

Patrik Vulkan

# The Microfoundations of Flexicurity

Employees' well-being and attitudes to labour market policy in a Swedish and Nordic welfare state setting

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## Abstract

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This thesis examines the microfoundations of flexicurity, an arrangement of policies that proponents claim can deliver a ‘win-win’ situation in the labour market. These policies include lax employment protection legislation (EPL) to provide employers the flexibility to hire and fire with ease, and others supposed to provide employees with a high level of ‘employment security’ (high ability to find new quality jobs if they lose their current job) and ‘income security’ (low likelihood of suffering economically during periods of transition between jobs). More specifically, this thesis analyses how flexicurity may affect employees’ well-being and to what extent they favour flexicurity policy proposals in Sweden and (to lesser degrees) other Nordic countries, using data obtained from responses to a questionnaire concerning security in the labour market distributed to employees, with additional data from the Labour Force Survey.

The theoretical framework applied relates flexicurity theory to the two central concepts of flexibility and security, and the need for institutional arrangements that compensate for losses of job security (caused by weakening of EPL) in the labour market. Furthermore, it includes a multidimensional understanding of security and its relation to well-being, as well as ways in which class and insider-outsider divisions may structure employees’ attitudes to labour market policy and the main components of the flexicurity arrangement

Empirically, the thesis is based on four studies, designated Studies I-IV. Study I examines to what extent increases in employment and income security could compensate for losses of job security among employees, as envisioned in the flexicurity arrangement. Study II elaborates on this theme by examining the relation between job insecurity and poor well-being, and the degree to which losses of well-being can be countered by increases in employment and income security, using a multidimensional measure of employees’ security in Sweden, Finland and Norway. Study III examines employee attitudes to deregulating EPL, a central component of flexicurity, in the Nordic welfare states and whether labour market outsiders are more in favour than insiders of deregulation. Study IV explores employees’ support for the policy measures comprising the main flexicurity components, and to what extent class and insider/outside divisions in Sweden affect this support.

The main findings are that job insecurity exacerbates employees’ worries about job losses, and that the worries are related to both employment and in-

come security. High employment security is associated with low levels of worries about job losses, indicating that improvements in possibilities of finding a new job can compensate for increases in job insecurity. However, the level of job insecurity affects these worries most strongly (of the tested variables), thus improving job security could be considered the most effective measure for improving employees' mental well-being. A labour market that prioritizes provision of employment and income security could, under favourable conditions, be better for employees than an arrangement that primarily prioritizes job security. However, the success of the flexicurity arrangement seems highly susceptible to economic down-turns, since the effectiveness of the active labour market programmes it requires is heavily reliant on market forces. The likely loss of employment security during a recession would be clearly detrimental to employees' well-being. Relatively high proportions of employees favour deregulation of EPL in Sweden to allow employers more flexibility. However, the support decreases when the deregulation is associated with lower job security for employees. There is little support for the notion that outsiders would be more in favour of deregulation. In fact, there are indications of the opposite tendency, that outsiders are more in favour of strict EPL than insiders, contrary to a central tenet of insider/outsider theory. Concerning attitudes to all three flexicurity components, there is little coherent support for policy changes in line with flexicurity. Employee preferences are rather oriented towards either interventionist or neoliberal measures in the labour market, which to a large part can be explained by class position, since interventionist and neoliberal policy preferences are readily structured along class divisions. These results are problematic with regard to implementation of flexicurity, since wide support for the arrangement is considered important for its success. Insider/outsider divisions seem to have fairly small, or theoretically contradictory, effects on policy preferences.

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#### Study I

Berglund T, Furåker F and Vulkan P (2014) Is job insecurity compensated for by employment and income security? *Economic and Industrial Democracy* 35(1): 165-184.

#### Study II

Vulkan P, Saloniemi A, Svalund J and Väisänen A (2015) Job insecurity and mental well-being in Finland, Norway, and Sweden. Consequences of flexicurity in a Nordic welfare setting. *Nordic journal of working life studies* 5(2): 33-53.

#### Study III

Svalund J, Saloniemi A and Vulkan P (forthcoming) Attitudes towards job protection legislation: Comparing insiders and outsiders in Finland, Norway and Sweden. *European Journal of Industrial Relations*. Prepublished January, 2016. DOI: 10.1177/0959680115626057.

#### Study IV

Vulkan P (submitted) Employee support for the flexicurity arrangement as labour market policy. Unpublished manuscript.

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## Abbreviations

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ALMP	Active Labour Market Policy
EPL	Employment Protection Legislation
ESeC	European Socio-economic Classification
GDP	Gross Domestic Product
GH-12	The General Health Questionnaire 12
LFS	The Labour Force Survey
OECD	Organisation for Economic Co-operation and Development
SCB	Statistics Sweden ( <i>Statistiska centralbyrån</i> )
UB	Unemployment Benefits



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# 1

## Introduction

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This thesis addresses the microfoundations of flexicurity, specifically individual-level conditions that may affect the possibilities for implementing flexicurity arrangements, the likelihood of their success if implemented, and associated issues. It focuses on how flexicurity, as a proposed arrangement of labour market policy and institutions, may affect employees' well-being and to what extent employees favour policy proposals in flexicurity. The thesis contributes to labour market research by analysing how the well-being of employees is related to a multidimensional understanding of insecurity in the labour market and employees' preferences for key flexicurity labour market policies and institutions. This should facilitate more nuanced discussion of the merits, flaws and potential for implementation of flexicurity from the perspective of its microfoundations in a Swedish and Nordic setting.

### Why study flexicurity?

This thesis examines flexicurity as a proposed solution to the dilemma inherent in the flexicurity-security nexus, i.e. accommodating these two seemingly incompatible needs of employers and employees simultaneously in the labour market. Briefly, flexicurity proponents argue that a 'win-win' situation, or positive sum bargaining, is possible if employees' security is redefined in terms of employment security (the ability to find a new quality job with ease) and income security (not suffering economically during periods of transition between jobs) rather than job security (the right of not being dismissed arbitrarily or with ease from one's current job). If fully implemented this could benefit employees, while employers should welcome the envisaged flexibility obtained by providing employees high ability to train and re-educate themselves (thereby maintaining and refining key skills in the labour market), and also accept the provision of high levels of income security (Wilthagen and Tros, 2004). High levels of trust between the two sets of social partners are also considered crucial, so that all

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contribute to this new form of labour market arrangement, which should lead to a highly dynamic labour market with low unemployment. Thus, flexicurity has substantial proposed advantages, while also suggesting a solution to a commonly considered insolvable clash of interests. For these reasons alone, further enquiry is warranted into the feasibility of implementing flexicurity and its ability to deliver these promises.

Flexicurity is also of interest because of the high level of political interest and support that flexicurity theory has attracted, particularly in Europe, as it is widely thought to offer a solution to a particularly European dilemma. Since the 1980s the European labour markets have often been described as stagnating and falling behind in the global competition with the USA and emerging Asian economies. Many consider the European labour markets to be too rigid and hampered by extensive social protective measures, which preclude the high levels of flexibility that characteristically energize global competitors. Employees often enjoy higher levels of job security in Europe than elsewhere, and more generous levels of unemployment benefits (UB), but high job security is seen as a hindrance to a dynamic economy where both job destruction and job creation occur more freely and employers have greater flexibility to adapt to market changes. High job security gives employees greater means and resources to resist these changes, resulting in a less efficient market and higher unemployment.

Some commentators disagree with the above portrayal, arguing instead that provision of security through welfare states and regulation of labour markets have successfully reduced poverty, improved working conditions, and could be used to find alternative ways to achieve a dynamic economy and high employment, in addition to security. This is exemplified by the changing stance of (among others) the OECD (1994, 2006). Beliefs held in the 1980s and 1990s that extensive deregulation and flexibilisation to free the market from the restraints imposed by strict employee protection and social security would improve economic growth and employment creation changed as evidence mounted that there was no clear relation between employment protection and unemployment levels. There has also been a shift towards stressing the need for active rather than passive labour market policy measures (OECD, 2006, 2013b). This is partly considered a general strategy for improving the effectiveness of the labour market, but is also an expression of a shift towards recognizing the importance of fostering employability, rather than employment, as a key challenge for labour market policies (Garsten and Jacobsson, 2004). The idea of flexicurity, befitting a theoretical portmanteau, is proposed as a middle way between the old sclerotic systems in Europe and deregulated Anglo-Saxon capitalism, with the arrangements in Denmark and The Netherlands exemplifying successful ways of providing high levels of flexibility without impairing employ-

ees' security (Wilthagen and Tros, 2004). The interest and political investment in flexicurity as a new form of labour market policy is another reason to further study the arrangement, especially with regard to its potential for implementation in other labour markets.

## Flexicurity in Sweden, Finland and Norway

Denmark has the most famous flexicurity arrangement actually implemented, but as argued by Esping-Andersen (1990) the Nordic countries' institutional and labour market arrangements have sufficient similarities to consider them all representative of a distinct policy regime. Muffels and Wilthagen (2013) also consider the Nordic countries to have better institutional prerequisites for combining high levels of flexibility and security than other European countries. From this perspective, Sweden, Finland and Norway should provide favourable settings for testing key tenets of flexicurity theory. However, in all three of the countries there is still fairly strict employment protection legislation (EPL) for most employees (see Study III), which provides a high level of job security that is incompatible with flexicurity. Furthermore, in Sweden employee attitudes are to a large degree structured along class divisions, which could severely constrain potential support for flexicurity policies, as they do not clearly tally with interests of either working or service class employees (see Study IV). Consequently, this thesis investigates in detail to what extent these conditions are favourable to flexicurity in Sweden, Finland and Norway.

## Employees' well-being and policy preferences

Labour market policies and institutional arrangements must be considered in any flexicurity analysis, but the primary focus here is on its microfoundations, and hence individual (particularly employee) level aspects. This provides a pertinent way to address flexicurity's central claim of providing a way to achieve a win-win situation, where employees retain high security in a flexible and mobile labour market. This is important because perceiving insecurity or feeling insecure is strongly negatively related to employees' well-being (De Witte, 1999). Hence, stakes are high when implementing flexicurity. A win-win scenario of flexicurity should not have a detrimental effect on employees' well-being. This is the first research theme of the thesis, and a theoretical contribution is a multi-dimensional model of insecurity that considers both cognitive and affective dimensions of job, employment and income insecurity, and how they relate to employees' well-being.

The second theme of the thesis concerns another central role of employees in the flexicurity arrangement. Flexicurity proponents stress the need for trust between the central partners for it to work (Keune and Jepsen, 2007; Wilthagen,

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2002). For employees, this specifically concerns their support for labour market security centred on employment and income security rather than job security (Wilthagen and Tros, 2004), the current norm in most labour markets, including Sweden, Finland and Norway. Failure of the employees to trust or support some or all of the main flexicurity components would substantially hinder its implementation. However, employees' opinions and preferences regarding flexicurity policies have received little research attention. Thus, an empirical contribution of the thesis is an analysis of employees' attitudes to labour market policy and their implications for flexicurity.

The thesis also addresses the influence of structural divisions in the labour market on policy preferences and their implications for potential flexicurity support. Recent changes in the Swedish labour market have diminished established sources of job security for employees with relatively weak attachment to the labour market, while active and passive labour market policy has shifted towards work incentive arrangements (Bengtsson, 2014). This has led some to argue that employees are increasingly divided into outsiders and insiders, with regard to both their material conditions and preferences (Rueda, 2005, 2006). In a Swedish context this would involve a shift from traditional class-based structural divisions in the labour market, which could have profound implications for flexicurity arrangements. Outsiders are considered likely to welcome policy changes oriented towards flexicurity (Rueda, 2005), so re-structuring policy preferences along insider/outsider divisions could be accompanied by growth in support for flexicurity policies.

### Aim and research questions

This thesis primarily addresses flexicurity from the employee's perspective, particularly its implications for employees' well-being and implications of their policy preferences for the feasibility of implementing flexicurity arrangements. The starting point is its proponents' claim that implementing flexicurity arrangements in the labour market, through labour market programmes and institutional changes, should simultaneously deliver security for employees and flexibility for employers. Employees' security should no longer be found in job security but in employment and income security. This, argue the proponents, should result in an equal or higher sense of security, although of a different sort and thus constitute a positive-sum trade-off for employees' security together with higher mobility and flexibility for employers. Key aspects examined are employees' attitudes towards flexicurity's security components and the degrees to which the envisaged trade-off is a realistic expectation for employees' sense of security, and employees would support a shift in labour market policy towards envisioned flexicurity arrangements.

The first theme concerns the risk of insecurity that flexicurity could entail for employees. A decrease in job protection is likely to result in a greater sense of job insecurity, but flexicurity proponents argue that increases in employment and income security should be able to compensate for this. Employees' sense of security is of great concern, not only in itself, but also because it is likely to affect their well-being. Hence, much is at stake if the security components do not work according to flexicurity theory. This is the first theme of the thesis, as formulated (for both theoretical and empirical analysis) in the following overarching research questions:

*Do employment and income security counteract or compensate for an expected loss in job security among employees and what does this entail for their well-being? What are the implications for the implementation of flexicurity in the labour market from an employee perspective?*

The second theme concerns employees' support for policy measures related to the flexicurity arrangement. Political support for changes of regulations and policies in line with flexicurity is to some degree essential for its implementation. However, the arrangement's components could prove controversial, especially deregulation of employment protection legislation (EPL), which would be necessary in many Nordic labour markets, and could result in increased risks of job insecurity for employees. Furthermore, it is unclear whether employees could support such policy changes, or if their views on labour market policies would follow traditional patterns rather than the compromises underlying flexicurity. This theme is also informed by recent changes in the Swedish welfare system, which some consider symptomatic of the emergence of a more dualistic labour market, where employees are increasingly either secure insiders or insecure outsiders, and outsiders are expected to have more favourable attitudes towards the compensatory security components of flexicurity. This new divide may compete with class differences as the main structural cleavage affecting political opinions related to the labour market. The second theme can be expressed (again for both theoretical and empirical analysis) in the following overarching research questions:

*To what degree do employees support re-orientation of labour market policy towards flexicurity? Do class and insider/outsider divisions in the Swedish labour market affect employees' preferences in this regard?*

Addressing these themes requires analysis at several levels, including not only the individual employee in the labour market (microfoundations of flexicurity) level, but also the relevant labour market institutions. The empirical basis for the thesis consists primarily, but not entirely, of studies of the Swedish labour mar-

ket. Two of the studies also examine, compare and contrast labour markets and institutional arrangements in two other Nordic countries, Finland and Norway, in addition to Sweden. The focus on the outlined issues associated with flexicurity in Nordic welfare state settings has guided the theoretical framework and design of the studies, as described in detail in later sections.

### Organization of the thesis

The following chapter presents the theoretical framework established to address the overarching research questions stated above. It begins with an introductory definition of flexicurity then addresses the component concepts of flexibility and security, their application to the employment relation from the employee's perspective, and how measures to meet needs for flexibility and security (considered solely in terms of the employer-employee relation) usually fall short. Institutional arrangements of the labour market are then discussed, as they are crucial to flexicurity theory and allow the envisioned positive trade-off. This discussion encompasses both theoretical aspects of labour market policy and key institutional components, as exemplified by the Danish 'Golden Triangle' (the most prominent example of an institutional flexicurity arrangement). Labour market policy and institutions in Sweden are then introduced, initially by discussing characteristics of a 'Nordic welfare and labour market policy regime'. Previous and current states of institutional arrangements in Sweden relevant to flexicurity policy are then compared to assess their similarities to, and deviations, from the 'Golden Triangle' and if recent changes in the Swedish labour market have enhanced the similarities or deviations.

Approaches to evaluate the flexicurity arrangement in terms of the employees' well-being are then considered. Lack of security can impair their well-being, so failure of the arrangement to work as expected would pose major risks for them. Thus, this section considers definitions of well-being, and its relations to various forms of (in)security. The (related) feasibility of introducing flexicurity components with regard to employees' attitudes towards labour market policy is then examined. Specific issues considered include: how flexicurity fits with policies that currently shape the Swedish labour market and its institutions; how these policies influence employees' opinions; how the labour market's current organization affects groups of employees defined by structuring principles such as class or insider/outsider position; and how this may affect groups' attitudes towards flexicurity. The chapter concludes by describing how theory and previous studies have been applied to address the overarching research questions in studies presented in the four appended articles (designated Studies I-IV). This section also clarifies the objectives of the studies.

## INTRODUCTION

The methodology and empirical material used in the four studies are described in the following chapter. Finally, I summarize the four studies then discuss the contributions of the studies, and implications of the conclusions.



# 2

## Theoretical Framework and Previous Research

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### Flexicurity

Although this thesis centres on employees, their security in various forms, and associated issues, any discussion concerning flexicurity must consider both security and flexibility, as well as the other actors involved in the employment relation. A starting point is the key issue in the so-called flexibility-security nexus (Burroni and Keune, 2011; Wilthagen, 2002): how should the employment relationship, and the labour market, be constructed to accommodate the needs for both flexibility and security?

In their seminal paper on flexicurity, Wilthagen and Tros (2004) lay the theoretical foundations by providing two definitions. The first defines flexicurity as a policy strategy that:

*...attempts, synchronically and in a deliberate way, to enhance the flexibility of labour markets, work organisation and labour relations on the one hand, and to enhance security – employment security and social security – notably for weaker groups in and outside the labour market, on the other hand. (Wilthagen and Tros, 2004:169)*

In the second, they define what would characterize a state of flexicurity in the labour market:

*Flexicurity is (1) a degree of job, employment, income and ‘combination’ security that facilitates the labour market careers and biographies of workers with a relatively weak position and allows for enduring and high quality labour market participation and social inclusion, while at the same time providing (2) a degree of numerical (both external and internal), functional and wage flexibility that allows for labour markets’ (and individual companies’) timely and adequate adjustment to changing conditions in order to maintain and enhance competitiveness and productivity. (Wilthagen and Tros, 2004:170)*

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Flexicurity consists of several forms of security and flexibility according to this latter definition. It describes the general condition of the labour market that would enable flexicurity; flexibility and security policies should be developed in a synchronous fashion and be aimed at benefiting all groups in the labour market, not just those with favourable positions or resources. Flexicurity is a multi-dimensional concept that can be described in terms of a matrix of four elements of both security and flexibility, as shown in Table 1. Following the above definition, security refers to needs of workers or employees, while flexibility refers to needs of employers, companies and the labour market as a whole.

In a flexicurity context, four kinds or elements of security can be recognized (cf. Gazier, 2007; Leschke et al., 2007; Wilthagen and Tros, 2004). The first, and probably best-known, kind of security in the labour market is job security: the likelihood of employees keeping current jobs. The others are employment security (prospects of employees who have lost jobs finding new ones), income security (the ability to avoid financial hardship during jobless periods), and combination security (employees' ability to combine jobs with other responsibilities and commitments).

Four distinct elements of flexibility can also be recognized: external-numerical flexibility (employers' contractual flexibility to hire and fire), internal-numerical flexibility (employers' ability to change employees' working hours), functional flexibility (employers' ability to change internal work organization), and wage flexibility (employer's ability to modify employees' wages in response to changes in demand or economic performance) (Muffels et al., 2014; Wilthagen and Tros, 2004).

Table 1. The Wilthagen and Tros flexicurity matrix.

Flexibility/security	Job Security	Employment Security	Income Security	Combination Security
External-numerical flexibility				
Internal-numerical flexibility				
Functional flexibility (internal functional)				
Wage flexibility (external functional)				

Source: Wilthagen and Tros (2004).

The security and flexibility elements can be linked in various constellations or forms of trade-offs, which according to flexicurity theory can result in 'positive-sum' situations (cf. Muffels and Wilthagen, 2013; Muffels et al., 2014).

