Employers, use new technology to increase productivity
  - Governments: Trying to reduce unemployment by facilitating the creation of "simple", initial jobs
  - Unions? Luddite responses? Also question marks around the effect of Solidaristic Wage Policies → Side-effect polarization?

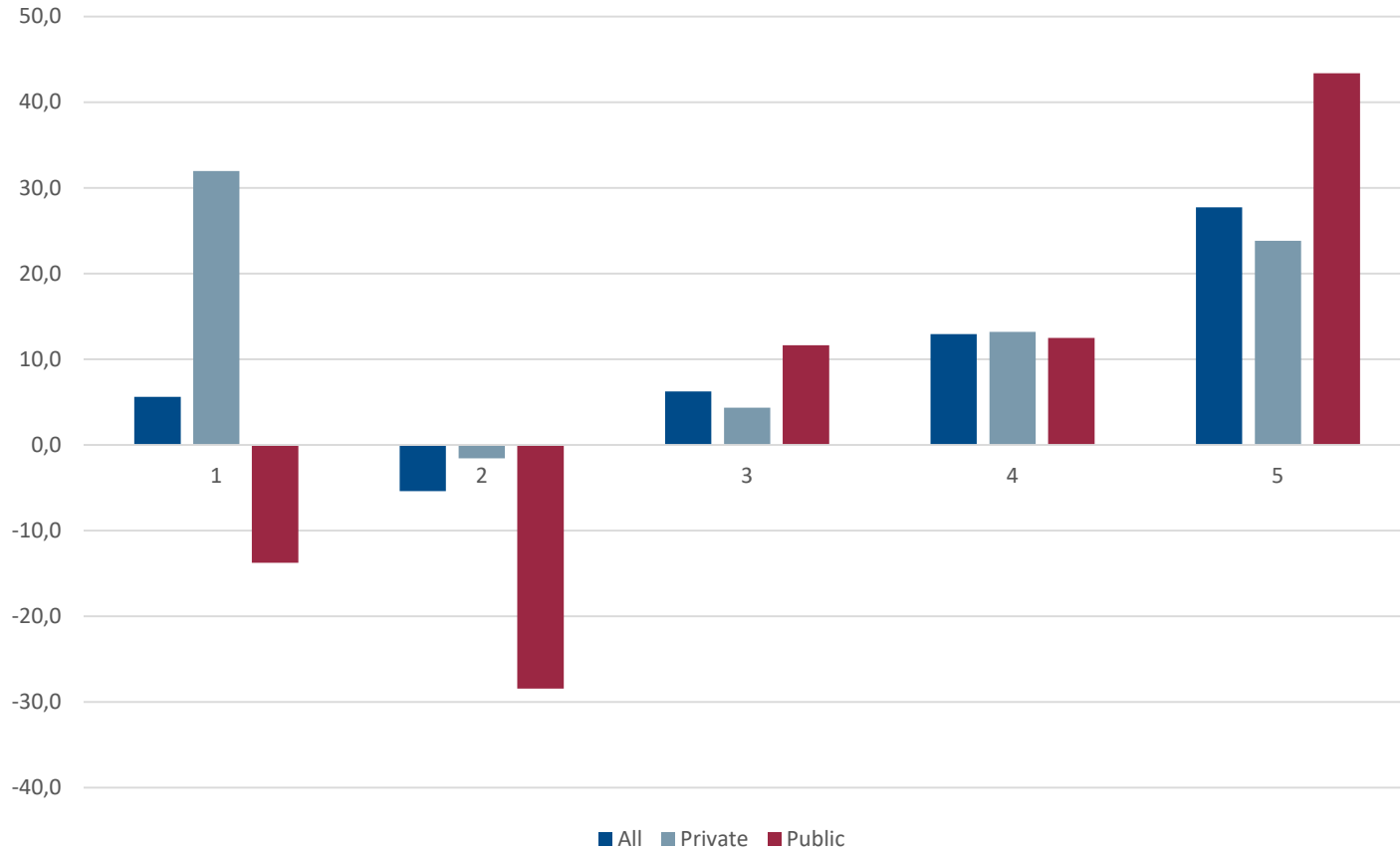


Figure 1: Percentage changes in the number employed in different quintiles of the Swedish Occupational-Wage structure 2000-2014. LFS data, own calculations



# Do dualization and polarization coincide in labour markets of today, and are the processes interacting in their effects?

- Dualization has effects on incomes (few working hours, interrupted employment), while polarization on hourly wages (growth of high and low wage jobs)
- Dualization and polarization processes may coincide in parts of the occupational structure and result in a growth of low paid and insecure employment
- Mobility from the secondary labour market may be hampered by polarization: Declining number of positions in the middle of the job-wage structure
- Risk of an increasing strata of working poor
- Other consequences? Political? The unions?





Temporary employment in Occupational-Wage Quintile 2000 and 2014. Percent.  
Swedish LFS data, own calculations

Occupation/Wage Quintile	2000	2014
1 Quintile (Lowest wage)	24.0	30.6
2 Quintile	17.9	24.3
3 Quintile	12.0	16.3
4 Quintile	9.3	10.8
5 Quintile	8.1	9.3



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**Tack så mycket!**

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