

# The Challenge of Precarious Work in the 21st Century

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## Abstract

Precarious work-work that is insecure and uncertain, often low-paying, and in which the risks of work are shifted from employers and the government to individual workers-has emerged as a central challenge for workers, organizations, and government in the 21st century. This essay, which is based on my recent book, *Precarious Lives* (2018), summarizes the recent rise and consequences of precarious work in six rich democracies: Denmark, Germany, Japan, Spain, the United Kingdom and the United States. I discuss how differences in these countries' labor market institutions and policies (such as unions and collective bargaining, active labor market policies and employment protections) and social welfare policies (such as unemployment insurance and the generosity of other welfare benefits) shaped peoples' experiences of job and economic insecurity, transitions to adulthood, and subjective well-being. I also outline the elements of a new political and social contract that is needed to address the negative consequences of precarious work for individuals and their families. Such a new social contract must maintain flexibility for employers yet still provide individuals with ways to cope with the negative consequences produced by such flexibility.

**Keywords:** Precarious work • Precarious lives • Labor market institutions • Social welfare protections

## Introduction

The COVID-19 pandemic has exposed the perilous existence faced by many workers throughout the world. High levels of unemployment and reduced earnings and exposure to often dangerous working conditions for many workers who are fortunate to be still employed have revealed the precarious nature of a great deal of work in contemporary society. By precarious work, we mean work that is insecure and uncertain, often low-paying, and in which the risks of work are shifted from employers and the government to individual workers [1-6].

Despite the increased attention given to precarious work, this is not a new phenomenon; work has always been to some extent precarious, especially for more vulnerable groups in the population such as women and minority men. Nevertheless, concerns about precarious work have risen in the past three decades, even for majority men in rich democratic, post-industrial societies. The recent rise of precarious work is associated with major economic shifts in the global economy such as globalization and technological changes such as digitalization, which facilitates global connections among countries and organizations. These macro structural forces have put greater pressures on employers to compete in global markets and encouraged them to cut costs and seek greater efficiencies by restructuring work and employment relationships. They have also strained country finances and led to the retrenchment and reconfiguring of welfare and social protection systems that people need now more than ever.

In my recent book, I sought to explain the recent rise and consequences of precarious work in six rich democracies: Denmark, Germany, Japan, Spain, the United Kingdom and the United States. These countries represent different types of employment, production and social welfare capitalist regimes: [7,8]. Social Democratic nations (Denmark); coordinated market economies (Germany, Japan); Southern Mediterranean economies (Spain) and liberal market economies (the United Kingdom and United States). I examined how differences in these countries' labor market institutions and policies (such as

unions and collective bargaining, active labor market policies and employment protections) and social welfare policies (such as unemployment insurance and the generosity of other welfare benefits) shaped peoples' experiences of job and economic insecurity, transitions to adulthood, and subjective well-being.

There are common trends among the six countries. All have had to respond to similar political and economic forces unleashed by an increasingly global and technology-driven economy, as well as constraints on state budgets produced by slowdowns in economic growth coupled with the aging of labor forces and more diversity in what labor forces need to be productive. In all six countries, there has been a decline in long-term employment among prime age men. And all countries have liberalized their labor markets and restructured their social welfare protections to cope with the growth of precarious work. The nature of this liberalization has differed, depending on a country's political situation and the collective strength of its workers, from a general deregulation of markets and social protection institutions (the U.K. and U.S.), to dualism (Germany, Japan, Spain), to a more collective sharing of risk (Denmark) [9].

## Country Differences

As is common in major transitions, the recent rise of precarious work has created a great deal of uncertainty and insecurity for large portions of the workforces in all six countries. The extent to which precarious work translates into precarious lives, however, depends largely on the social and legal protections that are linked to particular work arrangements. Some countries have been able to address the concerns raised by precarious work more successfully than others by re-establishing and expanding social safety nets, managing labor market transitions more effectively, and implementing social and economic reforms that are targeted at the needs and choices of increasingly diverse labor forces. The empirical evidence suggests the following five conclusions [3].

First, the generosity of public spending on social welfare benefits and active labor market policies is relatively high in Denmark, Germany and Spain, and relatively low in Japan, the U.K. and U.S. Differences in these policies can be traced to differences in the power of workers and political dynamics in these countries.

Second, labor market institutions affect the incidence of precarious work. Temporary work is less common in the liberal market economies of the United Kingdom and United States and relatively high in Spain. These differences are associated with the low levels of employment protections in the U.K. and U.S. and the high employment protections in Spain. Moreover, the degree to which

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temporary jobs can be considered precarious depends on the nature of the social protection systems in a country, such as whether temporary workers are afforded the same kinds of welfare entitlements as those working in regular jobs.

Third, generous social welfare benefits are linked to less economic insecurity, which is lowest in Denmark and Germany and highest in the liberal market economies of the U.K. and U.S. The latter countries differ, however, in the social wage due to the greater availability of economic and social supports in the U.K. that help people to mitigate various types of life course risks.

Fourth, young persons have difficulty gaining a solid foothold in the labor market especially in Spain, with its high levels of employment protection that relegates young workers to temporary jobs. Trouble establishing families is especially pronounced for young males in Japan, with its rigid markers of the transition to adulthood.

Fifth, the generosity of social welfare protections, along with high levels of active labor market policies, is associated with greater subjective well-being in a country.