## THEORETICAL FRAMEWORK AND PREVIOUS RESEARCH

Proponents of flexicurity argue that labour market policies are often too strongly focused on job security, perceived as employees staying with the same employer for a relatively long period of time, at the expense of other forms of security. Instead, they claim the policies should address all forms of security in a more balanced fashion, as intended in the flexicurity arrangement. Employment security is considered to be particularly crucial, to enable employees to have security over their career (but not necessarily in the same job or with the same employer). However, income security is also important to allow (and encourage) transitions between employments. This is assumed to promote greater external-numerical flexibility for the employer, and is considered a prime example of positive sum bargaining, or a labour market situation of flexicurity (Muffels et al., 2014). Combination security is also regarded as beneficial, as it allows employees to participate more fully in the labour market by enabling them to combine work with other responsibilities such as caring for children and the elderly.

### Flexicurity as theory, arrangement, and model

The concept of flexicurity will be approached from several angles. Furthermore, many different meanings have been attached to the word flexicurity, and it has been used for diverse purposes (cf. Auer, 2010). So, in this section I briefly discuss the concepts that I most frequently use in the thesis and how they relate to each other. When referring to flexicurity as a theory, I do this mainly in relation to the theoretical claim that employers' flexibility and employees' security can be mutually enhanced, specifically focusing on the importance of different forms of security for employees and their welfare, as well as their attitudes towards each of the forms of security. For this purpose I refer to the definitions by Wilthagen and Tros (see above). It should be noted that flexicurity theory as defined only offers a very vague recommendation about how it should be achieved (through employment and income security) in the first definition, while the latter definition remains neutral. When referring to flexicurity as an arrangement, I do this in relation to more specific recommendations about how to achieve it under certain conditions, focusing on certain institutions related to different forms of security. For instance, this thesis primarily discusses flexicurity arrangements in the context of Nordic welfare states, with deregulation of employment protection legislation as one of the central institutional changes. Flexicurity as a model refers to a concrete case where a flexicurity arrangement has been implemented, with reference to specific institutional arrangements and policy measures. The main example of a concrete flexicurity model referred to in this thesis is the Danish 'Golden Triangle'.

## Flexibility and security as incompatible goals

The two central terms, flexibility and security, are present in Wilthagen and Tros' definition, as well as the statement that flexicurity rests on the synchronous enhancement of both. Flexicurity as a policy aims to be more than the reactive implementation of either flexibility or security to deal with labour market imbalances, but how does this definition relate to the employment relationship between employees and employers as it is usually construed and how are flexibility and security usually understood with regard to these two actors?

From this perspective security and flexibility are often considered incompatible because employees are chiefly concerned with attaining or keeping security while employers are primarily concerned with attaining flexibility. This is often illustrated as employees wanting job security, to feel safe in the knowledge that they will not suddenly or arbitrarily lose their jobs, while employers want the flexibility to quickly and inexpensively hire or fire employees according to their needs. If employees get what they want, this implies that employers will suffer from inflexibility because it will reduce their ability to adjust their workforce according to their needs, while if employers get what they want employees will become more insecure with regard to keeping their jobs.

Depending on one's perspective, the terms flexibility and security can have either positive or negative connotations. This can easily lead to conceptual ambiguity when they are applied and the problems inherent with these value-laden concepts should be addressed. Jonsson (2007:31) suggests a more precise use of the concepts to address this problem, proposing the following definition of flexibility:

*Flexibility is the propensity of an actor or a system to exhibit variation in activities or states which is correlated with some other variation and desirable in view of this variation.*

A key term in this definition is the *propensity to exhibit* variability. The actor, or system, does not necessarily exhibit variability, but it must possess the requirements for variability: the ability and willingness to change. The propensity to exhibit variability must also be desirable, in relation to changing circumstances. Flexibility is thus *desired variability* and undesired variability should not be regarded as flexibility. This definition addresses the problem of value-bias in an attempt to avoid the conceptual complexity arising from the need to specify responses, or the ability to respond rapidly in diverse ways, as either 'good' or 'bad', depending on the situation.

This definition of flexibility implies that in some situations actors will desire the opposite of variability, which Jonsson suggests is 'stability'. Flexibility and stability are diametrically related to variability, since flexibility is desirable varia-

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bility and stability is desirable invariability, thus Jonsson (2007:34) suggests the following definition of stability:

*Stability is the propensity of an actor or a system not to exhibit variation in activities or states which would be undesirable in view of the non-existence of some other variation*

According to this definition of stability the actor or system has the ability and willingness to avoid change, in circumstances that are not changing and where change would be undesirable. Just as flexibility is desired variability, stability is *desired invariability* and undesired invariability should not be regarded as stability. In relation to flexicurity, as desired invariability stability seems conceptually close to job security, but employment and income security as understood in flexicurity are not as easily categorised. The relations of the forms of security to Jonsson’s conceptualizations are addressed more fully later in this chapter.

Two further concepts introduced are undesired variability and invariability, which respectively correspond to instability and inflexibility. These four concepts and their relations to each other can also be expressed in the form of a matrix of desirable or undesirable variability in combination with situations or circumstances with or without variability (Table 2). Their use can improve conceptual clarity and address the problem of value bias by clearly defining the concepts as desirable or not.

Table 2. The variability matrix.

	Variability is desirable	Variability is not desirable
Situation with variability	Flexibility	Instability
Situation without variability	Inflexibility	Stability

Source: Jonsson (2007: 34).

The next step is to address the question of ‘desirable for whom?’ It should be recognised that flexibility and security are not inherent properties, but always relative to a particular perspective. Thus, the concepts can be understood as always being in someone’s interest, and in this context specifically, the interests of either employers or employees. Hence, the four concepts can be regarded from each actor’s perspectives, including the perhaps less common situations of employee flexibility and employer stability, for instance. This can be summarized in an expanded matrix that takes into account all potential combinations of variability and invariability among both employees and employers. This is also useful for illustrating the potential for policies that can enhance both flexibility and security.

A matrix of eight possible combinations of variability that roughly correspond to recognizable arrangements of the employment relation with regard to numerical flexibility and security is presented in Table 3. While the arrangements

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primarily concern the endogenous relations of (in)variability between the two actors in the employment relation, it should also be stressed that more exogenous factors, such as the general state of the labour market, can condition the employment relationship in ways that none of the actors can influence. Some of the scenarios are quite unlikely to occur or significantly affect labour markets, but are still alternatives that the theoretical model incorporates.

Some of the combinations can easily be identified as common situations discussed in labour market debates that involve a clear win-lose scenario. Combination 2 favours employers, by promoting their desired ability to easily recruit and dismiss employees, but employees do not desire this form of variability, as it results in employee instability. Corresponding situations can occur when the labour market or a specific sector has a surplus of employees and current legislation (and/or other conditions) enable employers to easily hire and fire. The situation is characterized by mobility, but not mobility freely chosen by employees. Combination 6, on the other hand, is a situation where employees desire stability and get it, while employers desire flexibility that the situation denies them, resulting in inflexibility. This may occur when EPL offers employees the desired stability, which employers experience as inflexibility, denying them the possibility to hire and fire as they see fit. Like number 2 this is also a scenario that is commonly described in debates, but where the conditions favour the employees. It is frequently heard in the Swedish debate, as a labour market situation resulting in low and detrimental mobility (Davidsson and Emmenegger, 2012:222-224; Emmenegger, 2014: 256).

Table 3. Variability matrix for employers and employees.

Employment relation		Variability is desirable for employees	Variability is not desirable for employees
Situation with variability	Variability is desirable for employers	(1) <i>Win/Win</i> Employee Flexibility Employer Flexibility	(2) <i>Lose/Win</i> Employee Instability Employer Flexibility
	Variability is not desirable for employers	(3) <i>Win/Lose</i> Employee Flexibility Employer Instability	(4) <i>Lose/Lose</i> Employee Instability Employer Instability (but complementary position)
Situation without variability	Variability is desirable for employers	(5) <i>Lose/Lose</i> Employee Inflexibility Employer Inflexibility (but complementary position)	(6) <i>Win/Lose</i> Employee Stability Employer Inflexibility
	Variability is not desirable for employers	(7) <i>Lose/Win</i> Employee Inflexibility Employer Stability	(8) <i>Win/Win</i> Employee Stability Employer Stability

Some combinations describe a lose-lose situation, such as number four, where stability desired by both employees and employers is undermined by variability in the current situation: employees can be easily dismissed, and would prefer

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more employment security, while employers would prefer a stable workforce, but the employees have high mobility. This could occur when employees have little job protection, which they desire, while employers are vulnerable to employees leaving. Although hardly ideal for either set of actors, such a situation at least provides complementary advantages that will likely mitigate some of the risks faced by both. For example, the short-time work arrangements introduced in Germany following the financial crisis of 2008 were intended to increase levels of stability for both employees (by allowing more of them to keep their jobs) and employers, through enabling the retention of a more stable workforce (cf. Brenke et al., 2013).

Finally, and in relation to the discussion of flexicurity the most interesting, there are two combinations (1 and 8) that potentially allow a win-win situation. In combination 1 both employees and employers consider variability desirable, and the situation allows for variability. Employer flexibility in a situation of variability translates into employers enjoying the ability to easily recruit and dismiss employees according to their needs, while employee flexibility refers to a situation where it is possible and desirable for employees to quit their current jobs and move to other, more desirable jobs. This is considered a win-win situation since both employees and employers get what they want, but seems to correspond to quite specific and unusual labour market conditions. An example would be a situation in which there is high demand for consultants, who favour the ease to move between jobs allowed by high flexibility, while employers primarily desire the ability to hire and fire these consultants as they see fit. In combination 8 both employees and employers desire stability allowed by the situation (secure employment and a stable workforce, respectively), for example a situation where employers wish to retain dependable staff who are difficult to replace while employees want to stay and know that it would be difficult to find good employment elsewhere. This may occur in companies that heavily rely on extensive in-house training, resulting in skills that are difficult to attain anywhere else, but also have much less value elsewhere (cf. Estevez-Abe et al., 2001:148). This is a win-win combination, as both actors get what they desire, but their mutual dependency is also likely to restrain the demands of each actor on the other.

However, with regard to the notion of a win-win or positive sum trade-off as imagined in flexicurity theory, both of these situations seem to fit poorly. They both appear to be applicable to a fairly small fraction of employees in the labour force. Furthermore, the first situation is one where both employers and employees both desire flexibility, while they both desire stability in the other. Neither really captures the flexibility-security challenge that flexicurity aims to address.

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This review of potential combinations of variability between employers and employees is based on theoretical constructs, but may help to illustrate some aspects, and complexities, of the employment relationship. Notably, several (potentially all) of these combinations seem to be present simultaneously, in employment relationships in different sectors of an economy, or even within specific sectors and companies. Some of the combinations are more familiar than others since they generally apply to larger numbers of employees and employers in conventional economic situations, while others require much more specific conditions or employment relations. The review highlights the importance of stability for employers and flexibility for employees, although at least the former is usually ignored in discussions concerning the flexibility-security nexus (cf. Berglund and Esser, 2014:78; Gazier, 2007). Furthermore, it illustrates that interests and preferences among both employees and employers are far from homogenous, since they can have quite different needs for stability and flexibility depending on the situation. Thus, any nuanced analysis of the need for flexibility and security in the labour market should take this possibility into account and not *a priori* treat either employees' or employers' interests as uniform.

Two situations that could be described as win-win situations can be discerned, but none of them resemble the combination of employee stability and employer flexibility that flexicurity aims to achieve. According to the logic of the definitions offered by Jonsson, employer flexibility and employee stability seem to be mutually exclusive, precluding a win-win or positive sum bargaining situation.

This seems to be the case when the employment relationship is defined strictly as involving two actors, as in Jonsson's conceptual framework, and considered on the microeconomic level of the individual actor or company. However, flexicurity demands the inclusion of a further dimension. In addition to the relation between employers and employees, we must also explicitly consider the wider labour market, in which labour market institutions play important roles.

In the definition of flexicurity policy mentioned earlier, Wilthagen and Tros (2004: 169) specify that employees' security should be provided in the forms of employment and income security, rather than job security.<sup>1</sup> All three forms of

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<sup>1</sup> It should be noted that combination security is not addressed specifically in the definition of flexicurity policy by Wilthagen and Tros on page 169, although it is part of their matrix. This ambivalence can also be seen as symptomatic of a substantial part of research on flexicurity, where combination security is often ignored, largely or completely.

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security are affected by the institutional arrangements and labour market programmes at play. For instance, job security strongly depends on the EPL currently governing the labour market, employment security is affected by the implemented active labour market policies (ALMP), and income security is maintained extensively by social security arrangements such as unemployment insurance (Berglund et al., 2014; Berglund and Furåker, 2011; Muffels et al., 2014; Vulkan et al., 2015).

Thus, security may be provided (or constrained) at two main levels: micro-level arrangements between employees and employers, and macro level arrangements governed by the institutional arrangements of the labour market.

The positive sum bargain envisaged in the flexicurity arrangement is that employers gain flexibility through a reduction in job security for employees, while employees gain security through increases in employment and income security. In Jonsson's terminology, this is a win-lose combination (on the micro, employer-employee relationship level), with employers gaining flexibility while employees suffer instability. This will not be the case for all employers and employees, as the theoretical model illustrates, but a common situation and the specific scenario that flexicurity theory is meant to address. However, with appropriate macro-level institutional arrangements, according to the theory, employees can be compensated by generous levels of employment and income security, enabling a positive-sum trade-off between the two sets of actors. The provision of sufficient employment and income security would then change the employees' situation from one of instability to flexibility, in practice ensuring security through flexibility. In Jonsson's terms the lack of stability is resolved by abolishing the need for stability and creating a state of desired variability (flexibility) rather than ensuring stability (desired invariability) for employees.

Subjecting Jonsson's terminology to the logic of flexicurity helps the introduction of another important question relating to flexibility and security. Is achieving the goal of flexicurity by making employees in general perceive flexibility-as-security as a desired state a question of fulfilling certain needs and entitlements, or changing their preferences with regard to opportunities and provisions? In other words: could the success of flexicurity really rest on a certain attitude to security?

Dahrendorf (1994) argues that two of the great themes in modern politics are the roles of provisions and entitlements, and how they relate to each other. Provisions refer to the widening and growing set of choices in society, of the opportunities that exist. Entitlements, in contrast, refer to the access available, demand for, and rights to these opportunities. Entitlements, especially in the form of rights, are important since they tend to define citizenship. The flexicurity arrangement can be considered a widening of the security choices available

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for employees. If choices are truly available, discussing flexicurity arrangements in terms of employees' preferences (i.e. making employment and income security preferable to job security) may be valid. However, the more security is regarded as an entitlement or right the less it can be considered a choice, since entitlements tend to be irrevocably guaranteed to everyone they cover, through established rights or legislation. Employees' attitudes to the different forms of flexicurity will undoubtedly influence its success (or feasibility), but their attitudes and preferences will also be conditioned by the extent to which security is available as either an opportunity or right. This also means that the forms, attitudes towards and effects of security will be dependent on the nature of the institutional arrangements that govern them, as opportunities available for employees to pursue, or as rights.

Having recognized the necessity of macro-level labour market arrangements for successful implementation of flexicurity arrangements, the next step is to shift attention from the employment relation on an actor level to functions of the institutional systems and labour market policy. The following chapter addresses three associated themes. The first concerns how labour market policy should be understood in the context of flexicurity arrangements. The second theme concerns labour market policy arrangements on an institutional level with respect to the main flexicurity components. Discussion of this theme includes illustrative examples of the flexicurity arrangement's implementation, particularly in the Danish 'Golden Triangle'. The final theme concerns the situation in Sweden, and to some extent Nordic welfare regimes more generally. How do the relevant arrangements in Sweden compare to those envisioned in flexicurity and what are their similarities and divergences? Furthermore, to what extent would key features of the current situation in Sweden facilitate or hinder implementation of flexicurity in Sweden?

### Labour market policy

Labour market policy can initially be defined directly as measures that concern the two main sets of labour market actors: employers and employees. Policy measures address the main concerns of each actor (unemployment and labour shortage/redundancy, respectively) and seeks to address these problems. A broader definition includes all forms of public intervention that may influence the labour market and its functions, including (*inter alia*) education policy initiatives, financial safety and welfare arrangements for the unemployed, and legislation concerning employment protection, working hours or wages. This definition facilitates consideration of the various policies that can be implemented when there is political desire to change the labour market dynamics – or functions of larger parts of society for that matter.

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However, labour market policy can also, as Therborn (1991) puts it, be understood as an act of social management, in the sense that actors in the labour market try to influence other actors in certain ways to achieve desired states or goals. According to the power resource approach, as developed by Walter Korpi (1983), labour market policy is an expression of the power relations and struggles between the two main actors, employers and employees, in the labour market. The welfare state, and the institutions setting labour market arrangements, are to a large degree results of distributive conflicts between class-related interest groups, where the allocation and use of power resources emanating from either labour or capital play key roles (Korpi, 2003, 2006). Socio-economic class is understood as generating differences in risks that individuals are exposed to during their life course, as well as different resources to cope with the risks. Thus, institutions should not be considered neutral but rather as reflections of the distribution of power in society.

Labour is considered a power resource that needs to be collectively organized and coordinated to be truly effective, which highlights both the role of unions and potential benefits of pursuing distributive conflicts through democratic structures rather than pure market mechanisms. Korpi (2006) argues that many of the arrangements characterizing the welfare state are results of a decrease in the disadvantage of working class power resources brought about through organization and often (electoral) alliances with service class groups. As such labour market policy and institutions reflect distributive arrangements to cope with risks that many employees (both working class and service class) face through encompassing solutions. Earnings-related UB are usually considered examples of this, which primarily concern working class employees since they face higher risks of unemployment, but should also be in the interest of service class employees, since the benefits will also reflect their higher wages to a certain extent. The welfare state is usually considered an example of the success of labour in the power resource struggle, but Korpi (2006) also emphasizes that this can be a positive-sum conflict, and that employers have in some regards benefited from welfare arrangements, although they have not been their primary priorities.

This differs from the 'variety of capitalism' approach, which also considers labour market policies acts of social management, but does not regard power struggles or class-based conflicts as the principal reasons for their outcome. Rather, employers and companies are assigned a much more active role in promotion of welfare arrangements, depending on their need for different forms of skills in the production process (Hall and Soskice, 2011). Skills are considered to be either general and easily transferable between firms and sectors of the labour market, or specific and relevant to only certain firms or branches of industry,

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beyond which the specific skills have marginal value. Employees with general skills are secure due to their ability to move between employments or readily find new jobs. This can be understood as a market-based form of employment security, which both these employees and employers dependent on general skills prefer to insurance through the welfare state, which is considered inefficient or costly.

Employees with specific skills cannot so easily find a new job that allows them to retain skilled wages and they are considered rational in the sense that they will only invest in specific skills if there are forms of insurance against risks associated with income reduction due to unemployment, job loss and relative wage changes. Employers who depend on specific skills understand this need for security but are unwilling to finance it themselves directly, resulting in their support for institutional arrangements through the welfare state. Employment protection, or job security, then becomes necessary to encourage investment in specific skills, since these employees need greater guarantees that they will not easily lose their jobs. Unemployment insurance with sufficient earning-related benefits will allow the employees with specific skills to retain skilled wages during spells of unemployment. This form of income security will help to give a return on skill investments to compensate for economic fluctuations (Estevez-Abe et al., 2011). Institutional arrangements will thus develop to facilitate credible commitment of the actors to strategies that sustain cooperation in the provision of suitable skills. Labour markets will tend to develop towards either emphasizing general skills and limited welfare arrangements (Liberal market economies) or specific skills and encompassing welfare arrangements (Coordinated market economies).

Likewise, certain institutional arrangements can also determine the profile of skills that is likely to emerge in an economy. For instance, high job security is likely to be accompanied by a propensity to invest in firm-specific skills, and (hence) low employee mobility, while high income security fosters the development of industry-specific skills, allowing skilled employees to move between companies within industries but requiring economic security to risk transitions (Estevez-Abe et al., 2011). High employment security, if understood as measures that support vocational training and education, can be considered to facilitate the acquisition and maintenance of both specific and general skills, depending on their focus. The variety of capitalism approach emphasizes the need to examine differences in skills to understand the heterogeneous interests among employers and employees, but perceives labour market policy arrangements to a large extent as results of the actors' mutual interests.

