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New forms of labour Market segmentation, insecurity and professional relations

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Introduction

How can the professional relations system take into account job insecurity? Within the framework of applied research conducted in the Rhône-Alpes region, we suggest setting out the problem in context resulting from employment market segmentation theory and will discuss a few ideas promoted by unions in France and Rhône-Alpes.

1 – Segmentationist analyses: Origins, Evolution and Methodological Renewal to deal with new forms of insecurity.

1.1 The origins of segmentationist analyses in the USA and Europe

At the origin of segmentationist analyses is the theory of the dualisation of labour markets, based on work by Michael J. PIORE1. His model establishes two sectors or segments where people encounter clearly differentiated situations and options in their work conditions. The first sector is characterised by the highest salaries, the best labour conditions, access to the firm via specific training, stability and high internal upward mobility possibilities (intra-company or intra-sector). On the contrary, the second sector is a situation of varying degrees of instability. It presents insecurity, a high rotation rate, enclosure in time constraints, lower qualification levels, lower wage levels and fewer possibilities of building an upward professional career.

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As argued by HUGUET², PETIT³ and others, in PIORE’s work, we come across sources of dualism in several fields: the technological variable associated with each work position (with a certain determinism), sector differences (variability of demand and uncertainty of these sectors), optimised productivity of certain workers through the stabilisation of their jobs, the unequal role played by unions in each situation (as well as social movements demanding more security) and other characteristics of the sociocultural context.

Linked to this first aspect of segmentationist analyses, theories of Internal Labour Markets⁴ build into their models existing norms and habits within companies to determine incoming and outgoing forms, work organisation, recruitent models and task and internal remuneration allocation structures. In this way, these theories consider that work management through internal markets favour stronger identification of workers with the organisation, a consequence of stronger permanence and lower rotation, which requires an increase in training possibilities within the company and increased job security. This analysis appeared in the early seventies, based on the times’ specific characteristics in the USA.

Radical American⁵ writers (closer to Marxist analyses) develop a segmentationist analysis based on a class struggle approach in which the social functions of segmentation allow the reproduction of the hegemony of capital, the division of workers between different levels of authority and control over production processes. These writers insist on the role of social institution like schools and family in the reproduction of this class structure.

Finally, as presented by Héloïse PETIT⁶, on the other side of the Atlantic, a segmentationist approach developed with the International Working Party on Labour Market Segmentation, showing significant differences with American approaches. These European writers (including Jill RUBERY and Frank WILKINSON⁷), focus on the number of causes and the existence of segments on the work market. The “productive system” concept of

² HUGUET, A (1999), Segmentación del mercado de trabajo español, CES, Madrid
WILKINSON (interaction of labour forces, means of production, production organisation methods, ownership and productivity control structure, political and social network) undoubtedly inspired the later analyses of this network (IWPLMS), in which we find a complex methodology to link up these factors in specific analyses (per country, sector…). This multi-causal analysis is less linked to an historic context than analyses by counterparts in the US, allowing better adaptation to changes in Western economies in the eighties.

1.2 Evolutions: increasing complexity of segmentationist models

With the transformation of western capitalist economies and labour management models in the eighties, original segmentationist analyses became obsolete. For American models (based on a specific explanation of segmentation existing in this country since the sixties and seventies) we see how the analyses of PIOR tend to go beyond the division between Internal and External Markets and introduce a more general analysis through “flexible specialisation” models, taking into account variations in demand and general instability in this new era. The limitations of PIOR’s model lead him to give up his dualist conception of the labour market, envisage the existence of new segments and flexible production logic affecting the whole economy (with differences between major central companies and small firms more destabilised by outsourcing and subcontracting trends).

Some writers developed the idea of the emergence of a new segment: Professional (or Occupational) Labour markets. In these models, the existence of a third ideal labour market type is justified by the appearance of new groups of professions in which specific and organised markets ensure continuity in the employment of qualified workers, even if mobility between different sectors and activities makes this work mode quite instable but relatively secure with respect to new risks in the flexible economy. As LEFRESNE explains, the classic dualist vision divides External Labour Markets (analysed by the standard theory of competitive and non-organised neoclassic balance) and Internal or Professional Labour Markets (formalised by usage, habits and social institutions) into two different fields. A new dynamic approach emerges in this new reality, in which an analysis of the degree of the

10 Dans la prochaine partie nous approfondirons la question de l’instabilité et la sécurité dans le travail et l’emploi.
formalisation of labour and employment relations is the most relevant. Increased unemployment and its stabilisation at relatively high levels (around 10% in France) tend to close Internal Labour and Professional Markets and increase the number of workers wishing to enter its upward mobility mechanisms (internal or external respectively). PETIT\textsuperscript{12} approaches this issue differently and considers, to the contrary, that unemployment (Marxist reserve army) opens Internal Labour Markets and gives employers the advantage of an unfavourable situation for workers (in which they develop a general insecure and unstable process).