## Challenges

The transformation of employment relations represented by the recent rise of precarious work creates important challenges for individuals, families, businesses and societies. The growth of insecure, uncertain jobs that have few social and legal protections departs from the more stable, standard employment relations that characterized rich democracies in the three decades after World War II. We must be careful not to glamorize this earlier era of relative stability and high economic growth, as it was much more beneficial to white men than for women and minorities. Nevertheless, we are now in a different era, a new age of precarious work that represents a fundamental shift toward widespread uncertainty and insecurity. People who have the skills and resources to navigate successfully rapidly changing labor markets have welcomed this new era as an opportunity to achieve their market potential by moving between organizations. Others, perhaps the majority, are more economically insecure, often have difficulties in forming families, and experience low subjective well-being.

While institutional and cultural factors may modify the basic thrust toward the rise of precarious work, the underlying political, economic and social trends responsible for precarious work are intimately linked to the dominance of neoliberalism, which has shaped the responses of governments to changes in global capitalism. This set of ideological commitments is rooted in the belief that self-regulating markets ensure the best allocation of economic resources. In policy terms, this ideological perspective demanded the diminution of the state's economic role, the transformation of its regulatory role, and a makeover of social welfare entitlements as individualized social safety nets. Neoliberal prescriptions for changing the role of the state also involve demands for reduced taxation that had funded welfare states. The desirability of market-oriented solutions to economic, political and social problems has become an accepted article of faith by governments and businesses alike.

A new political and social contract is needed to alleviate and collectivize the new major risks to individuals and families that have been triggered by the rise of precarious work. Such a new social contract must address three general areas that are necessary to maintain flexibility for employers yet still provide individuals with ways to cope with the negative consequences produced by such flexibility. These include: (1) a safety net and various kinds of social protections to collectivize risk and help individuals cope with the uncertainty and insecurity associated with the growth of precarious work; (2) greater access to early childhood and formal education as well as lifelong education and retraining in order to prepare people for changes that will occur in jobs; and (3) social labor regulations and laws to protect those in both regular and non-regular employment.

The implementation of such a new social contract with its expanded and portable safety net, better managed labor market transitions, and appreciation for the needs of a diverse labor force—ultimately requires, of course, an

associated political contract among the state, business and labor that seeks to balance the needs for flexibility and security. Achieving such a new social-political contract constitutes one of the great challenges of the first part of the 21st century. The kinds of policies, neoliberal or otherwise, that will come to dominate in these countries are of course uncertain.

The most fundamental policy implication of our arguments is the imperative to de-couple economic security from one's market activity and the type of work arrangement, whether employed by a "good" organization or self-employed. We need to figure out ways to decommodify workers, so as to separate the nature of work arrangements from basic social protections such as health care, unemployment insurance, retirement benefits, and other social welfare protections. This is essential in order to help workers navigate the increasingly uncertain landscape of work as well as to be able to expand our conception of work beyond paid market work [10].

An old idea which has received renewed attention is the Universal Basic Income (UBI) for all legal residents of a country. The notion behind this policy is the provision of a universal, unconditional, regular, government funded basic income that would provide everyone a basic level of economic security. UBI's appeal has been enhanced by fears that automation will eliminate many jobs as well as the high unemployment that has resulted from the COVID-19 pandemic. Nevertheless, it is controversial for economic, political and cultural reasons, and it is unclear how this would work on a large scale. Objections to the UBI are that: It does not create value but only redistributes value; it may encourage governments to cut back on other forms of social welfare protections; and it may alleviate pressures on employers to create good quality jobs. Moreover, while the idea of universality is appealing, one wonders whether such policy programs should be tweaked for different groups within the population. A means test based on income, for example, might target funds to those who most need it rather than to those who are already economically secure [11,12].

The problems posed by precarious work are similar in different countries. The extent to which precarious work, inequality, poverty, and other negative consequences for large groups of workers will continue to result from the broad structural changes associated with capitalist development is not inevitable, however: technology, globalization, or other inexorable forces do not determine them. Labor market and social welfare protection institutions are subject to the control of political actors, who have it within their power to address the consequences of precarious work by re-establishing and expanding social safety nets, managing labor market transitions more effectively, and implementing social and economic reforms that are targeted at the needs and choices of increasingly diverse labor forces. The pandemic has shown that states have resources available to them for increased social investment. Essential to such ameliorative actions is the revitalization of organized worker power and political support through party competition whereby the state facilitates workers' power. Enhancing job and economic insecurity constitutes even greater, central challenges for countries in the 21st century than when the book was written. Upheavals such as those created by precarious work generate anxiety and uncertainty as people, organizations and governments scramble to adapt to a new reality. The challenge is to respond to these changes by institutions, policies and practices that promote both economic growth and workers' well-being.

## Conclusion

The recent rise of precarious work represents a structural transformation in employment systems in advanced countries. While the negative consequences of precarious work have been made more visible by the recent COVID-19 pandemic, its underlying causes reflect shifts in the balance of power in favor of capital that are linked to growing globalization, technological innovation, and the liberalization of labor markets. These macro forces have enhanced job and economic insecurity that constitute central challenges for countries in the 21st century. Upheavals such as those created by precarious work generate anxiety and uncertainty as people, organizations and governments scramble to adapt to a new reality. Countries must respond to these changes by policies and practices that promote both economic growth and workers' well-being.

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