## Labour market mechanisms

Numerous factors affect the formulation, implementation and success of labour market policies via diverse mechanisms. The nature of the factors and mechanisms regarded as important will depend on the theoretical framework applied. However, a major distinction can be drawn between legislative and economic measures. Legislative measures are interventions of the state, as the actor or body that implements and maintains the law, that confirm certain rights or responsibilities on actors in the labour market, while economic measures (which are usually based on and subordinate to legislated rights) are distributed as material support to actors and can have diverse forms, ranging from the institutional arrangements that constitute employment services to employment training and cash grants for the unemployed. EPL is of course highly relevant to the flexicurity debate as it is often considered a hindrance that results in too generous levels of job security by flexicurity proponents.

Labour market policy may also involve supply-, demand-, or matching-oriented measures (Furåker et al., 1990; Van den Berg et al., 1997). Supply-oriented measures are intended to adapt the supply of labour to fit the needs of the labour market, for instance through training and education programs aimed at getting more employees into specific occupations. Demand-oriented measures are intended to stimulate the demand for labour or certain forms of it in the labour market, for instance by encouraging employers to hire more employees or keep current employees in employment through subsidies in the form of reduced payroll taxes. Matching measures are intended to ease transitions on the labour market and ensure that employees and employers can find each other to minimize frictional unemployment. The flexicurity arrangement usually promotes supply-oriented measures to achieve high employment security through education, training, and effective matching.

Finally, a distinction can be drawn between active and passive measures. Active measures are those aimed at getting the unemployed back into gainful employment, e.g. by matching through employment office activities, training or education, and employment subsidies. Passive measures refer to provisions of financial support for the unemployed, which do not facilitate reemployment per se, but ensure a level of economic security in periods of unemployment, although those receiving UB are obliged to be available for work, training or other measures that the unemployment services see fit. This distinction is frequently used in flexicurity debates, regarding employment security as being delivered through active measures, and income security through passive (unemployment insurance) measures.

In the following two sections, these distinctions and definitions are applied in consideration of labour market policy in the form of the Danish 'Golden

Triangle', and current labour market policies in both Sweden and (to some extent) the other Nordic countries.

### The Danish 'Golden Triangle' - An illustration of labour market policy and institutional arrangements in flexicurity

The flexicurity model implemented in Denmark, the 'Golden Triangle', is widely used to illustrate the institutional framework that flexicurity should be built upon (Jørgensen and Madsen, 2007; OECD, 2004). For a number of years Denmark had among the lowest levels of unemployment in Europe, combined with high labour market mobility and low levels of inflation. This was considered partly a result of the 'Golden Triangle', the arrangement of policy measures that allowed a flexicurity state of simultaneous employee security and employer flexibility. Since flexicurity theory does not recommend a particular arrangement for its success, the Danish example is used here for illustrative purposes in a theoretical review of potentially suitable institutional flexicurity arrangements in a Nordic welfare state setting. However, since it concerns an actual case of implementation, the theoretical passage is followed by a brief review of how the flexicurity arrangement has fared in Denmark.

All three corners of the triangle are considered necessary to achieve a positive-sum trade-off for both employers and employees, and a dynamic economy, as illustrated in Figure 1. The first is a labour market characterized by lax EPL enabling numerical flexibility for employers. This is usually the most distinctive part of the arrangements since, in itself, it corresponds to the combination of employer flexibility and employee instability according to Jonsson (2007), from which employees have little to gain. Policy reform in this area can take time and require comprehensive political support since it requires legal changes.

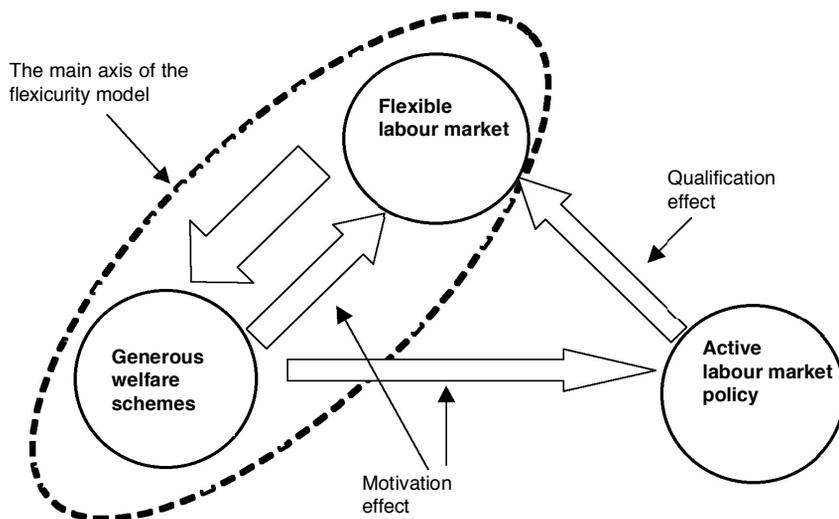
The second corner concerns income security in the form of generous welfare schemes, primarily through UB, ensuring that unemployment spells do not pose severe financial threats to employees. This is supposed to have motivating effects that also encourage mobility among the employed (Bredgaard et al., 2006). Employees should not be deterred from aiming to change new occupations, or let fear of financial difficulty associated with unemployment dictate their working life. While usually paid relatively little attention in the flexicurity debate, passive policy measures (and specifically UB) are key elements of the flexicurity arrangement and the 'Golden triangle' as they are supposed to promote mobility by providing income security for the employees.

Generous welfare schemes can also provide combination security, for instance through extensive child and elderly care systems that allow employees to combine work with other social and private responsibilities and commitments (which is often crucial for some groups, especially women, to access the labour

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market). However, this component, and more general discussion of gender dimensions, is ignored in most contributions to the flexicurity debate (Lewis and Plomien, 2009: 435). Combination security is in practice part of Danish institutional arrangements through social provisions and transfers, but it does not have a specific role in the ‘Golden Triangle’.

Figure 1: The Danish flexicurity model.



Source: Bredgaard et al., 2006

Finally, ALMP constitute the third corner of the triangle.<sup>2</sup> These policies should both facilitate efficient matching in the labour market and boost employees’ qualifications by providing the means for them to acquire education or training to meet their needs. Knowledge that these resources are available should also

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<sup>2</sup> This can be compared to the four dimensions of flexicurity that have been identified by the European Commission: active labour market policies, modern social security systems, flexible and reliable contractual arrangements, and lifelong learning (referring primarily to company or on-the-job training) (Manca et al. 2010, Oorschot and Chung, 2015). The ‘Golden Triangle’ does not distinguish between lifelong learning and active labour policies but merges the two in the model. However, Madsen et al. (2010) discuss inclusion of this distinction and moving to a ‘flexicurity square’.

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motivate the employees to seek new lines of employment that require new skills or knowledge, thus providing a motivation effect. Mandatory programmes can also have a threat effect, where individuals put more effort into finding a new job before they have to enter a programme (Madsen, 2002). Through these measures a level of employment security will be achieved for employees in the labour market, facilitating the most notable aspects of the flexicurity arrangement, which is the transition from job security to employment security.

The golden triangle illustrates a principle of complementarity between institutions (cf. Burroni and Keune, 2011; Crouch, 2010). The concept of institution in this thesis rests on the definition by Hall and Soskice (2001:9), '*...a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons*' with the added distinction that material interests are also largely expressions of preferences and values (cf. Berglund, 2012). However, Hall and Soskice treat complementarity as a state in which institutions reinforce each other. With regard to flexicurity, it seems more apt to describe a complementary arrangement as a situation where the institutions involved offer what the others lack in order to produce a defined whole (Crouch, 2010:118). The components of flexicurity can only be successfully arranged when they, and corresponding institutions, meet needs associated with each other's deficiencies. For this reason the variety of capitalism approach has been criticized by flexicurity proponents who consider the theory too limited in its understanding of complementarity to accommodate the merits of the flexicurity arrangement (Campbell and Pedersen, 2007).

The principle of complementarity also illustrates what is at stake. From the employee's perspective, a dysfunctional flexicurity arrangement will probably result in one or more forms of risk. If the welfare schemes are not functioning, or simply not generous enough, unemployment will entail a higher risk of income insecurity as periods of unemployment will pose financial challenges for employees. If the ALMP are not comprehensive enough, or do not enhance qualifications, the employees may have little employment security and worry about their chances of finding a new job of good quality, if they lose their current one. The efficiency of the complementary arrangement should also be considered with regard to changes in the general economic climate. Notably, it will probably be challenging to maintain high employment security through training, education and matching in an economic recession, when few jobs are available, or created, in the market (Madsen, 2002:13-14). Some authors have criticized the fundamental principles of the complementary arrangement in flexicurity. According to Calmfors (2007) there is strong evidence that generous UB will not make the labour market more dynamic, but force the general level of wages up, since the unemployed can afford to decline the lowest paid jobs,

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and rising wages will force employers to hire fewer people, thus eventually causing unemployment to rise.

So how has the 'Golden Triangle' fared in reality? The Danish labour market was affected by the financial crisis in 2008 and several institutional arrangements have changed since then in ways that could be interpreted as shifts away from flexicurity. The period when it most closely resembled a model flexicurity system was in 1993-2008, when Danish unemployment rates were among the lowest in the EU. However, many still consider the arrangement and its outcome in Denmark to be clearly in line with flexicurity theory (Madsen, 2013).

Denmark has long had lower levels of employment protection than Sweden and the other Nordic countries (Emmenegger, 2010; Madsen, 2002), but Danish unemployment insurance has been among the most generous of the OECD countries for a long time. Net income replacement rates have been relatively high, at around 70% of the wage for an average production income worker, and around 90% for low-income groups (Madsen, 2002). This has also increased employees' and unions' willingness to accept low levels of job security in the labour market (Bredgaard, et al., 2005:24). However, the period of entitlement to UB was reduced from four to two years in Denmark in 2011, following the financial crisis (Madsen, 2013:8). Calmfors (2007) argues that this lowering of unemployment benefits in Denmark reflects the poor performance of generous UB to improve the labour market. Investments in active labour market measures — counselling, active training and education programs (typical supply- and matching-oriented measures) — have also been among the highest of the OECD countries. Following the financial crisis these measures have been reduced significantly, while traineeships and subsidized employment have increased (Madsen, 2013:11). The components still work according to a complementary arrangement, but the economic recession seems to have changed their balance. Jensen (2011) also argues that the complementary arrangement in Denmark mainly covers blue-collar workers; high levels of job security, combined with a high level of functional flexibility, are still the main forms of security for white-collar workers. According to this argument there is in practice two forms of flexicurity in Denmark, essentially arranged along class divides.

The 'Golden Triangle' is used as a theoretical basis to explore components of the flexicurity arrangement, and associated issues, in the Nordic welfare states. Analysis of the Danish labour market indicates that the arrangement seems to have worked largely as envisioned, but changes since the financial crisis could indicate weaknesses in the arrangement. The next section reviews labour market institutions relevant for implementing flexicurity in the Nordic welfare states, particularly Sweden.

## Labour market variations in a Nordic welfare regime

Some authors consider Sweden a country well suited to flexicurity (Wilthagen, 2002, Muffels and Wilthagen, 2013), although the arrangement has never been explicit policy. Sweden is also often considered a prime example of the seemingly homogenous Nordic welfare states. Esping-Andersen (1990) considers them part of a ‘social-democratic’ welfare regime characterized by principles of universalism and encompassing systems of social rights. These benefit both working and service class citizens and help to shape the labour markets through provisions such as generous public health and education systems, and employment opportunities in the large public sectors. Investment-oriented ALMP have traditionally been important components. Services and transfers have also facilitated strong participation of women in the labour market, partly by enabling combination security. The Nordic welfare states are also small open economies that heavily rely on internationally competitive export sectors, underpinned by a strong human capital base combined with rising capital intensity. In addition, high levels of union and employer organization have allowed extensive centralized bargaining that has provided a system of wage restraint (Huber and Stephens, 2001).

However, these characteristics of an idealised Nordic regime do not match those of any of the actual countries perfectly. In Norway, unemployment has been kept low in recent decades by the inflow of funds from oil exports, but not in Finland and Sweden. Norway has committed to a ‘work line’ (protection of employment rather than specific jobs) with stricter qualifying conditions for unemployment, although it is not as advanced as in Sweden and Finland (Huber and Stephens, 2011). Centralized bargaining among the social partners facilitates wage moderation in the labour market (Nergaard, 2014). Norwegian EPL has similar strictness to that of Sweden and Finland with regard to regular employees, but EPL is much stricter for temporary employees in Norway than in Finland and (particularly) Sweden (Vulkan et al., 2015). Norway also invests similar resources in ALMP (in terms of proportion of GDP spent per unit unemployment rate) as Finland and Sweden. However, since unemployment rates are much lower in Norway, such active measures could be less important for maintaining a dynamic labour market. Norway has more generous UB, based on OECD data for 2010, than Finland and particularly Sweden (Vulkan et al., 2015). Furthermore, unemployment insurance is also mandatory in Norway, unlike in Sweden and Finland.

Finland was heavily affected by the economic crash of the early 1990s, which resulted in significant cuts in expenditure. Stricter qualifying conditions for unemployment were passed and financial internationalization and deregulation undermined the supply-side policies. Although there was an interruption

from 2007 to 2011, central bargaining among the social partners has now been reinstated in Finland, acting as a mechanism for wage moderation (Bergholm, 2012). Finland provides more generous UB than Sweden (but less generous than Norwegian benefits), based on the OECD measures for 2010 (Vulkan et al., 2015). It should be noted that UB provisions in both Sweden and Finland are lower than the OECD mean, clearly indicating the work incentive policies exercised in these countries.

### The Rehn-Meidner model – A historical precedent of flexicurity in Sweden?

There are notable historical precedents in Sweden that could qualify as flexicurity, or at least regarded as expressing the main mechanism of the flexicurity arrangement, particularly the Rehn-Meidner model developed and introduced in the 1950s to address the problem of retaining full employment while maintaining low inflation. Inflationary pressure was building and unions were reluctant to keep down wage demands. The model proposed a way to maintain economic growth, ensure employees' security and keep inflation down through a programme of structural change that combined both fiscal restraint and a 'solidaristic' wage policy (Van den Berg et al., 1997). Wages would be kept at a uniform level industry-wide, regardless of the employers' productivity or profitability. This forced companies to be competitive and profitable by improving their efficiency or become bankrupt. Weak and declining industries would thus be forced out of the labour market, ensuring a more dynamic and competitive industry (Gourewitch et al., 1984).

Employees who lost their jobs would hopefully move to the competitive industries through efficient employment services, retraining programmes and mobility allowances for geographical relocation, combined with generous unemployment insurance.<sup>3</sup> These measures, the former being early examples of ALMP (Bonoli, 2010), would (according to the model) result in high employment and income security for employees, as explicit substitutes for job security (Keune and Jepsen, 2007; Pontusson, 2011; Van den Berg, 2009). The model assumed that flexibility could be achieved through security; that high employment security would reduce employees' resistance to change. Conversely, the

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<sup>3</sup> Although not too generous, as it could risk higher wage rises than planned in the model and increase inflation.

<sup>4</sup> Denmark of course being the exception.

<sup>5</sup> The direction of the variables should be noted. As flexicurity theory suggests that increases in employment and income security can compensate for increases in job insecurity, this is the most frequent combination of security

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security of employees would be achieved by high mobility, famously described by Rehn (1970) as 'Security of the Wings', unlike the 'Security of the Shell', where high job security discouraged mobility.

The Rehn-Meidner model has been credited as a major contributor to the success of the Swedish labour market for several decades (Van den Berg, 2009). However, the implemented policy was also criticized, particularly for excessive and poorly supported mobility and relocation demands on the labour force, which Rehn (1977) later conceded. The 1970s also saw growing demands among employees and union members for more job security, partly in reaction to the continuing rationalisation triggered by the model. This culminated in the 1974 Employment Security Act, which gave employees more job security, but also constituted a clear violation of the Rehn-Meidner model's basic principles (Van den Berg, 2009). The model has some noteworthy similarities to flexicurity, but also notable differences. The labour market context in which the Rehn-Meidner model was developed was one of full employment, which it aimed to retain while also keeping down inflation. Additionally, the model explicitly relied on the rejection of wage flexibility. These are components that are not mentioned in most flexicurity proposals.

### Labour market policy and institutional arrangements in Sweden

The following section focuses on more recent developments in Sweden and the current status of labour market programmes and institutional systems related specifically to the three main flexicurity components. Three aspects will thus be addressed: EPL, ALMP and unemployment insurance benefits, aiming to illustrate how they compare to those in the 'Golden Triangle' and implications of the current Swedish arrangement with regard to the overarching research questions.

#### Employment protection legislation in Sweden

Job security in Sweden is primarily addressed through legislation in the form of the Employment Protection Act. Notice of termination must be based on objective grounds, which in most cases include shortage of work. The order of priority for dismissals are currently based on length of service, with the 'last in, first out' principle stipulating that employees with longer tenure have priority in case of redundancy. However, current amendments to the act allow employers with up to 10 employees to exempt two employees from the priority order if they are of great importance to the company (Berglund et al., 2010; Bylund and Viklund, 2006; Furåker and Berglund, 2009; SFS, 1982:80).

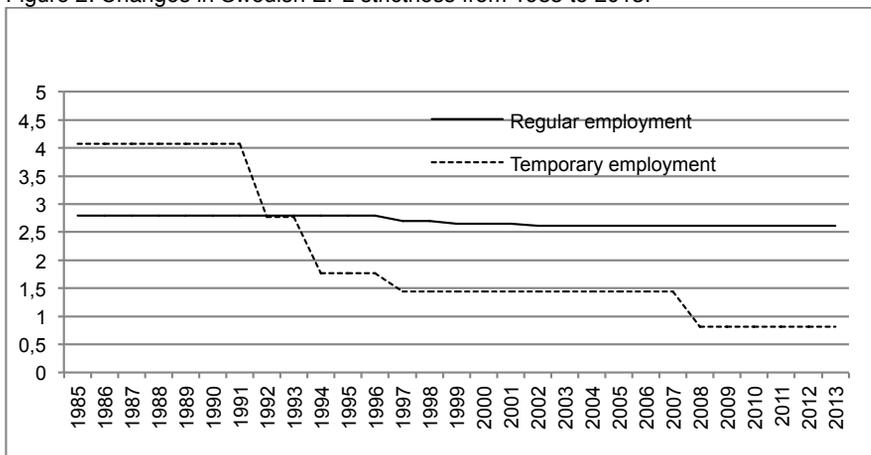
Parts of the Employment Protection Act are negotiable through collective agreements at either industry or company level, so both legislation and collective

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agreements should be taken into account when estimating the strength of the employment protection. The rules on objective grounds for dismissal are not negotiable, but both duration of employment contract and priority with regard to redundancy can be changed by collective agreements, which as of 2013 covered all employees in the public sector and 84% of employees in the private sector. In 2009, approximately half of the companies had negotiated for deviances with regard to the rules regulating priority for dismissals (Berglund et al., 2010; Bylund and Viklund, 2006; Rudeberg and Ingelskog, 2011; Kjellberg, 2015).

An open-ended employment contract is the norm and other forms of contract arrangements must be agreed upon. Fixed-term contracts, or temporary employment, are considered exceptions to the main rule and were originally strictly limited. However, a number of amendments or changes to the act, particularly in 1997, 2003 and 2007, have liberalized use of contracts, particularly fixed term contracts. An employer can currently hire an unlimited number of employees on so-called general fixed-term contracts without having to specify a motive. If one of these employees remains in the same job for two years, the temporary employment will automatically become permanent (Berglund et al., 2010; Bylund and Viklund, 2006; Furåker and Berglund, 2009).