For the IWPLMS, the updating segmentation theories was motivated, according to RUBERY\textsuperscript{13}, by limitations of original models. This model is criticised for its excessive functionalism in the analysis of factors such as productivity and remuneration between workers between capitalists and workers, its restricted vision of conflict, limited to capital-labour relations (neglecting inter-capitalist and inter-worker conflict). The model does not properly take into account the relationship between the segmentation between demand (corporate practices) and supply (employee characteristics). Finally the general theoretical conception of segmentation does not focus enough on specific social institutions existing in each context. These limits bring European segmentationists to construct new approaches. These are based on more dynamic analyses of relations between the different groups and organisations and they introduce new prospects to analyse the type and roles of organisational and social systems in labour market segmentation.

To finish this review of literature on updates of segmentation models, we find the emergence of a new Human Resources Management science\textsuperscript{14}. It offers a more dynamic vision of labour and distributes training and upward mobility opportunities (salary, status, control of the productive process...) very unequally in a very general instable context. New individualised labour and employment management is ranked below companies’ relations with the product market and the financialisation of the economy. This Human Relations Management creates new subsegments between professions, levels of qualification, sectors and new hierarchic positions between companies (increased complexity of primary and secondary sectors of labour markets depending on the position of each worker and his/her


company in the next flexible economic model).

1.3 Methodological renewal: new forms of segmentation in a more unstable context

All these evolutions of segmentation models lead to methodological changes which we will present in this section. These new theories lead us to reconsider empirical studies to adapt them to the changing realities of contemporary western economies.

Firstly, as we were able to see more in-depth in our previous work\textsuperscript{15}, it is necessary to move from static analysis of employment conditions to a new approach of socio-professional trajectories. This new approach allows us to understand insecurity as a set of states and processes that occur throughout people’s lives. It also allows us to take into account its relations with activities, education and training, work and employment, the construction of a career and obtaining income. According to RAULT and QUINTREAU\textsuperscript{16}, the contemporary economy has turned socio-professional trajectories from careers punctuated with automatic ascensions to a growing diversity, which for many reflects a dangerous shift and horizontal career between very diverse professions and situations. In this new reality, it is indispensable to study the conditions of people who are evolving, watching prospects and the linking up of experiences that add up in the construction of new work and life biographies\textsuperscript{17}. The approach of Transitional Labour Markets (between different work, job, training, unemployment, inactivity and retirement situations) is complementary. It puts a major focus on increasingly present critical moments in socio-professional trajectories\textsuperscript{18}. Finally, we mention work that connects issues of exceeding traditional internal markets with new forms of dualism and insecurity in the construction of increasingly mobile and segmented careers\textsuperscript{19}.

As asserted by Jérôme GAUTIE\textsuperscript{20}, internal markets suppose implicit subsidising within


the company between the different generations (with different levels of qualification and skills among workers). This phenomenon is linked to the fact that the remuneration level of employees is not individually linked to its specific productivity. There is an implicit agreement that allows younger workers (apprentices) and older workers (with reduced productive capacity) to have wages above their productivity level thanks to average aged adults. The destabilisation of internal markets through the declining role of specific qualifications (less important due to technical changes), the dismantling of implicit subsidies and the replacement of older workers by qualified younger workers at lower wages 21 open the door to a new model, based on segmentationist models, showing a growing equality between young workers and seniors on one hand and adult average-aged workers on the other. New atypical forms of employment (fixed term contracts, internships, durably subsidised jobs...) and their major impact on the young population add to high employment rates and contribute to making it difficult for them to start their working lives22. Phenomena of early retirement, unemployment and unfavourable mobility for older workers complete the second insecure sector in these new realities of age segmentation.

