

Distr.
GENERAL

CES/SEM.41/20 (Summary)
15 February 2000

ORIGINAL: ENGLISH

STATISTICAL COMMISSION and
COMMISSION FOR EUROPE

STATISTICAL OFFICE OF THE ECONOMIC
EUROPEAN COMMUNITIES (EUROSTAT)

CONFERENCE OF EUROPEAN STATISTICIANS

INTERNATIONAL LABOUR ORGANIZATION

Joint ECE-Eurostat-ILO Seminar
on Measurement of the Quality of Employment
(Geneva, 3-5 May 2000)

Topic 1

**Precarious employment in Finland in 1990's -
different methods of measuring the phenomenon**

Supporting paper submitted by Statistics Finland*

Summary

1. In the early 1990's Finland was gripped by a deep economic recession which brought major changes to the labour markets. The rate of unemployment, which had remained fairly low throughout the 1980's, reached the record figure of 18.5 per cent by 1994. Changes also took place in the pattern of employment. According to the Labour Force Survey, atypical employment relationships increased notably during 1990's.

2. The use of fixed-term and short-term employment relationships allows enterprises to shift the responsibility from the employer to the employee in insecure circumstances by rendering a proportion of the personal easily manoeuvrable and flexible. Thanks to this flexibility the threshold for hiring new employees is brought down and it becomes easier for enterprises to adapt to changing operating environments.

3. The phenomenon of fixed-term employment has been studied in Finland mainly by surveys, e.g. The Quality of Work Life Surveys, especially by the latest one

* Prepared by Hanna Sutela, Work Life Research, Social Statistics.

conducted in autumn 1997. Quality of Work Life Surveys are extensive studies which involve between 3,000 to 6,000 persons and cover the entire wage and salary earning population in Finland. Up to now, Statistics Finland has carried out four of them, in 1977, 1984, 1990 and 1997.

4. However, surveys are not the only possible method of measuring precarious employment. Statistics Finland is carrying out a register-based research project on *Short-term employment in Finland in 1990's*. The analysis is based on the employment statistics and the file of employment relationships, which are total data covering, on the one hand, all the persons living in the country, and on the other, all the insured employment relationships. These two different data sets are linked by using the personal identity code. Changes in the generality of short-term employment are analysed comparing data from 1990, 1993, 1995 and 1997. Also the demographic and occupational structure of short-term employees is analysed.

5. In this register-based research the duration of the employment relationship is calculated as the subtraction of the last and the first day of the employment relationship: the relationships which have not lasted more than 12 months are considered as short-term employment; relationships over 12 months are considered as long-term employment. Short-term employees can not have any long-term employment relationships during the research year, but they may have been unemployed or outside of the labour force at some point of the year. In other words, short-term employment is considered more or less as a synonym to precarious labour market position.

6. The concepts of fixed-term and short-term employment are often used as synonyms. However, according to our interpretation, these concepts need to be redefined, especially when using register-based data. In survey, a respondent is asked, whether he/she considers his/her employment relationship as a permanent one or as a fixed-term or temporary one. In register-based study these definitions and some of the variables are constructed by the researchers. However, the information in registers is not always adequate or in the best form from the researchers point of view, because registers are compiled for administrative purposes, not for research.

7. In the research project on *Short-term employment in Finland in 1990's* a short-term employment relationship is defined, as mentioned, as one not lasting more than 12 months. This means that the fixed-term employment relationships over 12 months are considered as long-term employment relationships even if they are not permanent. The file of employment relationships covers the insured employment relationships. However, until 1998 the employment relationships which

did not last more than 1 month were not insured in Finland, which means that the information on very short-term employment is not available from registers before 1998. Furthermore, due to the administrative practises used in gathering register data, the rows of successive short-term employment relationships can not be distinguished: if a person has several successive short-term employment contracts by the same employer during a longer period, these are coded as one long-term employment relationship. According to the Quality of Work Life Survey, the use of rows of successive contracts is quite common for fixed-term female employees, especially in public sector.

8. Despite of all the limitations mentioned above, administrative registers have several advantages and provide new opportunities for research. Labour Force Survey and Quality of Work Life Survey are sample-based data and their reference time is one week. Employment statistics is a total data where reference time can be one year or even several years. This allows to take account also those employees in very precarious labour market position who get employed only from time to time and may be out of work during the reference week of LFS.

9. Findings achieved by these two different methods can not be directly compared. The studies describe partly the same phenomena, but from slightly different point of view. According to surveys, fixed-term employment has been growing continuously since the late 80's. In the register-based study the short-term employment seems to have followed very strongly the general economic fluctuations: employees in short-term contracts have formed a flexible "labour force buffer", which has bent according the demands of labour market. During the economic recession the number of short-term employment relationships was almost halved from 1990 to 1993. Since 1995 it has been growing very strongly.

10. Anyhow, both studies - the Quality of Work Life Survey and the register-based research - show the same trend: precarious employment is more common to the younger than the older employees. However, during the 90's, it has become more and more common in public sector among white-collar women with at least upper secondary education - even when they are over 30. Differences between the sexes are biggest in the group of highly educated employees. Both studies indicate that the state of precarious labour position has become even more disadvantaged than it used to be a decade ago. Staying employed seems to be more difficult than before, chances to get a new job are considered poorer than before, a bigger proportion of precarious employees work in these kinds of employment relationships against they own will etc. This analyses spans only

until 1997, so the possible changes during last couple of years are not included.

11. The aim of the paper is to present - and to certain limit to compare - findings on precarious employment obtained by using two different methods. Both of them have their advantages, but there are also some serious limitations in both of the methods. The best result would certainly be achieved by combining these two methods.