Figure 2: Changes in Swedish EPL strictness from 1985 to 2013.



Source: OECD (2016a, 2016b).

Note: Protection of permanent jobs consists of rules concerning individual dismissals. Regulation of temporary contracts consists of both rules concerning fixed term contracts and temporary work agency employment (Venn, 2009). The presented EPL data are values for OECD index Version 1, which does not take into account collective agreements and court practices. These are included in version 3, for which values are available for 2008-2013. However, Version 3 values are not present-ed, as they are almost identical.

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However, this rule can be circumvented if the employer changes contract type from one form of temporary employment to another, for example, from substitute to general fixed-term, effectively stacking several fixed-term contracts on top of each other. This practice is common, but heavily criticized (Berglund et al., 2010).

One way of illustrating the state of job security is by using the OECD EPL strictness index, as shown in Figure 2. Reported values of an EPL index, ranging from 0 (laxest) to 6 (strictest) show that the employment protection of temporary workers has decreased dramatically in the last 20 years, and is now among the most liberal in Europe. The development is noteworthy with regard to the flexicurity arrangement, since it shows that the job protection of employees in regular employment (with open-ended contracts) and temporary employment significantly differs today.

Numbers of employees on temporary contracts have increased since the early 1990s, from around 10%, to 15.9% in 2012 and peaking at 17.2% in 2007 before the financial crisis. This increase, especially in the late 1990s, has been interpreted as evidence of employers favouring the numerical flexibility of temporary employees during a period of uncertainty about the strength of an economic upturn (Holmlund and Storrie, 2002). Sweden now shows signs of a more dualistic labour market with regard to EPL (Thelen, 2014). Granted, temporary employees are a clear minority, and although their numbers were slowly growing up until 2007 they have remained quite stable level since then.

### Active labour market programmes in Sweden

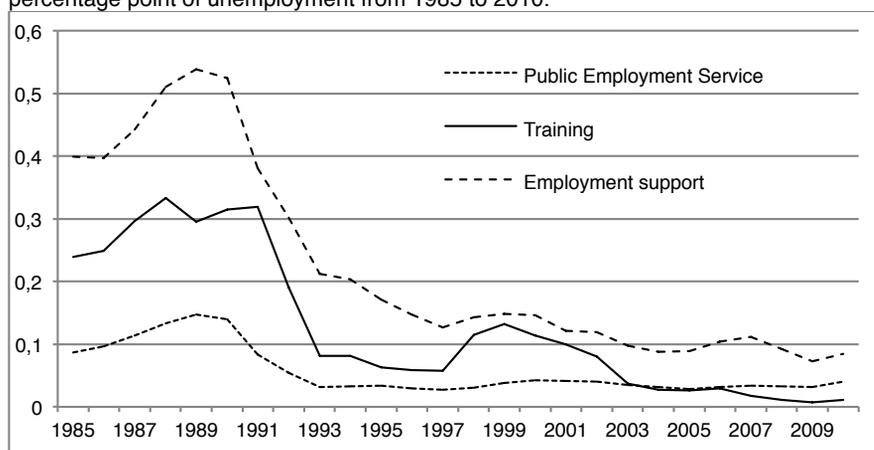
The primary explicit objectives of ALMP in Sweden are to consistently promote employment by increasing adaptability and mobility in the labour market through effective job placement and skills enhancement. The National Employment Office, the administrative authority for labour market policy, is also expected to concentrate on labour market matching and contribute to increasing the labour supply, although the promotion of full employment was abandoned as an objective in 2000 (Berglund and Esser, 2014; Runeson and Bergeskog, 2003; Sibbmark, 2009).

Sweden had the highest levels of investment in ALMP (including labour market training, traineeships, subsidized jobs and supply of services for finding jobs) among the OECD countries during large parts of the 1980s. Investments have fallen since then, drastically so with regard to training and employment support. Figure 3 illustrates how much is spent on ALMP per percentage point of unemployment. The role and scope of ALMP are, of course, highly dependent on the level of unemployment, and more resources are usually spent during periods of high unemployment, but all the figures suggest that investment in ALMP has declined in Sweden during the last 20 years. The changes in training

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measures may be particularly significant, given their importance for enhancing qualifications in the flexicurity arrangement.

Figure 3. Proportion of GDP spent on active labour market policies (ALMP) per percentage point of unemployment from 1985 to 2010.



Source: Berglund and Esser (2014).

Investment in vocational education and training has decreased significantly from levels in the 1980s. Confidence in training as an instrument for ALMP seems to have fallen (Lindvall, 2011), and remaining measures have been steered away from the expensive vocational programs towards more general introduction programs. Since 2008 the Employment Office has been tasked to place even stronger emphasis on activating the unemployed, particularly through 'job coaching' to motivate and help them find jobs. In addition, search activities of the unemployed are more strictly monitored and there are tougher sanctions for those who do not comply, in line with incentive strengthening measures (Bengtsson, 2014; Bengtsson and Berglund, 2012; Berglund and Esser, 2014, Lindvall, 2010).

Bengtsson (2014) and Bengtsson and Berglund (2012) argue that the orientation of ALMP has also sharply changed in Sweden. The state has withdrawn from its previous roles of allocating job opportunities through Keynesian macroeconomic policies and offering protection from market forces, and subsequently lower level of involvement in upgrading the labour force through active policy measures. They claim that the role of the state is currently oriented more towards controlling and disciplining the behaviour of individuals and increasing their motivation and job-seeking efforts through economic incentives. Rather than employability, the cited authors argue that current policy is characterized by

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‘standby-ability’; participants in the programmes should primarily exhibit proper behaviour and work ethics to get benefits (Bengtsson, 2014; Bengtsson and Berglund, 2012). However, the measures are targeted towards lowering the threshold of entrance for labour market participation (often with an implicit threat effect by being perceived as a waste of time and energy), which denies participants the opportunity to qualitatively improve their competences and human resources. Consequently, the ALMP have become characterized by down- rather than up-grading, as the unemployed learn to be ‘on standby’ for the labour market and prepared to take a job at any price, rather than improving their employability. These forms of work incentives also suppress wage rises; in a situation where any job is considered better than being unemployed or in a labour market programme, job seekers can ill afford to bargain for higher wages. Overall, this use of ALMP seems far from the type of employment security envisioned in the flexicurity arrangement.

The developments can also be regarded as signs of decreasing trust in ALMP to improve conditions in the labour market (cf. Bonoli, 2012; Lindvall, 2011). Economists in Sweden (cf. Calmfors et al., 2001; Fredriksson and Johansson, 2003) have questioned the efficiency of the active measures of the 1990s, arguing that there is little evidence that the training programmes had much matching efficiency or increased employment probabilities. Certain programmes and subsidised employment have also been criticized for having notable displacement effects on regular employment, and/or ‘locking-in’ participants, i.e. causing them to reduce their job-search efforts (cf. Forslund and Viklund, 2011). This criticism may have induced policymakers to reduce investments in such programmes in recent decades. Declining cooperation between the social partners since the 1990s may also have contributed, as the success of measures such as labour market training, traineeships and vocational education depends on the active participation of the private sector (Lindvall, 2011). These developments also raises question about the potential efficiency of such measures under current conditions in Sweden.

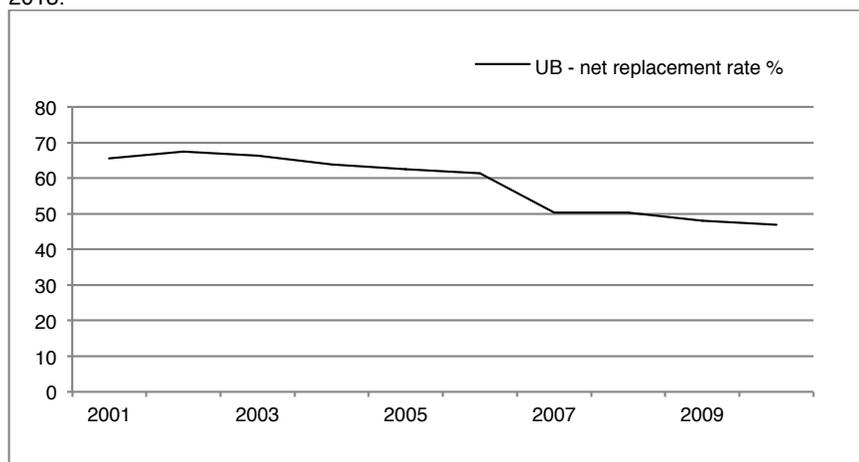
The findings presented in this section indicate that current Swedish labour market programmes corresponding to the employment security component of the flexicurity arrangement seem ill suited to fulfil their supposed role in compensating for losses of job security through boosting qualifications. With employees left to a greater extent to their own means and devices to ensure a level of employment security, a possible outcome could be greater variation in the perception of employment security. Employees with attractive skill-sets or other resources at their disposal may perceive high levels of employment security, while others perceive lower levels than before, since the ALMP offer little help to improve their chances of getting a job equal or better than their current one if

they lose it. This can also be understood as a loss of entitlements. Employees have less right to receive active measures, which also limit their opportunities in the labour market, since they no longer have the same access to education or other means to improve their qualifications (cf. Bengtsson, 2014:66).

### Unemployment insurance in Sweden

Income security is mainly provided through unemployment insurance systems, which in Sweden consist of a flat-rate basic insurance for those who fulfil a work condition, and earnings-related insurance organized according to the Ghent system (in which most unemployment insurance funds are affiliated to trade unions). Access to earnings-related insurance requires fulfilment of both work and membership requirements (the latter including at least 12 months membership of an unemployment insurance fund). An unemployed person with unemployment insurance must register at an employment office to claim rights to UB. Furthermore, s/he must be actively searching for a new job, an activity that has become increasingly strictly checked by the employment office in the last decade (Bengtsson, 2014). To qualify for full unemployment insurance benefits, the unemployed must have worked at least 80 hours a month for six months. The maximum benefit period is currently 300 days (Berglund et al., 2010, Kjellberg, 2006).

Figure 4. Changes in net replacement rate of unemployment benefit (UB) for a single household with no children during the first month of unemployment in Sweden 2001-2013.



Source: OECD (2015).

In 1997 the income-related benefit in Sweden was 80% of previous earnings. This was changed in 2007, as the benefit level dropped to 70% after 200 days.

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The income ceiling was raised in September 2015, but before that it had declined over a long time because the upper limit of the benefits had not been indexed to mirror changes in prices or wages, thus the replacement rate had diminished (cf. Ferrarini et al., 2012).

Figure 4 illustrates these changes, presenting net replacement rates of an average wage for a single household with no children during the initial phase of unemployment (first month). The rate fell from 67.5% in 2002 to 43.7% in 2013. Only a very small proportion of low-income employees can expect to receive 80% of their previous earnings. The Swedish replacement rate for an average worker is currently below the OECD average. These are strong indications that a period of unemployment could pose risks of economic hardship for employees who meet conditions for UB, since many would receive less than half of their current wage. Hence, the current Swedish unemployment insurance system may be inadequate to compensate for losses of job insecurity as envisioned by flexicurity proponents, and possibly be a source of income insecurity instead.

Furthermore, numbers of employees who are unemployment insurance fund members have declined. Fund fees were raised dramatically by the Conservative government in 2007, making funds affiliated to groups of employees with high unemployment risks especially expensive. Consequently, almost 400 000 members (frequently the youngest, oldest and low-earners) soon left the funds. The proportion of working class members decreased from 77 to 64% between 2006 and 2014, while the proportion of service class members only decreased from 77 to 74% (Kjellberg, 2010, 2015). Uptake of supplementary income insurance has also increased significantly in recent years. This can be either collectively arranged through unions or employers, or privately purchased, but in both cases the rise shows that individuals are taking (and are expected to take) increasing responsibility for social security, in a marked shift from the universal social arrangements that previously characterized Sweden. In addition, unions with members who generally have high unemployment risks can now offer less comprehensive income security than other unions (Berglund and Esser, 2014; Sjögren et al., 2011).

The current state of unemployment insurance in Sweden could also increase risks of new cleavages arising among employees regarding preferred social security systems. The universal income-related unemployment insurance system could be increasingly questioned by employees who feel that they no longer benefit from it (Berglund et al, 2010; Berglund and Esser, 2014). This has significant implications for income security and flexicurity since unemployment insurance acts as a form of collective risk sharing that reduces economic strains of unemployment. Hence, generous unemployment insurance can increase em-

ployees' willingness to risk transitioning to new employment, thereby raising the labour market's general flexibility, in line with the flexicurity arrangement (Berglund, 2012; Chung and Mau, 2014; Schmidt, 2008; Sjöberg, 2008). A more selective arrangement of unemployment insurance, coupled with greater variation in the replacement rates, is likely to create greater variations in levels of income security.

As mentioned earlier, some authors (cf. Calmfors, 2007; OECD, 2010) have argued that high UB tends to raise unemployment by reducing incentives for the unemployed to search for new jobs or accept job offers. However, unemployed people with high benefits can also act as consumers, thereby helping to raise employment by improving demand. High UB are also likely to raise income security of the employed in the short term, and potentially employment security, since generous benefits could improve quality-matching by providing employees more time and resources to search for and find a high quality job. However, as shown here there are diverging opinions regarding whether this will ultimately improve labour market flexibility and raise general employment.

### Conclusions regarding the Swedish arrangements

The current state in Sweden differs in several respects from the ideal arrangement of the three main flexicurity components, as exemplified in the 'Golden Triangle. Job security, in the form of EPL, is high for the permanently employed, but much weaker for those in temporary employment. This differs from the generally low and even level of job security envisioned in flexicurity, and can also be regarded as a shift towards a more dualistic labour market. Nevertheless, most Swedish employees' security is primarily rooted in job security, which might affect their views of a shift towards employment and income security.

Employment security, as expressed through ALMP, is currently at relatively low levels, especially in terms of the matching, education and training measures that the flexicurity arrangement relies upon. There seems to be little employment security, as defined in flexicurity theory, for many Swedish employees, although a different form of 'work line' has been enacted. It should also be stressed that employment security is dependent on unemployment levels and the general state of the labour market, as poor conditions can seriously limit the scope of ALMP to raise the level of employment security.

Income security, in the form of unemployment insurance benefits, has been at relatively low levels for a long time, in terms of both replacement rates and percentages of employees who are unemployment insurance fund members. Many employees also probably perceive it to be low, despite a rise of the income ceiling in 2015. In addition, there are polarizing tendencies with regard to access to unemployment insurance benefits, which may mark a shift towards a more

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dualistic labour market, and affect both security in the labour market and potential support for implementing flexicurity in ways that are considered in more detail in later sections of this thesis.

Thus, although Swedish arrangements are considered close to the flexicurity arrangement by some authors (Wilthagen, 2002; Muffels and Winthagen, 2013), they differ in several respects from the three main components. Sweden no longer seems to represent such a clear example of the traditional ‘Swedish model’ of high EPL and generous labour market policies (passive and active). Current arrangements seem ill-fitted for the form of employee flexibility that flexicurity advocates, and doubts can be raised that Swedish employees (especially the growing number with low job security) would see implementation of flexicurity’s main components as an improvement. The apparent emergence of a dualistic labour market and growing divide between insiders and outsiders (also discussed in later sections) raises further complications that may affect prospects of implementing flexicurity. Several changes to current arrangements (which would probably require substantial political support and investments) would be needed to implement it, and there would be no guarantees that they would deliver a positive-sum trade-off. Hence, the next section concerns risks associated with flexicurity from employees’ perspectives. A dysfunctional arrangement of the three components, where employment or income security is lacking, would probably raise levels of insecurity among employees. Economists in particular have raised concerns that neither passive nor active labour market measures may have the effects assumed in flexicurity theory, but ultimately lead to lower levels of flexibility and security, as well as higher unemployment.

Employees’ insecurity could potentially increase even if the three components were relatively successfully implemented, since it would also depend on how employees perceive and value arrangements based on job security. Thus, employees’ subjective perceptions and feelings of insecurity must be gauged and considered, in addition to objective parameters, in order to assess the success of flexicurity’s security trade-offs and their consequences for employees. For example, employees are unlikely to become highly mobile if they feel that staying in their current job is the best option and fear the alternatives, regardless of what more ‘objective’ employment security indicators may suggest.

### Well-being and insecurity

Labour is inextricably linked to its carrier, as observed by both Marx (1976: 272) and Polanyi (1957:73), and these carriers are beings of subjective perceptions and emotions. Analyses of labour market arrangements such as flexicurity must take this into account, since the possibility to achieve a positive-sum trade off may depend on employees’ perceptions and feelings of security. This section

considers possible meanings of the previously mentioned forms of security for employees, their connections to employees' well-being, and the stakes and risks for employees' security associated with shifts towards a flexicurity arrangement. It also considers previous research on how insecurity and well-being of employees relate to the institutional arrangements previously discussed.

### Job insecurity

The obvious (and intended) risk for employees in the flexicurity arrangement is that reducing job protection will result in higher job insecurity, i.e. increased risks of losing current jobs, both objective and subjective (De Witte, 2005; Elloinen and Nätti, 2013; Sverke et al., 2002). Objective insecurity refers to the actual risk of dismissal or lay-off in the near future, as assessed from an external perspective. Subjective insecurity, on the other hand, is based on the employee's own perception of the likelihood of job-loss in the near future. This means that two employees who are equally objectively insecure may still perceive and experience their level of insecurity quite differently. Although an employee can thus 'objectively' perceive the risk of job loss incorrectly, there is usually a positive correlation between subjective assessment and objective risk (Chung and Mau, 2014; Dickerson and Green 2012; Klandermans et al. 2010). Job insecurity also reflects, to varying degrees, employees' uncertainties about future conditions that may result in job losses. In this respect dismissed employees have at least one less source of anxiety, as they know they have lost jobs and can prepare for the future with certainty, unlike those who still have insecure jobs and do not know whether they should take action or not (De Witte et al., 2015).

Subjective job insecurity can be further divided into cognitive and affective components (Anderson and Pontusson, 2007; Berglund et al., 2014; Borg and Elizur, 1992; Huang et al., 2010; Muños de Bustillo and de Pedraza, 2010; Vulkan et al., 2015), the former being the individual's assessment of the probability of job loss, while the latter is the emotional reaction to the probability and the individual's ability to cope with the situation (Greenhalgh and Rosenblatt, 1984; Huang et al., 2012; Huang et al., 2010). This conceptualization rests on the theoretical understanding of cognitive insecurity preceding affective insecurity; that the estimated probability of job loss leads to worry about job loss (Anderson and Pontusson, 2007; Huang et al., 2010; Vulkan et al., 2015). The relationship between the two is not entirely uniform; employees may perceive a risk of unemployment without an accompanying worry, depending strongly on their means to cope with the insecure situation and their specific circumstances and characteristics (Anderson and Pontusson, 2007; De Witte, 1999; Hellgren and Sverke, 2003; Lazarus and Folkman, 1984; Sjöberg, 2010; Sverke and Hellgren, 2002). There are also incidences of employees worrying over job losses for

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which they do not perceive substantial risks. However, there is generally a strong relationship between the objective and subjective risks, in accordance with the theory that the cognitive perception of job loss generally translates into the affective experience of worry (Berglund et al., 2014; Vulkan et al., 2015).

Previous research has identified a number of individual characteristics that can influence subjective job insecurity, such as age, sex and education. The precariousness of the work situation in the form of contract type (permanent or temporary), tenure and class position (working or service class), also influence employees' subjective job insecurity. On a macro-economic level, unemployment rates (and changes in them) also affect job insecurity (Berglund et al., 2012; De Witte, 2005; De Witte et al., 2015; Erlinghagen, 2008; Näswall and De Witte, 2003; Sverke et al., 2002).