2. Insecurity and Professional Relations: Revision of French empirical studies an presentation of a Research-Action momentum in Rhône-Alpes

2.1 Different insecurity approaches in France and Rhône-Alpes

An initial problem for this project is to define how to tackle the problem of insecurity with the objective of negotiating solutions with employers to allow better security of employees’ careers. Several levels of approach are possible:

A/Status approach

In insecurity phenomena, it is relatively easy to measure the number of open-ended jobs and fixed-term contract jobs. It is clear that some open-ended jobs are also subject to considerable vulnerability just as a share of fixed-term contracts can lead to stable professional situations. That is why INSEE very cautiously links insecure employment and specific forms of employment: “The term “specific forms (or sometimes insecure jobs) covers job statuses that are not full-time fixed-term contracts. They are part-time, temporary, fixed-term contracts, apprenticeship and subsidised contracts”.

This job status approach is useful and not irrelevant as the aim is to track evolutions over several years or compare situations in sectors or different companies. It is the basis of the analysis of insecurity.

By extension, it seems necessary to take into account certain part-time work situations in insecure job statuses. Part-time work is sometimes chosen by people for family reasons but it is also often imposed on employees who find no other job opportunities and in certain cases generates material problems for that person.

In France, the national approach is facilitated by the use of surveys on employment which measure short-term employment and underemployment trends. It is possible to use framing data which are used to examine the development of insecure employment on the national level since the eighties, the evolution of short-term forms of employment and the evolution of their number. These approaches are enriched with the joint use of data on

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employment, unemployment and poverty in employment as suggested by RIGAUDIAT. There are therefore a large number of national framing data and it relatively easy to glean information on an insecurity approach via status.

To start with, we can observe in the national and regional comparative approaches of EUROSTAT that the unemployment rate among young people increased between 2002 and 2006, rising from 19.3% to 22% in France and 16.5% and 20.1% in Rhône-Alpes. The long-term unemployment rate increased from 3 to 4% in France and 4.3 to 7.6% in Rhône-Alpes. One can argue that the increase in unemployment intensifies certain segmentation process.

Regional social partners have access to key data, thanks to INSEE Rhône-Alpes, to adapt a status approach in the region. This information covers employment per type of contract (open-ended contracts, fixed-term contracts and other atypical forms of employment like Apprentices without contracts, temporary staff, subsidised jobs and paid interns) and is adapted according to a breakdown per employment zone. This breakdown is the result of an analysis of travel between home and work but it respects regional, departmental and canton limits. It identifies 27 employment zones inside Rhône-Alpes, which involves that information on frontier workers is not presented here. We therefore have easy access to information dating from the censuses of 1990 and 1999 (9.04% atypical employment in Rhône-Alpes, 1999), and in 2008 these data need to be updated by a new publication resulting from censuses.

The introduction of Contrats Territoriaux Emploi Formation by the Rhône-Alpes region in 2005 led to the elaboration of a diagnosis, identification of territorial issues and definition of action plans for the 27 territories. For the time being, diagnoses are made and were updated in 2007. From the viewpoint of diagnoses made, it emerges that employment-training territorial zones are sometimes quite different from the INSEE employment zones. Diagnoses include developments on end-of-training flows and the job offer on the local labour market. There is also the current breakdown of work forces per profession and per sector in the employment zone. This usefully completes the analysis of insecurity, especially in terms of the start of careers.

In these diagnoses, we can draw several interesting data to analyse insecurity and new forms of segmentation in Rhône-Alpes. On the one hand, we can observe that the unemployment rate of young people aged 16-25 is more than double (23.6%) than that of the whole population (11.3%). In terms of mobility between home and workplace, we observe

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24 RIGAUDIAT J. (2005), A propos d'un fait social majeur : la montée des précarités et des insécurités sociales et économiques, Droit social n° 3, mars.
that almost 2/3 of the working population need to travel outside their home town to go to work and that more than 1/3 need to travel outside their urban residential area\textsuperscript{25}.

**B/Work approach**

We can take the distinction between work and employment to develop the insecurity analysis\textsuperscript{26}. In work by Serge Paugam, an employee is insecure when his or her work seems to lack interest, is poorly paid and not well recognised in the company. The employee is also insecure when his or her job is uncertain and future uncertain. This is the case of employees with short contracts but also employees uncertain of the stability of their jobs. When the risk of redundancy is permanent, there is job insecurity. These employees are vulnerable economically but also in terms of social rights as these are linked to employment to a large degree. For Paugam these two dimensions of insecurity should be studied simultaneously.

Several issues can be linked to this conception of insecurity. It is possible to develop analysis of health in the work place and link these questions with insecurity. Poor work conditions, exposure to risks and occupational disorders produce insecurity for a share of workers. Work conditions and age can also be linked as many fifty year lose jobs for unemployment, inactivity linked to health problems\textsuperscript{27}.

In Germany we came across conceptions close to these when working with union leaders of the DGB. Their work is based on a presentation by Klaus Dörre:

*Insecure employment can be defined with respect to the standards of a given society. A job can be considered to be insecure when the employee in question, despite his/her activity, receives a wage and level of social protection and integration lower than these standards. A job is also considered to be insecure when, subjectively, it is associated with a loss of meaning, a lack of recognition and inability to project into the future* tels que cela tire les standards sociaux vers le bas, aux dépens des employés. Our translation.\textsuperscript{28})*

\textsuperscript{25} Données non actualisées, disponibles pour 1999. http://www.prao.org
\textsuperscript{26} PAUGAM S. (2000), *Le salarié de la précarité*, PUF.
\textsuperscript{27} WALTISPERGER D. (2008), "Pénibilité du travail et sortie précoce de l’emploi", *Premières synthèses* N°03-1, janvier.
C/Career approach

Under the impetus of the European Commission, the theme of flexisecurity has become very important in the employment insecurity debate. With the general aim of reconciling employer flexibility needs and security needs for employees, the idea has emerged of carefully distinguishing mobility on the job market and insecure careers: there could be better protected mobilities that jeopardise more fragile workers. This issue is quite difficult to implement and we could believe that it requires improved social dialogue. This also involves precise work on notions.

In 2005, a CERC report introduced a clear distinction between job instability and insecurity. Job stability designates the continuous link between the employee and the company; if an interruption or breach of contract is rapidly followed by a new job there is not really job insecurity. Job security designates the fact of remaining durably employed, even if the employer changes. In this way, the French economy shows a clear increase in job instability since the mid-seventies but job insecurity strongly increased since that period and the mid-eighties to stabilise relatively. In a way, in an economy where job instability is now a fact, the problem can be reworded as follows “how to make transitions from unstable employment to stable employment more frequent and reduce trajectories leading to the dead-end of insecurity?” (op.cit., p.15)

On departmental and regional levels, labour departments provide information on job requests and vacancies at the end of the month in liaison with ANPE and ASSEDEDIC (http://www.sdtefp-rhone-alpes-travail.gouv.fr/). Information published is often focused on DEFM 1, and it is sometimes difficult to obtain information on job requests over a determined period or part-time.

The DRTEFP also supplies data concerning labour movements, job entries, job exits, turnover rates. This is broken down per type of contract, per department and per sector to obtain information on the evolution of job instability in the nineties in the Rhône-Alpes region and on differences between departments.

31 LOQUET G. (2008), « les mouvements de la main d’œuvre en 2006 », Premières informations, N°16-3, Avril, peut être consulté pour une présentation nationale des DMMO.

Nationally, there are much more valuable data to analyse careers. For example, PETIT\textsuperscript{32} takes data from the OECD, “Enquêtes d’emploi” and DMMO showing that the risk of losing a job in the year rose from 3.2% in 1983 to 4.8% in 2000. On the one hand, it considers that the duality approach is not relevant as general instability indicators show a considerable increase in the last few years. *Job tenure* increased from 9.5 years in 1985 to 11.1 years in 2000, which above all shows stability maintained in the most stable sectors and growing inequality between the different population segments. Employee turnover rose from 20.6% in 1985 to 31.3% in 2000, and the share of workers in their job for less than a years rose from 13.2% in 1982 to 15.8% in 2000. Finally, we also see that the average length of work contracts signed each year fell from more than 3 years in 1985 to 2 years in 2000.

Much more sector-based analyses\textsuperscript{33}, clarify the internal or external promotional parameters per profession (Professions and Socio-Professional Categories) in each economic sector. In this survey, one observes the move towards a more competitive logic of individual differentiation of remuneration and mobility factors.

\textsuperscript{32} PETIT Heloise (2006), ibid.