### Well-being

A central concern associated with job insecurity is impairment of employees' well-being (Sjöberg, 2010; Vulkan, 2012; Vulkan et al., 2015). Well-being has numerous dimensions, *inter alia* physical health, psychosocial conditions, social relations and economic circumstances (Halleröd and Seldén, 2013). While not disregarding the importance of other dimensions, well-being is treated in this thesis as an expression of psychological or mental health, a widely applied use of the term in job insecurity research (De Witte, 1999). More specifically, well-being is regarded as the psychological ability to carry out normal functions and cope with distress, as defined by Goldberg and colleagues, and implemented in the commonly used General Health Questionnaire (GHQ) (Goldberg and Williams, 1988, Goldberg and Hillier, 1979).

Job insecurity is associated with psychological distress, anxiety, exhaustion (mental, emotional, and physical), lower life satisfaction and depression (Burchell, 2011; De Witte et al., 2015). Thus it can be a severe condition, and potentially as or even more harmful than actually losing one's job. Job insecurity also seems to affect well-being in both the long and short term, with the detrimental effects increasing with the duration of exposure to it. This is especially problematic if employees perceive insecurity to be an enduring threat in the labour market (De Witte, 1999; Sjöberg, 2010).

Previous research has identified numerous detrimental effects of insecurity on well-being but the focus here is on the relationship between insecurity and mental well-being. The loss of well-being can initially be understood as the employee's stress reactions to a state of unpredictability and lack of control which the risk of job loss entails. Two theoretical strands are discussed below concerning the fundamental relationship between insecurity and well-being, and the mechanism involved. One, agency restriction theory by David Fryer (1995), stresses that insecurity disrupts employees' ability to plan and create a meaning-

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ful future if they lack effective strategies to deal with it. The theory emphasises the individuals' need to initiate, influence, cope and make sense of events in purposeful ways that are consistent with his/her personal values, goals and future expectations. Insecurity can deny employees the stability required to plan according to their wishes, or the means required to achieve their goals, resulting in a loss of mental well-being. Agency restriction theory identifies the potential loss of income and associated threat of poverty as the main factors denying employees the means to control, plan, and cope with insecurity.

The other theory is latent deprivation theory, as formulated by Marie Jahoda (1982), which acknowledges the need for income (regarded as the 'manifest function' of employment). However, the main source of loss of well-being caused by job insecurity is loss of the employment's 'latent functions': time structure, social contact, sharing common goals, status, and activity. These are all considered essential for an individual's well-being and the risk of unemployment can result in their obstruction or deprivation (Creed and Bartrum 2006; Ervasti and Venetoklis 2010).

These two theories do not necessarily conflict, but rather emphasize the importance of different aspects of work for employees' well-being. Study III (described in detail below) and analysis presented in Vulkan (2012), which differentiated between manifest and latent functions, indicate that both can help to explain the relationship between job insecurity and mental well-being, hence neither should be ignored.

### Employment and income security

If we assume that increasing objective job insecurity, for example by weakening EPL, increases subjective job insecurity (i.e. raises perceived risks and thus increases worries), then it is likely to reduce employees' well-being. However, according to flexicurity proponents this loss of job security could be countered by raising employment and income security, effectively countering any negative effect on well-being and delivering the employee-side benefits of the positive-sum trade off.

Employment security means that an employee feels safe in the knowledge that s/he will find a new job of good quality if the current one is lost, which should lessen the insecurity associated with losing a specific job. Employment security is close to the concept of employability, although the latter refers to an essentially individualistic understanding of an actor's resources and opportunities to obtain employment, while the former depends more on the structural and institutional aspects that facilitate re-employment in the labour market, such as opportunities for life-long learning and ALMP (Berglund and Furåker, 2011; Berglund et al., 2014; Berntson, 2008; Garsten and Jacobsson, 2004; Silla et al.,

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2009). However, the concepts are sufficiently similar to consider how they jointly relate to the well-being of employees. Employment security is positively correlated to employees' well-being (Vulkan, 2012; Vulkan et al., 2015). Employability is also positively related to well-being and negatively related to subjective job insecurity, i.e. employees who see good chances of new employment worry less about their job (Anderson and Pontusson, 2007; Berntson and Marklund, 2007; De Cuyper et al., 2008). The opposite is also true, i.e. the lack of employment security is associated with poor mental well-being (Strandh et al., 2010).

Previous research has found important antecedents to employment security in the form of age, education, and tenure. Generally, young people believe they have better employment opportunities than old people, and those with higher education generally have better chances of finding a new job of equal or better value, which also translates into a more positive outlook (Furåker 2010b). Regarding tenure, there seems to be a 'lock-in' effect, i.e., length of tenure and employees' beliefs that they could find a new job seem to be negatively correlated (Berglund et al. 2014).

Income security refers to employees feeling financially secure even during periods of unemployment, which is usually facilitated through unemployment insurance or other institutional arrangements for social security. This should ease the burden of unemployment and enable a return to employment without a period of financial hardship. In addition, it could improve the voluntary labour market mobility of employees, by providing safety in the knowledge that transitions between employments will not be excessively costly financially. Income security should thus compensate for the negative consequences of job insecurity and earlier research has shown that income security is positively related to well-being (Berglund et al., 2014; Carr and Chung, 2014; Ervasti and Venetoklis, 2010; Muffels et al., 2014; Sjöberg, 2010; Vulkan et al., 2015). However, as with employment security, if income security is lacking or deemed insufficient employees may expect economic hardship — an important determinant of psychological distress (Nordenmark et al., 2006) — if they lose their jobs.

Just as subjective job insecurity is sometimes divided into cognitive and affective components in attempts to elucidate the phenomenon, factors that affect it, and its effects on employees, subjective employment and income insecurity could be similarly divided.

**Table 4. Cognitive and affective dimensions in the multidimensional model of insecurity.**

	Job insecurity	Employment insecurity	Income insecurity
Cognitive dimension			
Affective dimension			

This does not appear to have been done in previous theoretical analyses of insecurity. Thus, a theoretical contribution of this thesis is the introduction of a multidimensional model of insecurity that considers both the cognitive and affective dimensions of all of its three main forms. This model (illustrated in Table 4) is intended to facilitate more detailed understanding of all sources of insecurity and their relations to both cognitive and affective dimensions.

### Security, well-being and institutional arrangements

Flexicurity theory emphasises the importance of institutional arrangements for employees' subjective security and well-being. But to what extent is this claim supported by earlier research? Anderson and Pontusson (2007) found a clear negative relationship between strictness of EPL and job insecurity. However, neither Erlinghagen (2008) nor Berglund (2015) found evidence for such a relationship. Similarly, neither Berglund (2015) nor Sjöberg (2010) found any relationship between strictness of EPL and well-being. Although inconclusive, these results indicate that EPL may not be as important as sometimes thought for employees' perception of job security and well-being, which could ease implementation of the main components of flexicurity. However, Berglund (2015) found that employment security becomes more important for employees' perception of job insecurity and sense of well-being when EPL is lax, indicating that employment security can compensate for low levels of job security, as envisioned by flexicurity proponents. Investment in ALMPs is also negatively related to job insecurity and positively related to well-being. However, Anderson and Pontusson (2007), and Erlinghagen (2008) found no relationship between ALMP and job security, raising questions about these labour market programmes' effectiveness for reducing job insecurity, at least for employees.

Several studies have detected negative relationships between investment in unemployment insurance and both levels of job insecurity (Anderson and Pontusson, 2007; Berglund, 2015) and employees' well-being (Berglund, 2015; Sjöberg, 2010). These results are consistent with the compensatory role envisioned in flexicurity, although Erlinghagen (2008) found no support in this regard. Several studies have also found that the general condition of the labour market strongly influences the scope for these institutional arrangements to work as intended, that the unemployment level is the main determinant of job insecurity, and that the institutional arrangements of EPL, UB and ALMP have little or no impact (Chung and van Oorschot, 2011; Erlinghagen, 2008; Esser and Olsen, 2012). These findings raise challenges to flexicurity theory, as they indicate that few means are available to counter rises in job insecurity if unemployment rises.

Thus, previous research offers conflicting indications of the likelihood that flexicurity could deliver the envisioned positive-sum trade-offs. Some findings seem quite supportive, notably the indications that EPL does not strongly affect employees' sense of job insecurity and that both employment and income insecurity can (as envisaged) provide compensation for job insecurity and improve well-being. However, other findings are less encouraging, indicating that labour market programmes have much weaker effects on security components than the macro-economic condition of the labour market, so any economic down-turn will pose difficult challenges for flexicurity. Clearly, therefore, important issues to address empirically (particularly in the context of this thesis) are whether losses in employees' subjective job insecurity can really be compensated by increases in perceived employment and income security, and factors that may complicate the relationships.

The next section concerns specific aspects of the other overarching research questions, namely to what extent employees may support implementation of the main components of flexicurity and if there are any structural cleavages in the labour market that may affect their preferences in this regard (particularly cleavages related to the previously mentioned dualistic tendencies in the Swedish labour market).

### Employee attitudes toward labour market policies and institutional arrangements

Trust has been identified as a major factor for success of the flexicurity arrangement (Wilthagen, 2002; Keune and Jepsen, 2007), notably in the Danish example, where much is credited to the high level of social trust in the system promoting cooperation and the actors' acceptance of the need to adapt to change when necessary (Jørgensen and Madsen, 2007). The Danish flexicurity model was facilitated by a longstanding tradition of social partnership, which is also present in Sweden. Both countries have strong labour market regimes with political support for the autonomy of the social partners and broad acceptance of both passive and active labour market policies. Employees can also be important as an electoral force, since a clear political mandate might be needed to enact the labour market measures and legal changes required for the arrangement. Thus, analysis of Swedish employees' attitudes towards the main flexicurity components is important to improve understanding of the likelihood that they would support shifts towards flexicurity and (thus) the feasibility of its implementation. However, little attention has been previously paid to these attitudes. Hence, the following two sections address possible ways that employees' attitudes to labour market policy may be structured, which may shape their opinions on flexicurity. The first addresses how labour market policies, past or

present, can constitute paradigms that inform actors' opinions about what is important and the means to achieve it. The second addresses how divisions among employees may act as structuring principles with regard to attitudes towards labour market policy and other issues. Specific divisions discussed are class, widely considered to be the main structuring principle, and the apparently growing insider/outsider divide in Sweden, and its possible implications for employees' attitudes towards flexicurity.

### Policy paradigms in the Swedish labour market

A starting point for identifying factors that structure attitudes of employees regarding the Swedish labour market is to identify the main currents shaping the market. Policies can both provide the public with notions about both their material interests and shape their opinions regarding both possible and desirable social arrangements (Svallfors, 2007, 2012). In a study of European labour markets, Morel et al. (2012) identify three paradigms regarding problems labour market policies are supposed to address, and suitable instruments to solve them.

The first paradigm is rooted in Keynesian labour market policy (Blyth, 2001; Morel et al. 2012), which considers unemployment a result of insufficient demand. Social policy is considered to have a stimulating effect on the economy and social insurance is understood to support demand, stimulate growth and reduce unemployment. Key instruments in the labour market are policies that support demand and develop the public sector, social insurance schemes for income maintenance, and unemployment compensation.

The second paradigm is rooted in neoliberal labour market policy (Blyth, 2001; Morel et al., 2012), which identifies unemployment, and inflation, as caused by supply constraints originating from labour market rigidities. High labour costs, strict labour regulations and generous social benefits are regarded as detrimental to the labour market since they disincentivise work, causing individuals in the labour market to be too selective about the kinds of jobs they are willing to take. Public social expenditure is considered a cost that hampers growth and raises inflation. High levels of employment and low inflation should rather be achieved through monetarist economic policies to fight inflation, deregulation of the labour market, privatisation and activation through strengthening incentives.

The third paradigm is based on social investment theory (Bonoli, 2012; Morel et al., 2012), which sees unemployment as linked to workers lacking adequate skills to meet employers' needs. It emphasises the importance of developing human capital ('upskilling') to enhance employability and social policies that support economic growth, job creation, human capital investment and associat-

ed increases in competitiveness. Key measures include investment in higher education, life-long training and active labour market policies.

Notably, none of the three paradigms incorporate all of the main flexicurity components. This may have implications for attitudes towards the whole compensatory arrangement in Sweden. While employees may favour individual components and corresponding measures, it remains to be seen whether they can be removed from their paradigmatic contexts, since the paradigms include differing ideas about optimal means for obtaining an efficient labour market.

### Class and insider/outsider divides

Class has long been a fundamental principle of political organization, shaping both institutions and public opinion in Sweden. The success of the Swedish welfare system is widely accredited to the universal model that traditionally provided high security and generous social policies covering nearly the entire population. The arrangement served the working class, as the redistribution helped to reduce risks, while institutions such as strong, class-based, unions strengthened political articulation in support of the system. However, the system was also designed to be sufficiently generous to serve interests of the service class, so the welfare benefits outweighed costs for this class. Although there were certain class-related differences in attitudes towards welfare arrangements, they attracted sufficiently broad political support to persist (Anderson and Pontusson, 2007; Esping-Andersen, 1990; Korpi, 1983; Korpi and Palme, 2003; Rehm, 2011; Svallfors, 2011). Much of the arrangements in the welfare system, and labour market, could (and probably still can) be considered the result of class-based alliances.

Employees' risks and resources depend on their class, which constrains and enables them in various ways (cf. Erikson and Goldthorpe, 1992; Korpi, 1983; Svallfors, 2007). Class is primarily understood as the employment relation characteristics of given positions in the division of labour. More specifically, the theoretical understanding of class is informed by Goldthorpe's (2000) scheme of employment relationships, which regards the difficulty of work monitoring and specificity of human assets as the key aspects shaping the relationships, apart from employment status. In some of the studies this thesis is based upon occupational status has been used as a substitute or proxy for class. Some would also consider occupation virtually synonymous with class position. Occupation typically refers to sets of job tasks that describe the outcome of class. However, it does not explain the mechanism of class, which relational definitions of class aim to include and explain by analysing the employment relationship (Crompton, 2008). Although the empirical outcome can sometimes be similar, occupational position should not be confused with class position.

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Class will affect their interests and attitudes towards labour market policy and welfare arrangements, thus changes in their material conditions will affect their preferences (cf. Blekesaune, 2007). Employees in a working class position, who are more at risk and have relatively meagre resources, are thus expected to be more in favour of policies that redistribute risks and resources than employees with a higher class position.

However, recent trends in Sweden have led some to question to what extent class is still the main organizing principle and whether it is being challenged or superseded by the divisions in a more dualistic labour market between insiders and outsiders. Rueda (2005) considers insiders as the core workers who are full-time employees with a permanent job or voluntary part-time and fixed-term employees who do not want a permanent job or to work full time. Outsiders are workers who struggle to join the core of the labour market, defined as the unemployed or involuntary full or part-time employed in fixed-term and temporary jobs. The terms were originally used by Lindbeck and Snower (1988, 2001), who argued that insiders are more strongly protected by labour turn-over costs than outsiders, and hence have more security in the labour market. Although rarely used in previous research as a form of operationalization, the division between insiders and outsiders could also be defined according to employees' sense of security or insecurity in the labour market (Christensen and Engelbrecht, 2013; Svalund et al., 2016; Vulkan, submitted).

A central assumption of the theory is that insiders will focus on protecting their own benefits if a conflict with outsiders arises, for instance if rising unemployment causes a shortage of available jobs, by effectively creating barriers for outsiders who want to enter the labour market or improve their position (Lindbeck and Snower, 1988; Saint-Paul, 2002). Insiders are thus expected to support stricter EPL, which protects their current employment, but to disapprove of more generous labour market policies, both passive and active. Insiders are expected to see these policies as problematic, resulting in higher taxes and more competition from outsiders who will work for lower wages. Similarly, outsiders are expected to disapprove of stricter EPL since it will pose a hurdle to improving their labour market position, but support generous labour market policies, as outsiders more directly benefit from these measures (Rueda, 2005). These postulated attitudes of outsiders seem highly compatible with the main flexicurity components, thus their opinions warrant careful attention. If the assumption regarding policy attitudes is correct, and the proportion of outsiders in the labour market is increasing, support for flexicurity arrangements could also be growing in Sweden.

Previous research on the matter seems inconclusive. Rueda (2005, 2006) and Lindvall and Rueda (2013) argue that the insider/outsider divide is not only

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present in Sweden but also significantly altering policy attitudes and voting patterns. Paskov and Foster (2014) find that more generous passive labour market policies, in the form of UB, result in attitudes among insiders and outsiders converging in favour of support for generous UB. The cited authors argue that this could express a general worry about consequences of unemployment, regardless of individual risk, or reflect solidarity between groups. Emmenegger (2009) questions the rationality attributed to outsiders with regard to policy measure preferences, arguing that those adopting a long-term perspective would conclude that deregulating EPL would only benefit the employers, at the expense of both insiders and outsiders. Overlooking this possibility could lead to overestimation of differences between outsiders and insiders, and thus ignore the presence of common interests. Thus, it is important to examine the strengths and effects of insider/outsider divides as guiding principles for policy preferences, as well as class, since they probably shape attitudes towards labour market policy, including flexicurity components.

With regard to institutional arrangements, institutions can act as ‘focal points’ of political conflicts, mobilizing and structuring groups or sectors of the public that depend on, support or oppose the institutions, which in turn can maintain or create specific orientations or cleavages in society (Svallfors, 2007). Studying attitudes to labour market policies involving central institutions can thus provide a way to capture these ‘focal points’, which can illustrate patterns or lines of division among the employees.

Previous research on policy attitudes among the Swedish public has provided ambiguous indications of the extent and consequences of an insider/outsider divide in Sweden. Lindvall and Rueda (2012) report that it has significantly affected party preferences and election results in Sweden, and thus institutional arrangements. Similarly, Christensen and Engelbrecht (2013) found differences in preferences between Swedish insiders and outsiders with regard to certain labour market measures. The insider/outsider divide also seems to have gained ground as a political cleavage in relation to satisfaction with Swedish democracy and party preference (Oskarsson, 2012). However, other studies stress the continued salience of class in this context. Svallfors (2011), for instance, reports that class decisively shapes welfare policy preferences, with both the working and service class favouring the universal welfare state. In addition, Bengtsson et al. (2013) show that class significantly influences opinions regarding labour market and welfare policies.

## Theoretical summary and specified research questions

The purposes of this chapter have been to lay theoretical foundations to address the overarching research questions and discuss the implications of previous research, as briefly recapitulated in this section. The questions addressed in the empirical elements of this thesis (described in the following chapters) are also presented in more detail here.

Flexicurity has been studied as an arrangement that is centred on actor-level employer-employee relationships, but also requires certain institutional level structures to function as intended. Denmark's 'Golden Triangle' has been used as the most prominent example of a model regarded as close to a realisation of flexicurity, and compared to current arrangements in Sweden (and to a lesser degree in the other Nordic countries). A detailed account of the institutional components has shown that flexicurity components can pose severe risks to employees' security, if they are not properly arranged or do not work as intended (i.e. if the measures intended to increase their employment and income security do not compensate for the intended loss of job security). Effects of flexicurity, and its main components, on the subjective experiences and attitudes of employees (particularly Swedish employees) are the main concerns of this thesis. Thus, it is clearly important to test, empirically, the key claim of flexicurity proponents: that the institutional arrangement will compensate for losses of employees' subjective job security by enhancing their perceived employment and income security. Subjective job insecurity is recognized as having cognitive and affective dimensions, both of which must be considered, and the relation between them requires further investigation. With this theoretical framing, two detailed research questions can be formulated. *Can employment and income security counteract or compensate for job insecurity among Swedish employees? Are cognitive and affective job insecurity sufficiently aligned, with each other and tenets of flexicurity theory, for the compensating arrangement to work as intended?* These are the research questions that are addressed in Study I.