\textsuperscript{33} LEMISTRE, Philippe (2002), « Transformation des Marchés Internes et Emplois en France », *Les Notes du LIRHE*, n°360
D/ Income approach

Instability can be described as a situation in which the characteristics of employment do not allow a person to earn a decent income. This is the case of part-time low qualified jobs which can lead to pauperisation in employment if not taken as additional income for a household and if social transfers do not ensure a higher revenue. For several years now, studies on poverty are moving in this direction and the issue of the “working poor” is not solely restricted to the USA.\textsuperscript{34} They have been followed by a development of statistical work on this subject in which it is necessary to distinguish those that rely on absolute definition of poverty (with respect to a standard budget) and those that rely on a relative definition. In Europe and France a calculation is made of the median income to reach a threshold of 50\% or 60\% of this income to define poverty, which is therefore a position in all monetary income at a given moment in time and not a difficulty in obtaining a budget allowing to live according to certain standards.

Finally, the annual MRIE file\textsuperscript{35} puts the spotlight on employment, insecurity and poverty. It highlights a large mass of information. In 2008 there is a regional study on poor workers (active six months or more in the year, having worked at least one month in the year whose income is lower than the poverty threshold at 60\% of median income). Between 7.7\% and 9.9\% CAF (French family allowance) beneficiaries are poor workers depending on the department. The region is divided into service areas which shows a disparity between north and south of the region for the concentration of the working poor.

2.2 Instability and Professional Relations: Research-Action dynamic in Rhône-Alpes

Job instability is now a reality anchored in the way labour markets work and securing careers is a goal targeted by social partners in the Rhône-Alpes region. For example, our university has establishment a regional partnership with the CGT and CFDT unions to steer through a research-action aimed at training union leaders in job instability interventions and in instruments used to limit its development. The hypothesis is that solutions should be sought in provisional employment and innovative skills management practices in branches and


\textsuperscript{35} Mission régionale d’information sur l’exclusion, MRIE, Dossier annuel sur l’exclusion.
territories of the Rhône-Alpes region, in the use of tools made available by regional policies of the 4 “engines for Europe”. The project therefore includes a research section aimed at highlighting possible intervention methods. It also includes a seminar and conference phase involving the Region’s social partners.

How do social partners tackle these issues in other European regions, are there practices that can be transferred between the regions? In France, they have new intervention tools brought in with the 2004 social dialogue reform and decentralisation of public skills concerning employment and professional training directed at the Region. These tools start to be used and provide new instruments to intervene in job insecurity. Several sectors have been chosen to steer through an in-depth approach:

- The leisure and tourism sector which concentrates many seasonal workers;
- The personal services sector which attracts many female workers either in associations or through negotiated contracts between employees and employers;
- The logistics sector which attracts many temporary workers, targeting several conventional branches at once;
- Competitiveness centres in the Rhône-Alpes region which are developed in territorial structures and into an employment logic combined with projects, which generates certain instability and even insecurity.

In all, angles used to analyse job instability can be quite different. In the Instability programme, CGT Rhône-Alpes has focused on only one key dimension to job insecurity: the difficulty for workers to meet in an organisation to defend their interests collectively. For that, it relies on a recent study conducted for DARES by Paul Bouffartigue. It proposing using three entries to report on insecurity processes in companies: instability of the job status, of work activity and, finally, instability of professional relations. Its objective consists in linking up the three, understanding them interdependently. If we look at the third process, it analyses unions’ difficulty in representing employees who join the company via insecure jobs and who are kept in them. These difficulties concern the fact of understanding the situation of these employees, their relationship to work (and the suffering it may generate), of being able to give shape to their demands, of guaranteeing access to personnel representation institutions, the possibility of accessing unions in complete freedom.

CFDT Rhône-Alpes can rely on surveys undertaken by the confederation including one on insecurity in professional service branches. In five professional branches (hotel, tourism and catering, retailing, hygiene, services to business and individuals), 5200 employees replied to the survey on insecurity in the service federation. Employees’ answers show that instability presents several facets, that the accumulation of certain situations and difficulty produces insecurity. It is therefore presented as a complex and difficult to control phenomenon. People questioned insist on a lack of recognition, low income, very low access to professional training. They insist on poor work conditions, very difficult work hours and the multiplication of part-time contracts and work rates.

Insecurity is therefore partially linked to more conventional themes of collective bargaining: its consideration by social partners is as much a change in approach in conventional negotiations as the appearance of a new theme. A good number of themes linked to job insecurity have already been covered by systems offering information and the intervention of employee representatives. The aim is to consult these repeatedly. However, the presence of a large number of workers in local employment markets who are in an unstable and difficult situation to live in decent living conditions raises a new question: that of the management of provisional management of employment systems in a territory and the introduction of professional training to increase opportunities for insecure workers to access greater stability.
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