Clearly, effects of flexicurity and its components on another key aspect of employees' subjective experience (well-being) must also be considered in any thorough test of the claim that flexicurity can deliver positive-sum trade-offs. Previous research has shown that subjective job insecurity can have a strongly detrimental effect on employees' well-being, while employment and income security can improve it. There are also conflicting indications regarding the ability of flexicurity arrangements to provide compensating effects on employees' subjective security. Hence, it is important to assess (empirically) to what extent subjective job insecurity can be compensated via flexicurity arrangements by increases in perceived employment and income security, without impairing

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employees' well-being. This issue has been addressed in Chapter 2 using previously available evidence, primarily in a Swedish context. However, to obtain further insights, relevant aspects of labour markets in Finland and Norway (Nordic welfare states with institutional arrangements that have both similarities to and differences from those in Sweden) have been considered. This allows both comparative analysis and assessment of how much the results may be solely applicable to Swedish conditions. In addition, analysis of the cognitive and affective components of insecurity has been expanded by proposing a multidimensional model for subjective insecurity, taking into account cognitive and affective dimensions of job, employment and income security to improve understanding of micro-level processes that affect individual employees' subjective security. With this theoretical framing three more detailed research questions can be formulated. *Can Swedish employees' subjective job insecurity be compensated by employment and income security sufficiently to regard the outcome as a positive-sum trade-off with regard to employee's well-being? Do the relationships and outcomes differ in Finland and Norway? How are cognitive and affective job, employment and income security related, with each other and tenets of flexicurity theory, and what are the implications?* These research questions are addressed in Study II.

Flexicurity theory also emphasizes the importance of trust in the arrangement. Its implementation requires support for a very specific structuring of components, and if any are missing or implemented in a way that conflicts with flexicurity, there are high risks that it will not deliver the envisaged positive sum trade-off for employees' security. Hence, support from employees is crucial. From the perspective of the Swedish, or a more general Nordic, labour market perspective, the implementation of a particular component, lax EPL, is likely to be contentious, as job security in the form of strong EPL has long been a mainstay for most employees' security.<sup>4</sup> However, without weak EPL the flexicurity arrangement cannot function and its proponents stress the need for employees to be willing to accept a new concept of security (Wilthagen, 2002). The factors that shape or structure employees' opinions are also important. As already mentioned, there are indications that an insider/outsider divide could be growing in Sweden, and outsiders, according to theorists such as Rueda (2005), are expected to be more in favour than insiders of deregulating EPL. This differs from labour market conditions in other Nordic countries, specifically Finland and Norway, which also have a tradition of strong employment protection, but not the same recent indications of an insider/outsider divide. This facilitates

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<sup>4</sup> Denmark of course being the exception.

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comparative analysis of relationships between employees' attitudes to EPL and indicators of a dualistic labour market, and their implications for implementation of flexicurity arrangements. With this theoretical framing three more detailed research questions can be formulated. *To what extent are employees in favour of lowering job security by loosening EPL? What are the attitudes of employees in Sweden and how do they compare to those of employees in Finland and Norway? Are employee attitudes organized in line with insider/outsider divides and are outsiders more in favour of deregulation?* These questions are addressed in Study III.

Analysis of employees' opinions regarding measures they think should be implemented to optimise the labour market can improve understanding of the potential support for flexicurity components, relative to other possible labour market measures and arrangements, but they have received little previous attention. However, they are likely to be informed by, or aligned with, the main labour market paradigms that have influenced labour market policy in Sweden. Thus, the main flexicurity components have been compared to policy measures associated with these paradigms, to obtain indications of likely support among Swedish employees for flexicurity measures. It has been noted that class divisions have traditionally shaped attitudes toward these paradigms and associated measures in Sweden, but an apparently growing insider/outsider divide may increasingly influence attitudes relevant to flexicurity's components and compensatory arrangements. With this theoretical framing four more detailed research questions can be formulated. *Are employees in favour of labour market policy measures aligned with the main flexicurity components regarding employees' security? How does employee support for policy measures aligned with flexicurity compare to support for measures associated with the main labour market paradigms? To what extent do class and insider/outsider divides shape employees' attitudes as organising principles?* These questions are addressed in Study IV.



# 3

## Data and Methodology

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### Data

The data used in this thesis were drawn from several sources. The main source of information on Swedish employees and their opinions was a questionnaire concerning security in the labour market distributed to employees in Sweden in 2010. Complementary data were obtained from the Labour Force Survey (LFS), which also provided a sampling frame for the questionnaire. Similar sources were used to gather corresponding information on employees in Finland and Norway. Statistics from the OECD concerning the three Nordic countries, primarily measures on labour market programmes and institutions, have also been used.

### The questionnaire on security in the labour market

The questionnaire was constructed with the aim to gain better understanding of current labour market conditions in Sweden, particularly conditions relevant to flexicurity, as part of the research project Security in Work, Employment and Income, led by Associate Professor Tomas Berglund at the department of Sociology and Work Science, University of Gothenburg. The questionnaire provided crucial primary data for addressing key concerns of this thesis by probing employees' perceptions of their job, employment and income security, their wellbeing, as well as their attitudes towards central labour institutions. There were more than 2000 respondents, who were generally representative of the entire Swedish labour force (for more on response rates and selection bias see below), which is regarded as a major strength as research in this field is often based on information drawn from small and homogenous samples (cf. De Witte, 1999) or secondary data. The secondary datasets may be large and heterogeneous, but the ability to construct and operationalize a model from them is obviously limited by the variables covered. For instance, in a seminal study on social protection and job insecurity, Anderson and Pontusson (2007) used information drawn from the International Social Survey Program (ISSP): Work Orientation 1997,

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to construct a model of various forms of insecurity in the labour market. This was an extensive survey that specifically addressed work and labour market issues, but still the cited authors had to use indirect measures of important parameters such as income security since it did not include suitable questions. The survey used here is thus unusual and valuable because it covers highly specified variables of a fairly large and representative sample.

Participants (3741) in LFS telephone surveys (see below) were asked whether they would be willing to complete a questionnaire. Those who agreed were sent the questionnaire, from September 2010 to January 2011, and 2023 valid questionnaires were completed and returned, giving a response rate of 54%. The low response rate may partly reflect general reductions in survey response rates. Individuals under 24 years old and the temporarily employed were somewhat over-represented among the non-respondents. This is potentially significant as both of these groups of employees are more likely than average to be either insecure or outsiders, and the results may underestimate the support for these important groups' views. The results have not been weighted in any of the appended articles.

### The Labour Force Survey

The LFS, used to acquire background and labour market variables, is the source of data used to calculate official unemployment rates in Sweden, descriptors of current labour market conditions and information on various labour market developments. The data are acquired by Statistics Sweden (SCB) from monthly telephone interviews with Swedish residents older than 15 and younger than 75 years, aiming to obtain a representative sample of the population. The response rate of the LFS in 2010 was 75.3%. The main reasons for non-response were failure to reach individuals and refusal to participate (accounting for ca. 13 and 11% of those the SCB attempted to contact, respectively) (SCB, 2010). Selection bias in the LFS is negligible with regard to labour status (employed or unemployed), and subgroups such as permanently and temporarily employed (SCB, 2014).

The monthly sample consist of 29 500 individuals, selected via a stratified random sampling procedure intended to ensure that it is representative for the whole Swedish target population (SCB, 2010). The LFS applies a limited rotating panel approach, in which an individual participant is interviewed every third month over the course of two years (eight times in total). The variables in the LFS coupled to respondents include background (mostly registry) variables and labour market variables (based on the interview data).

## Definitions of employment in the LFS

An individual is defined as employed if, during a given week, s/he has spent at least one hour as a paid worker, or as either a self-employed person or unpaid helper. This thesis focuses on employees in the labour force, a group that includes some people enrolled in labour market programmes, such as subsidized employment schemes. It also includes both the permanently and temporarily employed (employees with temporary, probationary or subsidized employment, and those engaged in seasonal work, specific project work or other forms of temporary employment). The self-employed and unpaid helpers in companies owned by another member in the same household are not considered in this thesis.

## Nordic comparisons

The Swedish data used in Studies II and III are complemented with data from Norway and Finland gathered in a similar fashion, using questionnaires and the LFS as a sampling framework. In Finland the questionnaire was distributed in the winter of 2010-2011, with a response rate of 53% (2252 responses). Employees under 24 years old, the temporarily employed and men are overrepresented among the non-respondents in Finland, but no notable selection bias of note was detected. In Norway the questionnaire was distributed during the spring and summer of 2011, with a response rate of 40% (1,634 responses). Although there is no obvious explanation for the lower response rate in Norway a possible contributory factor is that the Norwegian employees who participated in the LFS survey were asked whether they would fill a questionnaire at the time of their last (eighth) interview, when respondent fatigue would have been maximal, while in Sweden the question was asked in conjunction with the fourth interview. There was some variation among the questionnaires, which prohibited between-country comparison of certain variables or operationalizations.

The planned research project included a similar survey of Denmark, but funding for the project had to be found in each respective country, and our Danish research colleagues were unable to secure funding and thus could not participate. This is an obvious limitation for the analysis, as it restricted comparisons to countries where flexicurity could be implemented, rather than including a country where flexicurity arrangements have been established in the labour market.

## Operationalizations

This section presents and discusses the operationalizations of the main independent and dependent variables used in the empirical studies. Variables concerning security and insecurity in the labour market have been operationalized

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using questions from the postal survey. The questions and response options for the Swedish data are shown in Table 5, together with the corresponding components in the multidimensional model of insecurity.<sup>5</sup>

Table 5. Components in the multidimensional model of insecurity, and the corresponding survey questions and response options.

Component	Survey Question	Response Options
Cognitive job insecurity	How do you assess the risk that, in the coming 12 months, you are going to lose your job?	Very large, quite large, neither large nor small, quite small, very small, don't know
Affective job insecurity	To what extent do you worry about losing your present job?	I worry a great deal, I worry to a certain extent, I worry a little bit, I do not worry at all
Cognitive employment security	In general, what do you think of your current opportunities for finding another job that is equal to or better than your current job?	Good, quite good, neither good nor poor, quite poor, very poor
Affective employment security	<i>Not available</i>	<i>Not available</i>
Cognitive income security	How would you/your household manage economically if you became unemployed and had to rely on unemployment benefits for between 3 and 6 months?	Very well, quite well, neither well nor poorly, quite poorly, very poorly
Affective income security	In general, do you worry about your/your household's economy?	I worry a great deal, I worry to some extent, I do not worry much, I do not worry at all, no opinion

As can be seen, the cognitive variables concern the respondent's assessment of current or future risks s/he faces and her/his resources, while the affective variables concern the worry associated with these risks. Two limitations regarding the security and insecurity variables should be mentioned. The first is that no data on respondents' affective employment security are available because no appropriate question was included in the survey. The second limitation is related to the operationalization of income security. While cognitive income security refers to income security based on UB, affective income security refers to a more general state of security, which makes it difficult to separate effects of relevant institutional factors and resources available to the individual that may enhance security. Other questions with shorter or longer periods of time on UB were available for gauging cognitive income security, but '3 to 6 months' was

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<sup>5</sup> The direction of the variables should be noted. As flexicurity theory suggests that increases in employment and income security can compensate for increases in job insecurity, this is the most frequent combination of security and insecurity considered.

chosen as it was deemed an imaginable period of time for the respondents to give an informed answer about. Descriptive analysis of data for other time periods did not detect any unexpected deviations. The security/insecurity variables could potentially have benefited from being scale-constructions, each based on several questions to improve reliability, but this would have been severely hampered by space restrictions in the questionnaire.

Independent variables measuring class or insider/outsider position were used in Studies III and IV. With regard to operationalization of insider and outsider position, certain limitations and modifications in relation to established definitions should be highlighted. A common point of reference is the definition by Rueda (2005), which largely corresponds to the one used in this thesis. However, the dataset used in the studies did not include information on the unemployed, who Rueda define as outsiders, thus a narrower definition of outsiders, as at-risk employees, was applied.<sup>6</sup> Furthermore, in addition to more objective indicators, subjective measures were also used to define insider and outsider positions. As mentioned by Rueda (2005:61), insider and outsider positions fundamentally concern those with and without secure employment, and the abovementioned objective measures are not absolute indicators of security. Thus, subjective measures (captured by asking the employees directly whether they saw a risk) were included to enable application of a more nuanced definition of at-risk employees (regarded here as outsiders). Using the more detailed forms of risk (job, employment and income insecurity) also seems relevant as they could have different effects with regard to the tested labour market policy measures (and opinions regarding the measures). In Study IV, outsiders are also defined as non-unionized, to test an aspect of insider/outsider theory as formulated by Lindbeck and Snower (2001), although the results suggest that union membership is not indicative of insider and outsider positions in a Swedish context, for several reasons. Finally, it should be mentioned that neither definition of outsider refers to unregistered workers. This group is likely to be very vulnerable and prone to low security in the labour market, and should thus

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<sup>6</sup> Students are another group that have not been included in the studies that Rueda considers to be outsiders, as there are no certainties about their future employment and some extend their education because of difficulties entering the labour market (Rueda, 2005:63). It seems questionable to consider students part of the labour force, and to define all students as outsiders since many of them have not actively extended their education after difficulties entering the labour market and some may have high certainty about their future employment. Few are of course absolutely certain about their future employment, but that also applies to the employed. If students are to be included, it seems problematic to define all of them, *a priori*, as outsiders.

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qualify as part of the outsider group. However, including this group in a survey can be problematic as they are difficult to find, and if some are found it is virtually impossible to assess the representativeness of the sample. However, omission of this group from the studies, and their general neglect in discussions on insiders and outsiders, should be noted.

Affective job insecurity is the key dependent variable in Study I. Well-being is operationalized (in Study II) using a modified version of General Health Questionnaire 12 (GHQ-12), an instrument commonly used to measure individual psychological well-being, which is often used to gauge job insecurity. The instrument targets two areas – the (in)ability to carry out normal functions and the appearance of distress – to assess a person's well-being (Goldberg and Williams, 1988). Each respondent is instructed to answer how they have been feeling during the past few weeks, by agreeing or disagreeing with 12 statements about their mental well-being. GHQ-12 is widely used as a unidimensional instrument and factor analysis shows that all 12 questions work well as single scales in all three countries.

The dependent variable in Study III is a measure of attitudes of towards job security regulations, as captured by two questions the respondents were asked. The first was: 'The law on employment protection limits employers' possibility to dismiss employees. What do you think of this?' Three response options were offered in addition to 'Do not know': 'It should be easier for employers to dismiss employees', 'The current rules are good', and 'It should be harder for employers to dismiss employees'. The second question was: 'All in all, do you think that statutory employment laws should provide more or less security for the employed?' The possible answers were: 'They should provide much more security', 'They should provide somewhat more security', 'They are good as they are', 'They should provide somewhat less security', 'They should provide much less security' and 'They should be completely removed'. The respondents could also answer 'I don't know'.

Two components derived from exploratory factor analysis (PCA) were used as dependent variable indexes in Study IV: one corresponding to attitudes towards neoliberal measures ( $\alpha = 0.68$ ) and the other corresponding to attitudes towards interventionist measures ( $\alpha = 0.63$ ). A flexicurity scale was also theoretically constructed, based on policy measures corresponding to its three main components. It should be stressed that the exploratory factor analysis provided no support for this scale, as employees' attitudes regarding the measures were too diverse to support a coherent scale. However, it was still used to gauge employees' attitudes towards combinations of the main flexicurity components. Ordinary Least Squares (OLS), ordinal or binomial logistic regressions were

used for the statistical analyses, as appropriate for the forms of the dependent variables used in the studies, and described below.

## Statistical methods

Major goals of the statistical analyses were not merely to identify relationships in the acquired data but to explain them, test their accordance with theoretical expectations and (hence) test theory. More specifically, the ultimate aim was to test two central claims in flexicurity theory. For this, the ‘elaboration model’, as described by Aneshensel (2002) was deemed suitable. The model applies an ‘exclusionary strategy’, involving systematic comparisons of theory-based expectations about relationships with observed associations and seeing if theoretical assumptions are supported while the model is expanded. Essentially, the ‘focal’ relationship or association between one independent variable and one dependent variable that is consistent with theoretical expectations is considered, while other (‘third’) variables are systematically added to the model. This enables alternative explanations for the observed association to be ruled out (or confirmed, resulting in a need to reject or refine the theory) and identification of processes that contribute to the observed association in the focal relationship.

The principle of testing alternative theoretical explanations can be illustrated by its use in Study IV, to first test effects of class and insider/outsider variables separately and then in combination to see how much of the class effect remained in the form of unique covariation between class and policy preferences. More generally an exclusionary strategy has been applied by adding control variables that previous research indicated are (or probably are) related to the dependent variable. Such relationships do not provide explicit theoretical alternatives to that expressed through the focal relationship, but accounting for them can still improve support (and provide a more refined understanding) of theoretical claims regarding the focal relationship if a significant effect remains when the control variables are included in the analysis.

In addition to the exclusionary strategy an inclusionary strategy has been applied, to clarify theoretical expectations regarding focal relationships by connecting them to other constructs through the introduction of antecedent, intervening and consequent variables in the analysis. For example, in Study II understanding of the relationship between cognitive insecurity and well-being was expanded by including the affective components as intervening variables. The inclusionary construction of an expanded, multidimensional insecurity model proved to be a successful way of clarifying the theoretical mechanisms involved. Similarly, in Studies I and II theoretical expectations regarding cognitive job insecurity were clarified by including interaction effects.

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Use of the elaboration model is an inferential rather than deterministic approach to analytical relationships. It cannot definitively confirm the relation between two variables or demonstrate causality between them. Rather, the aim is to establish such effects by systematically eliminating alternative explanations while conforming to theoretical expectations (until such time as the expectations are refuted, and the theory must be rejected or refined). This cannot be done exhaustively as there may be infinite alternatives or potential explanations for a relationship, but it can substantially improve on the expectations in the analysis by testing those considered most plausible and arriving at a theoretically informed conclusion.

The data used in all of the articles are cross-sectional, which precludes empirical confirmation of causality in the detected relationships. Although theory can often indicate the most likely causal direction in a relationship, the possibility of reversed causality should also be considered. As mentioned in article II, low employment security is likely to result in lower well-being among employees but the association could also be due to employees with poor well-being seeing smaller chances of finding a new job. Causality can be inferred through theory, but only with due caution, hence the conclusions drawn in the articles and presented in the thesis are primarily based on relationships that are robustly supported by the empirical analysis.

The statistical techniques applied include various forms of regression analysis, selected depending on the characteristics of the dependent variable. Ordinary least squares (OLS) regression has been most frequently used, when the dependent variable data were intervals or ratios. Ordinal and binomial logistic regression have been used in other cases, as detailed in Table 6.

### Additional data

OECD data have been used to examine the institutional frameworks that research has found to affect the different forms of security and labour market policy in Sweden, as well as Finland and Norway. The data (particularly institutional indicators of ALMP, UB and EPL in the three countries) have been applied in descriptive analysis to further contextualize the results. ALMP indicators have been drawn from the OECD Social Expenditure Database (SOCX) database. The 'Tax-Benefit' calculator constructed by the OECD has been used to estimate net replacement rates of an average wage for a single household with no children during the initial phase of unemployment. EPL strictness has been defined using an index based on four EPL components: regulation of individual dismissal of workers with regular contracts, additional restrictions for collective dismissals, regulation of standard fixed-term contracts, and regulation of temporary work agency employment (OECD, 2013). The indexes consider these ele-

ments (particularly collective bargaining) more fully than previously, but it should be recognized that EPL strictness is more fluid than static indices may suggest, and difficult (if not impossible) to define exactly (Venn, 2009; OECD, 2013).



# 4

## The Four Studies

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In this section I present brief summaries of the four studies this thesis is based upon, reported in the appended papers. Writing the papers and the introductory part of the thesis has been more of a parallel than a linear process. New questions raised during the research process have informed the analyses, the papers and the introductory text. There is thus a progression in the analyses and the results, and this summary highlights some aspects that were neglected in the preceding studies. The papers are presented in the order they were written in order to emphasize the process of progression. Table 6 provides a comprehensive overview of the four studies.

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Table 6. Overview of the four studies.

Study	Main purpose	Samples and methods	Theoretical foundations	Problems/lines of conflict	Key results
I	To study if employment and income security counteract or compensate for job insecurity among employees	Postal survey and labour force survey (LFS) in Sweden, 2010. 2023 respondents (54% response rate). Ordinal logistic regression and interaction effect analysis	Wilthagen and Tros, 2004; De Witte, 2005	Compensating role of employment and income security  Relationship between informational (cognitive) and emotional (affective) components of job insecurity	Cognitive and affective job insecurity are strongly related  Employment security and to a lesser degree income security have compensating effects.  Interaction between employment security and job insecurity implies that flexicurity is a risk-prone arrangement
II	To study if job insecurity relates to poor well-being and if it can be countered by employment and income security using a multidimensional measure of security in Finland, Norway and Sweden	Postal survey and LFS in Finland (response rate 53%), Norway (40%) and Sweden (54%) during 2010 – 2011. OLS regression and interaction effect analysis	Wilthagen and Tros, 2004; Burchell, 2009; De Witte, 2005; Jahoda, 1982; Fryer, 1995	Flexicurity components: negative- or positive-sum trade-offs?  Does affective security mediate cognitive security?	Security acts as proposed in the multidimensional model  Flexicurity components can deliver positive-sum trade-offs with regard to well-being in all three labour markets  Flexicurity poses greater risks. Vulnerable to economic down-turns
III	To study employee attitudes towards EPL in the Nordic welfare states and whether labour market outsiders are more in favour of deregulation	Postal survey and LFS in Finland (response rate 53%), Norway (40%) and Sweden (54%) during 2010 – 2011. Binomial logistic regression	Rueda, 2005; 2006; Rueda and Lindvall, 2014	Stricter or laxer EPL  Outsider support for deregulation  Insider/outsider or class position shaping attitudes	No support for outsiders favouring deregulation – rather the opposite  Class shapes attitudes to a larger extent in Sweden  Employees favour EPL that promotes employee security rather than employer flexibility
IV	To study the extent employees are in favour of the policy measures comprising flexicurity and if insider/outsider divides in Sweden affect this support	Postal survey and LFS in Sweden, 2010. (54% response rate). Exploratory factor analysis and OLS regression	Morel, Palier and Palme, 2012; Rueda, 2005; Korpi, 1983; Svallfors, 2007	Insider/outsider position vs. class position  Support for flexicurity measures vs. support for other labour market policy paradigms	Marginal support for the main flexicurity components. Clearer support for interventionist and neoliberal policies  Class-based policy support  Little evidence of insider/outsider position shaping attitudes

## Study I

### Is job insecurity compensated for by employment and income security?

*Authors: Tomas Berglund, Bengt Furåker and Patrik Vulkan. The article was written jointly by the three authors concerning the theoretical perspectives, the operationalization of concepts and interpretation of the results. TB conducted most of the statistical analysis. (Published in Economic and Industrial Democracy, 2014).*

#### **Background and aims**

A central assumption underpinning the flexicurity arrangement is that increases in employment and income security can compensate for intended losses of job security, thereby maintaining (or improving) security in the labour market for employees. From the employees' perspective this trade-off should not increase worries about losing their job. This claim was tested in Study 1 by examining whether, according to employees' subjective experience, employment and income security really can compensate for the stress of job insecurity. Objective risk of job loss is expected to translate into cognitive insecurity, which means perceiving a risk of job loss. The perceived risk of a job loss is also believed to increase worries related to a job loss, so-called affective insecurity. However, employees' means to cope with job insecurity are also expected to influence affective responses. This study specifically addressed the feasibility of employment and income security mitigating affective job insecurity.

#### **Material and method**

A questionnaire was posted, using the routine LFS as a sampling frame, to 3741 Swedish employees aged 16-64 years in the autumn of 2010, with a response rate of 54%. The main variables were constructed from responses to questions about perceptions regarding the considered forms of security and worry about job insecurity. Relationships among these response variables, and LFS variables, were analysed (following appropriate transformation) by ordinal logistic regression (Long, 1997) using a measure of cognitive job insecurity first and subsequently a measure of affective job insecurity as the dependent variable in a two-step analysis. Focal independent variables (Aneshensel, 2002) such as employment and income security, and control variables, were introduced stepwise into the models to capture unique significant effects. Finally, interactions between cognitive job insecurity, employment security and income security were considered.

### **Results**

The results indicate that cognitive job insecurity exacerbates employees' worries about job loss, confirming the theoretical link between cognitive and affective job insecurity. Given the assumption that employees' cognitive job insecurity largely mirrors their objective job insecurity, weakening EPL would increase worries of job loss. This could be countered by enhancing employment security and (to a smaller degree) income security. An interaction effect detected between cognitive job insecurity and employment security indicates that the relationship between cognitive and affective job insecurity may be conditioned by employment security (employees with both high job insecurity and high employment security appeared to worry less, while those with low employment security and high job insecurity worried more, than simple additive effects would suggest). These results indicate that the flexicurity arrangement could reduce worries about job loss quite successfully when economic conditions are favourable, but also pose greater than expected risks in an economic downturn, when there are few means to achieve employment security. However, it should be stressed that employees with low cognitive job insecurity are those with the lowest affective job insecurity, regardless of the level of employment security. These results indicate that job security still remains central to employees' sense of security.

### **Contribution**

The study provides tentative support for the tenet of flexicurity theory that increases in employment and income security can compensate for the stress associated with losses of job security among employees. However, the estimated effect of cognitive job insecurity on affective job insecurity indicates that employees' risks of being worried about job losses are very high, raising doubts that this can really be considered a positive sum trade-off for employee security. The interaction between cognitive job insecurity and employment security also indicates that this form of compensating mechanism can make employees more vulnerable (than arrangements providing high job security) to economic downturns, when there are few ways to improve employees' employment security. An interpretation of these findings is that unless sufficient investments are made to enhance employment security, through ALMP, and income security, through unemployment insurance, to ensure that the institutional arrangements do not leave employees and the labour market susceptible to general economic downturns, the flexicurity arrangement of compensatory forms of security for employees appears to be riskier than the current arrangement. If the main concern is to reduce employees' worries about job losses, the results indicate that strong job security is the most effective measure.

## Study II

### Job Insecurity and Mental Well-Being in Finland, Norway, and Sweden - Consequences of Flexicurity in a Nordic Welfare Setting

*Authors: Patrik Vulkan, Antti Saloniemi, Jørgen Svalund, Anna Väisänen. PV conceived the study, and its design. PV, JS and AV performed the data analyses. PV drafted the manuscript. PV, JS and AS revised it. All authors read and approved the final version. (Published in Nordic Journal of Working Life Studies, 2015).*

#### **Background and aims**

The second study continued the examination of consequences of the security trade-off in the flexicurity arrangement for employees, focusing on relationships between their subjective experience of the three component forms of security and their well-being. It is well known that job insecurity, both cognitive and affective, can seriously harm employees' well-being, but a key claim of flexicurity proponents is that boosting employment and income security can not only compensate for losses of job security but also provide a positive-sum trade-off, improving their well-being. The objectives of this study were to test this claim and develop a more detailed multidimensional model of subjective insecurity that takes into account both cognitive and affective dimensions of all three security components. Data pertaining to Sweden, Finland and Norway were used, as all three of these countries have relevance to flexicurity theory, partly because they are widely considered to have employment regimes that are potentially compatible with the compensatory arrangement envisioned in flexicurity. In addition, they have similarities and differences that facilitate potentially valuable comparative analyses.

#### **Material and method**

Questionnaires were sent, using the LFS as a sampling frame, to employees aged 19-64 years in Norway, Finland and Sweden during 2010-2011, with response rates of 40%, 53% and 54%, respectively. The acquired data were analysed by OLS regression, taking into account significant differences in coefficients between the three countries. The key dependent variable was mental well-being, constructed using the General Health Questionnaire 12 (GHQ-12). The focal independent variables were job insecurity (cognitive and affective), employment security (cognitive) and income security (cognitive and affective), constructed from responses to the questionnaires and tested by step-wise introduction to the regression model. This also enabled tests of whether affective (in)security acted as a mediating variable (Aneshensel, 2002) between cognitive (in)security and

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well-being. Control variables with known relationships to either job insecurity or mental well-being were included, and finally interactive effects of job insecurity and employment security on mental well-being were analysed.

### **Results**

Analysis of the acquired data shows that while relatively few participating employees perceived a risk of job loss, or worried about job loss, larger shares perceived a lack of both employment and income security, indicating that current arrangements are quite far from those proposed in flexicurity. With regard to mental well-being, the independent variables acted as expected: cognitive job insecurity was negatively related, while cognitive employment and income security were positively related, to the participants' mental well-being. Affective variables acted as mediators between their cognitive counterparts and well-being, supporting the proposed multidimensional model of labour market insecurity. Finally, significant interaction effects were detected between cognitive job insecurity and employment security (but not between job insecurity or income security). The results highlight the value of not limiting the analysis to simply additive relations. Including the interactions also enables comparison of two labour market arrangements and their relation to employee well-being. Compared to a labour market setting where employees have low job insecurity and low employment security (similar to current conditions in the three Nordic countries), the results indicate that a flexicurity arrangement of high job insecurity and high employment security could potentially improve employee well-being and be considered a positive-sum trade-off. However, if the high employment security was not present or did not function as assumed by flexicurity proponents, employees' well-being would be lower in a flexicurity regime than in a low job insecurity, low employment security regime. The rewards, but also the risks, are higher with flexicurity.

### **Contribution**

The study confirms that both cognitive and affective forms of insecurity are related to employee well-being, and that the multidimensional model can provide valid contributions to research on (in)security by enabling analyses of both cognitive and affective dimensions of all three forms. Less than 40% of the participating employees reported high levels of employment opportunities in 2010, indicating that substantial improvements in ALMP and other demand-enhancing measures would be required for the flexicurity arrangement to provide a positive-sum trade off. The results also confirm a previously identified weakness of the flexicurity arrangement: low job security can seriously impair employees' well-being, and institutional arrangements probably have limited

capacity to maintain high levels of employment opportunities during an economic down-turn, when few jobs are available. This could severely compromise the flexicurity arrangement's promise to provide a positive-sum trade off in 'bad weather'.

### Study III

#### Attitudes towards job protection legislation: Comparing insiders and outsiders in Finland, Norway and Sweden.

*Authors: Jørgen Svalund, Antti Saloniemi and Patrik Vulkan. Jørgen Svalund (JS) conceived the study and its design. JS, PV and AS analysed the data. JS drafted the manuscript. PV, JS and AS revised the original manuscript. The journal required the authors to revise the original manuscript. A major revision of the article was done in close cooperation by the three authors. All authors read and approved the final version of the manuscript. (Prepublished in European Journal of Industrial Relations, 2016).*

#### **Background and aims**

This study addressed attitudes towards job security institutions in the Swedish, Finnish and Norwegian labour markets in the form of EPL. This was regarded as important for assessing the feasibility of implementing flexicurity in these Nordic welfare states. In addition, sweeping changes in European labour markets in recent decades have included widespread liberalization of EPL, but there has been little analysis of employees' attitudes towards its relaxation. The first of two theoretical starting points was that the labour market is characterized by insiders, in this context employees who have high job security through permanent and full-time employment, and outsiders, who have low job security through temporary and involuntary part-time jobs (Rueda, 2005; 2006; Rueda and Lindvall, 2014). The other was that outsiders should be more in favour of deregulating EPL as it would improve their job opportunities, i.e. employment security. Major aims were to test if current employee attitudes in the Nordic welfare states support these propositions, and if the concept of the dualistic labour market can explain some of the variation in employee's attitudes towards EPL. Another aim, highly relevant to flexicurity theory, was to test the extent of employees' support for deregulating EPL to increase flexibility in the labour market and examine its relation to their sense of job security.

#### **Material and method**

Questionnaires were sent, using the LFS as a sampling frame, to employees aged 19-64 years in Norway, Finland and Sweden during 2010-2011, with response rates of 40%, 53% and 54%, respectively. The data were analysed by binomial

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logistic regression using variables measuring attitudes towards EPL as the dependent variables, and introducing independent variables stepwise into the models, starting with insider and outsider position measured by both objective (permanent or temporary, and full-time or part-time employment) and subjective measures (perceived job and employment security or insecurity), followed by control variables. The significance of differences between the three countries was also tested.

### **Results**

Descriptive analysis revealed considerable difference in attitudes between the countries (more Swedish employees favouring deregulation than Finnish and Norwegian employees). However, effects of the insider/outsider measures offer little support for the attitudinal differences expected in insider/outsider theory. Relationships between the objective measures of insider and outsider position and the employees' attitudes provide little or no support for the hypothesis that outsiders should be more favourable to laxer regulation (apart from moderate support among the temporarily employed in Norway). Notably, the temporarily employed in Sweden clearly favoured stricter EPL, in stark contrast to theoretical expectations. Relationships of the subjective measures provided even less support for the hypothesis, with several cases of moderate to strong deviations from expectations (outsiders being more in favour of stricter regulation), especially among Swedish employees. The Swedish data are of further interest since they show that attitudes towards EPL depend on whether it concerns employer flexibility or job security, as there was higher support for stricter regulation of the latter, especially among outsiders.

Results from the regression analysis confirm the general pattern of the descriptive analysis, providing no significant indications (in either objective and subjective measures) of outsiders being more in favour of laxer EPL. Instead, those reporting employment insecurity were more in favour of strict EPL, although in most cases this association disappeared when the control variables were introduced. Effects of including several of the control variables indicate that class, as expressed through union membership, occupational category and income, explain more of the differences in attitudes towards EPL (especially in Sweden, where low income employees, manual workers and union members particularly favoured strict EPL, which offers more security for employees).

### **Contribution**

The study refutes the hypothesis that job security institutions, specifically in the form of EPL, will create and maintain divides among labour market insiders and outsiders (Rueda, 2005; 2006; Rueda and Lindvall, 2014), finding no support for

a significant attitudinal divide between insiders and outsiders with regard to EPL among the employed in any of the three Nordic countries. The indications of attitudinal differences are in fact in the opposite direction, with outsiders being more in favour of strict EPL. Variables expressing class differences seem to provide better explanations of attitudinal differences to job security regulation, indicating that class divides, rather than the insider-outsider divide, more strongly shaped the employees' attitudes towards EPL, particularly in Sweden.

The study also contributes to flexicurity theory. EPL is the most crucial, or contested, aspect of the flexicurity arrangement from a Nordic welfare state perspective, since its implementation would require the deregulation of EPL to reduce job security in order to increase flexibility for employers. An important issue is whether development of a more dualistic labour market could increase potential support for this aspect of the flexicurity arrangement. The results do not support any link between an insider/outsider divide and employee's attitudes, nor the proposal that outsiders may regard this aspect of flexicurity more favourably than insiders. The descriptive results indicate that most employees prefer EPL to promote employee job security rather than employer flexibility, indicating that finding support among employees for implementing this key component of flexicurity would be challenging.

## Study IV

### Employee support for the flexicurity arrangement as labour market policy

Author: Patrik Vulkan. Unpublished manuscript.

#### **Background and aims**

Successful implementation of flexicurity requires strong support among the social partners, but there has been little empirical analysis of support for flexicurity's main components, especially among employees. Thus, this study addresses to what extent employees favour labour market policies associated with flexicurity, in comparison to policies associated with other labour market paradigms. Sweden is used as a critical case because the country's institutional arrangements are considered favourable for flexicurity, but class-based divisions and perspectives of the labour market may severely restrict many employees' support for it. However, recent changes in the Swedish labour market and welfare state may have fostered a move away from class-based divides towards an attitudinal division between insiders and outsiders, and the latter may favour flexicurity more than the former. Major aims of this study were to test these claims, by examining Swedish employees' support for measures associated with three prominent

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labour market paradigms (Keynesian, neoliberal and social investment) and the implications for the likelihood of the employees supporting implementation of flexicurity components. Further aims were to assess the importance of class and insider/outsider divides as structuring principles of the employees' preferences, expecting preferences aligned with class divisions to be in line with the mentioned paradigms, and preferences aligned with insider/outsider divisions to be more in line with flexicurity.

### **Material and method**

A postal survey using the ordinary labour force survey (LFS) as a sampling frame was sent out to Swedish employees aged 16-64 in the autumn of 2010, with a 54% response rate. The analysis is based on exploratory factor analysis and OLS regression with interventionist, neoliberal and flexicurity arrangements as dependent variables (with all but the latter derived from exploratory factor analysis), and variables measuring class, and insider/outsider position as the main independent variables. Finally control variables are included in the regression model.

### **Results**

Two dimensions of employee attitudes among the policy measures are identified through factor analysis. The first consists of measures in line with the Keynesian and social investment paradigms, which together are referred to as an interventionist perspective on policy measures. The second dimension consists of measures in line with the neoliberal paradigm. The two dimensions also include one or more of the measures making up the flexicurity components with support for low job security found in the neoliberal dimension, while support for high employment and income security is found in the interventionist dimension. Little coherent support for all the components in flexicurity is thus found. The results indicate that employees' attitudes towards labour market policies are primarily shaped by class. There is little evidence of insider/outsider divisions shaping preferences in line with theoretical expectations or support for the flexicurity components. However, employees with high job insecurity (who can be considered an outsider group) are in favour of all three components suggested in the flexicurity arrangement. This could indicate a group of employees who fit well with and support the flexicurity arrangement envisioned, even though those with high job insecurity constitute just 5% of the sampled employees.

### **Contribution**

The results illustrate the challenges of implementing flexicurity in Sweden. Many employees support some of its components (according to the participants' re-

sponses), but very few favour the combination that the security-flexibility trade-off depends upon. The arrangement seems unlikely to gain support from a public that primarily associates policy measures with two, mostly conflicting, sets of paradigms (neoliberal and Keynesian/social investment, respectively) and are likely to perceive flexicurity as an incoherent mixture of the two. These paradigms are also an expression of institutional arrangements with class as the main structuring principle and left-right ideology shaping attitudes towards policy measures. Most employees would prefer either interventionist or neoliberal measures and few appear to be willing, or capable, of seeing flexicurity as a viable option, which is left stranded in the middle of the ideological spectrum. Despite signs of an increasingly dualistic labour market in Sweden, there is little to indicate that this has translated into attitudinal differences between insiders and outsiders with regard to labour market policy measures. Outsiders were expected to be more in favour of the flexicurity components and constitute a source of growing support for flexicurity. However, little evidence for this has been found, indicating that development of a dualistic labour market is unlikely to result in employee support for flexicurity.



# 5

## Conclusions and Discussion

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In this chapter the main findings regarding the research questions addressed in Studies I-IV are briefly summarized, then their implications are more broadly discussed.

### Conclusions from the empirical analyses

The first overarching research question concerns whether increases in employment and income security can compensate for the intended loss in job security in flexicurity arrangements, from an employee's perspective, and the implications for employees' well-being and feasibility of implementing flexicurity. The results of Study I indicate that cognitive job insecurity exacerbates employees' worries about job losses, confirming the theoretical link between cognitive and affective job insecurity. The findings also confirm the postulated relationships between employee's affective job insecurity and both employment and income security. Employment security is negatively associated with affective job insecurity, indicating that increases in prospects of finding a new job have compensating effects on affective job insecurity. An interaction between cognitive job insecurity and employment security was also detected, indicating that the relationship between cognitive and affective job insecurity is conditioned by employment security. However, the results also indicate that job insecurity has the strongest main effect on employees' affective job insecurity, indicating that improving cognitive job security is the most effective measure for countering it.

The results of Study II indicate that under favourable conditions, when all the main components have assumed effects, a positive-sum trade-off is possible, i.e. that flexicurity may be better for employees' well-being than a labour market arrangement that is primarily oriented towards providing job security (in all three Nordic countries considered). However, the compensating effect of employment security on job insecurity may differ among the countries. It appears likely to be modest for employees in Finland if the arrangement works as in-

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tended, and modestly negative otherwise. In Sweden the effect is likely to be more weakly positive if the arrangement works (almost identical to the expected effect of an arrangement centred on high job security), while the anticipated negative effects are stronger than those in Finland if it does not work. In Norway, the anticipated positive effects of a successful interaction are similar to those in Finland, but the effects of having low employment security to compensate for job insecurity would apparently be dramatically worse. Cognitive and affective insecurity are positively related, and affective job insecurity seems to mediate adverse effects of cognitive job insecurity on employees' well-being. This relation also appears to hold for income security, supporting theoretical assumptions underpinning the multidimensional model, although only cognitive employment security was included in the analysis.

The second overarching research question concerns to what extent employees support the implementation of flexicurity-oriented labour market policy and whether class and insider/outsider divisions affect their preferences in this regard. The results of Study III show that a relatively high proportion of employees favour relaxation of EPL (a key flexicurity component) in Sweden to allow employers more flexibility. However, the support decreases when the deregulation is associated with lower job security for employees. There is little evidence for the notion that outsiders should favour deregulation more than insiders in any of the three Nordic countries. In fact, there are indications that outsiders favour strict EPL more than insiders, contrary to a central tenet of insider/outsider theory. Generally, the insider/outsider divide seems to have very limited effects on opinions, despite indications of a shift towards a more dualistic labour market with greater divides between employees in Sweden. However, class divisions seem to shape employee preferences more strongly, especially in Sweden, indicating that further developments towards insider/outsider divides are unlikely to radically change attitudes towards EPL.

The results of Study IV, concerning attitudes to all three main flexicurity components, provide little or incoherent support for the flexicurity arrangement, as employees' preferences appear to be aligned with either Keynesian/social investment or neoliberal paradigms, and associated combinations of measures. Very few seem to favour the combination that the security-flexibility trade-off depends upon. Thus, the arrangement seems unlikely to be supported by a public that primarily associates policy measures with two, mostly conflicting, paradigms and will probably perceive flexicurity as an incoherent mixture of the two. Consequently, support for flexicurity seems stranded between two currently widely accepted models. Furthermore, insider/outsider divisions seem to have weak effects on policy preferences that conflict with theoretical expectations. Strengths of insider/outsider divisions among employees are debatable,

but regardless of their strength there is no indication of expected corresponding divisions in preferences, apart from employees with high job insecurity favouring flexicurity. It should be stressed that the outsider group does not include the unemployed, which is a limitation. Class emerges as a clearer structuring principle, which seems to strengthen the tendency of employees to favour sets of policies associated with either interventionist or neoliberal paradigms, which can be more easily aligned with class divisions.

### Discussion

This section primarily addresses the implications of the results presented in the preceding sections regarding both the microfoundations of flexicurity, and the potential implementation of flexicurity arrangements. The results of Study II, and to some extent Study I, indicate that with regard to employees' subjective security, flexicurity could provide positive-sum trade-offs, if the institutional arrangements work as intended. Employees could seemingly have a new form of security, with no generally detrimental effects to their well-being. These results are interesting and indicate that flexicurity could provide a 'new' form of employee security in the labour market. The key question is whether it could be considered superior to the 'old' form of job security. The results of Study I should be stressed at this point. Although providing compensation for losses of job security through increases in employment security is possible under the right conditions, the results also indicate that employees with the highest well-being are generally those with low job insecurity, regardless of their level of employment security. If the goal of labour market policy is to maximise employees' well-being, these results suggest that the optimal approach is to minimise job insecurity, by increasing the strictness of EPL. Given the importance of job security for well-being, it seems a substantial challenge to convince employees with high job security (individually or collectively) to trade it for employment security.

Comparing the two arrangements of security facilitates discussion of some of the qualitative values in the concepts of security in terms of provisions and entitlements. Job security, in the form of EPL, is an example of an entitlement of employees; they have certain rights and cannot be dismissed in defiance of the legislation, although certain aspects are open for negotiation. Income security, in the form of UB, is also a form of entitlement, currently not a very generous entitlement for many but still a right. However, employment security is not

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an entitlement: employees have no right to employment or given individuals to have a job of a certain quality.<sup>7</sup> This captures an interesting change in meaning of security, since flexicurity, in essence proposes a reduction in job security and an increase in employment security. Employee security would thus be defined less in terms of entitlements and rights, and more in terms of provisions and opportunities. The means used to enhance employment security could still involve increases in rights to training, education and matching, but such measures fall short of a right to a new job, whereas job security consists of certain rights to keep one's current job.

It seems to me that employees in a flexicurity arrangement are given greater opportunities to achieve security, but less rights to it, and greater responsibility to seize the opportunities. Hence, the individual has more responsibility for achieving security. This is perhaps more clearly expressed in the concept of employability (cf. Garsten and Jacobsson, 2004), which highlights the importance of employees increasing their value to employers using available resources. A change towards flexicurity seems, with regard to employees' security, to imply a shift from treating workers as citizens with rights, to customers with opportunities: provisions without entitlements. Employees are customers of security provisions with a wider range of opportunities than before, as long as they have the means to seize the opportunities, which might differ greatly between employees. Employees' security could become increasingly dependent on their individual resources to pursue it, which may be inherited, obtained by their own efforts, or boosted through labour market measures, but not provided *per se* as an entitlement. Security in the form of opportunities is not necessarily inferior to job security (and results of Study II indicate that it could be superior under certain circumstances), but it has a different nature and implications, which should be recognized in any discussion on flexicurity.

With this in mind, employees' attitudes towards flexicurity can be interpreted as a rejection of opportunities, or rather a rejection of opportunities without entitlements. Many employees are not unfavourable to the options available to achieve security, but they do not want to lose their rights. Accordingly, employees may favour the changes proposed in flexicurity more if one right was replaced by another. Rights to employment and/or income could give employees

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<sup>7</sup> However, Korpi (2003) argues that the state of full employment in Sweden during parts of the 1970s and 1980s transformed employment into a social proto-right since it was widely considered an expectation by the citizens rather than an opportunity that the individual had to achieve.

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a new sense of security, but their introduction could dramatically change functions of the labour market and the meaning of employment as commonly understood.

Other key issues to consider are the risks associated with flexicurity. The results of the studies indicate that employees' security and well-being are at risk in situations where employment security is low, most obviously in economic downturn, when the market can offer few new jobs. The capacity of the ALMP advocated in the flexicurity arrangement to maintain a high level of employment security is questionable, since it is heavily dependent on the market, and market mobility, to ensure large numbers of jobs are available. One could envision a complementary arrangement where employment security is reinforced by demand-side interventions, such as public job creation schemes, akin to a Keynesian solution for economic downturns. However, such a measure does not seem to be among those suggested by flexicurity proponents. The flexicurity arrangement's vulnerability to high unemployment suggest that prioritizing low unemployment (or full employment) in relation to other goals, such as low inflation, should be more explicitly discussed.

Flexicurity also rests on high levels of income security. Such an arrangement can be a very important source of security during an economic downturn, enabling employees who see little chance of finding a new job in the near future to rely on UB during the downturn, if they lose their current job, and waiting to re-enter the labour market when the economy starts improving again and demand for employees rises. This could be a viable solution as long as the arrangement is intact since the replacement level should be generous for most employees. It would also provide security for employees, in the sense of not having to take jobs of inferior quality or lower pay than the current one because the economic consequences of unemployment are too severe. This would also stop the meaning of employment security changing from availability of a job better or equal than the current one to availability of 'any job that pays'.

However, there seems to be a large risk of the unemployment insurance system being very costly during these periods and hence, as in Denmark (cf. Madsen, 2013), politicians being tempted to reduce its generosity when the unemployment rate starts rising. Such temptation is not, of course, unique to flexicurity situations. However, it illustrates a potential risk with flexicurity regarding the source of security for employees during an economic downturn if job security is already low and both employment and income security arrangements be-

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come unsustainable.<sup>8</sup> Such an arrangement, under such conditions, can hardly be regarded as providing positive-sum trade-offs. One could apply the theoretical understanding of Jonsson (2007) to this situation. The institutional-level compensatory arrangements falter, so the employment relation defining the labour market is once again primarily governed by the micro-level relationship between employees and employers. In such a situation employers seem to have a more favourable position, since they have greater flexibility to dismiss employees according to their needs. This seems to fit well with scenario 2 in Table 3, where employers enjoy flexibility while employees suffer instability since they can no longer perceive the variability of the situation as desirable once the compensatory arrangement does not work as intended. When hard pressed, the main flexicurity components may not be able to completely meet employees' need for stability, as used by Jonsson. To summarize: in bad weather the security of the wings could be flimsy for many employees.

The results of Study IV seem to be consistent with the theoretical assumptions of the power resource model, where class plays an important role. Class-based divisions and articulations in the labour market seem to pose major challenges for flexicurity. However, the results can also be discussed from a variety of capitalism perspective. Although this possibility was not tested directly, it seems reasonable to assume that employees with general skills should be more in favour of flexicurity, since they have more to win from employment security, while those with specific skills are more dependent on job security. To encourage employees with specific skills to be more mobile, there must be arrangements that can help them convert their skills or make them more general, including (probably) substantial employment and income security provisions during transitions. Estevez-Abe (2001) argues that Sweden is characterized by accommodation of all forms of employment, but a move towards flexicurity seems to entail a move away from industry-specific skills since they depend so strongly on job security. A conflicting development is recent investment in vocational schools in Sweden, which largely focus on specific skills (Nylund, 2013). The future employees attending these schools are likely to support high levels of job security since they will be quite immobile, which will probably hinder support for flexicurity arrangements and a more dynamic and mobile labour market as envisioned by its proponents.

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<sup>8</sup> Another possibility is that the reservation wage could start sinking once UB levels fall. Jobs with poorer wages can then become unavoidable alternatives for employees, which would also raise questions about the extent to which employment security could really be defined as availability of a job equal or better than the current one.

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Regarding conditions for the main flexicurity components in Sweden, the results indicate that if the institutional arrangements work as envisioned, employees' security and well-being could be as high as previously (except in economic down-turns, as discussed in other sections), while greater mobility in the labour market could enhance overall economic activity. However, analysis of employees' attitudes indicates that implementing the main flexicurity components may be highly problematic, as employees seem to prefer arrangements where the three security forms are aligned with either Keynesian and social investment (interventionist) or neoliberal (deregulation) paradigms. An explanation for this is that these options are deeply rooted in ideological structures that currently shape public opinions on the organization of the labour market, and flexicurity appears as a misfit, being neither interventionist nor neoliberal. This could be interpreted as being due to current ideological structures of a left-right spectrum tending to define the employment relation as a win-lose power struggle, where one actor can only gain at the other's expense. Regardless of such nuances, it may be difficult for employees to envision flexicurity as an arrangement that provides employment and income security in compensation for losses of job security, rather than simply a withdrawal of rights and power resources.

The challenges of implementation can also be discussed with regard to whether flexicurity is more likely to succeed as an arrangement through explicit and simultaneous implementation of all central components, or through more gradual policy changes. An alternative interpretation of the Danish model suggests that the central components emerged over time, via many changes that arose through conflicts and compromises (cf. Emmenegger, 2010; Madsen, 2002). Flexicurity in such cases should be considered a post-hoc labelling of a labour market arrangement, rather than the result of pro-active implementation. If this alternative interpretation is correct, it highlights the challenges of implementing policy arrangements in the labour market where the specific interaction of several components is crucial for success, especially flexicurity as it explicitly requires synchronous implementation of security- and flexibility-enhancing measures (Wilthagen and Tros, 2004:169).

One reason for Swedish employees lack of support for the flexicurity arrangement might be related to employees' perception of the policy measures corresponding to employment security, since objectives of ALMP in Sweden have shifted, from boosting qualifications (giving individuals new skills to enhance access to new and attractive jobs), to helping individuals find a job and 'incentivising' them to take any job available (by making any job preferable to the alternatives). Madsen (2002) highlights associated problems with regard to flexicurity and cautions against using ALMP in an inappropriate manner that

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motivates individuals to find a new job solely through fear of ending up in a programme. It could be difficult to garner support for a labour market arrangement such as flexicurity if many of the employees consider 'active labour market programmes' a risk (something to avoid) rather than a resource. Flexicurity could then easily be considered a de-skilling rather than up-grading arrangement. Furthermore, according to economists such as Calmfors et al. (2001), the results of ALMP, even when arranged to have a qualifying effect, are questionable and their compensating effects assumed in flexicurity theory could easily be exaggerated. However, it is noteworthy that the only group of employees who seem to clearly support the flexicurity arrangement (and this arrangement only) are among those with a high level of job insecurity. This is a rather small group (around 5% of the total), since high levels of job insecurity are still quite rare in the Swedish labour market, but it is interesting that they favour the main components of the flexicurity arrangement, instead of higher levels of job security. This is a group that warrants further research, especially compared to other groups of outsiders or vulnerable employees who rather seem to prefer either more interventionist or neoliberal labour market measures. Why this particular group supports the main flexicurity components is unclear, but one possibility is that for employees who have very high job insecurity, an arrangement of the main components of flexicurity may seem quite desirable and a viable way to improve the labour market. It could be that flexicurity needs to be seen as a clear improvement for employees to support it and those employees who already experience very high job insecurity have very little to lose from its implementation. If so, support for flexicurity would be unlikely to grow as long as job security is relatively high in Sweden. Trust and support has mainly been discussed on the level of the individual actor, the employee. To further investigate this aspect of flexicurity, it would be interesting to compare support among both individual actors and collective actors (such as unions and employer organisations) and assess the implications of detected similarities and differences for overall support for, and opposition to, flexicurity.

The comparative analysis of prospects for flexicurity delivering positive-sum trades in Study II indicates that with appropriate institutional arrangements it could improve the well-being of employees in all three Nordic countries, relative to an arrangement oriented towards maintaining high job security. The results indicate that an arrangement incorporating the main components of flexicurity could work in all three Nordic labour markets, strengthening the legitimacy of the claims regarding a positive sum trade-off for employees' security. However, the results also show that if the arrangement fails to provide substantial employment security it will probably have negative effects on employees' well-being in all three countries. Even in a country with a very dynamic economy and

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relatively low unemployment, such as Norway, there seems to be little leeway without high employment security. The results are interesting as current arrangements in the Norwegian labour market are closer to the intended compensatory arrangements than in Sweden, with higher employment security due to low unemployment and more generous UB. However, even in Norway the lack of employment security is associated with a significant drop in well-being for those who experience job insecurity.

In conclusion, even a very prosperous labour market does not seem to have sufficient buffers or sense of security or well-being for employees, if employment security starts to fail as a compensatory component. The Norwegian labour market is clearly very distinctive, partly because until recently it has been supported by substantial profits from the oil industry. Nevertheless, the results indicate that considerable risks are associated with the flexicurity arrangement for employees and their well-being if high levels of employment security are not achieved, even in very prosperous settings.

A point of caution concerning these results is that employees' attitudes toward policy measures are based on opinions regarding the individual measures rather than combinations of measures intended to have specific interactive effects, like the compensatory arrangement in flexicurity. Flexicurity ideas, although not unknown, have not been thoroughly disseminated among Swedish employees, and their consequent failure to grasp the logic of the compensating arrangement might at least partly explain the extremely low support for flexicurity in Sweden. However, the justification of the main flexicurity measure (deregulating EPL to enhance mobility in the labour market, thereby making the economy more dynamic and reducing unemployment) has been widely discussed and is more widely known among employees. So, without further research into the matter it seems dubious and speculative to invoke employees' ignorance to explain the results. However, it should be stressed that the results concerning employees' attitudes and the microfoundations are related to the main components of a flexicurity arrangement, and not to the theoretical construct flexicurity *per se*.

Certain welfare state institutions and areas of policy are not covered in this thesis that nevertheless are important for the successful implementation of flexicurity. These should be noted as clear limitations of the scope of the thesis, but also as aspects that warrant future research to extend and refine the presented results. The most obvious are several elements of the flexicurity matrix (see Table 1). Apart from external-numerical flexibility, internal-numerical, functional and wage flexibility can potentially be used to attain positive-sum trade-offs in flexicurity arrangements. For instance, effects of adopting more flexible approaches to both working hours and wages (which would involve different

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forms of labour market institutions and policies) on employees' security and the dynamism of the labour market could be analysed. Other approaches to flexicurity — such as cuts in working hours, as widely adopted in Germany in response to the recent downturn, or the practice of temporary and part-time employment in The Netherlands — also have specific merits and challenges (cf. Brenke et al., 2013; Wilthagen and Tros, 2004) that warrant further attention. An informative research strategy would be to explicitly analyse several of the flexibility elements in relation to each other to gain a better understanding of the potential and consequences of different approaches to flexicurity.

Another potentially important aspect that has not been addressed in this thesis is combination security. As previously mentioned, this reflects the paucity of attention to this form of security both in flexicurity theory (cf. Lewis and Plomien, 2009) and actual flexicurity arrangements, such as the 'Golden Triangle'. However, it seems a crucial component to consider when analysing the feasibility and likely success of a flexicurity arrangement. Furthermore, it seems particularly important in the context of Nordic welfare states, which have actively sought to develop universal and de-familising services, intended to provide social, emotional and economic independence for both people requiring care and their family members (Ulmanen and Szebehely, 2015), thereby enabling strong participation by both men and women in the labour market. The de-familisation of elderly care, for instance, is intended to provide both elderly people and their families more genuine choices regarding the terms and conditions under which they give or receive family care. Extensive homecare services thereby provide combination security, especially for women (who provide most family care for the elderly), by allowing them greater opportunities to participate in the labour market. However, the coverage of public homecare services has decreased significantly in Sweden in recent decades (Ulmanen and Szebehely, 2015), resulting in more family members (mostly daughters, especially in working class families) taking on more of the elderly care. This development is likely to reduce women's full-time participation in the labour market, and increase atypical work such as part-time or temporary employment, which will ultimately affect women's wages and pensions, among other things, and further accentuate the difference between security as a right and as an opportunity. Combination security is thus likely to impact other forms of security and further problematize the conditions required for a positive-sum trade-off flexicurity arrangement for all employees. Security from a life cycle perspective could also warrant greater attention, as employees' needs for the different forms of security are likely to vary over time, with combination security playing a crucial role during distinct life stages. Hence, future analyses of flexicurity should much more fully consider this component and the role of gender.

# Svensk sammanfattning

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I avhandlingen undersöker jag mikrofundamenten för flexicurity, särskilt villkoren på individnivå som rör implementeringen och utförandet av ett flexicurityarrangemang på arbetsmarknaden. Flexicurity, sammanslagningen av orden ”flexibility” och ”security”, är benämningen på den teori vars förespråkare anser att det går att skapa en situation på arbetsmarknaden där både arbetstagare och arbetsgivare gynnas. Denna ”win-win”-situation uppstår när regleringen av arbetsmarknaden ger arbetsgivare flexibilitet att enkelt kunna både anställa och säga upp personal samtidigt som arbetstagarna ges trygghet genom att det är lätt att hitta ett nytt arbete (på motsvarande nivå som ens tidigare) och genom att de inte lider ekonomiskt under perioden mellan anställningar. Anställdas trygghet skall alltså inte längre främst vara baserad på anställningstrygghet (såsom strikta lagar om anställningsskydd) då detta förhindrar flexibilitet på arbetsmarknaden. En arbetsmarknad präglad av både trygghet och flexibilitet, alltså flexicurity, förväntas bli mycket dynamisk och ha låg arbetslöshet. I teorin om flexicurity betonas vikten av de olika arbetsmarknadsparternas tillit till det nya arrangementet för att det skall lyckas och anställdas attityder blir därmed viktiga att undersöka. Trots detta har anställdas attityder till de centrala komponenterna i ett flexicurityarrangemang på arbetsmarknaden undersökts i en mycket liten utsträckning.

Syftet med avhandlingen är att analysera hur flexicurity kan påverka arbetstagares välbefinnande och i vilken utsträckning de tjänar på de policyförslag som förs fram inom flexicurityteorin. I avhandlingen ställs följande övergripande forskningsfrågor: Motverkar eller kompenserar sysselsättnings- och inkomsttrygghet för den förväntade förlusten i anställningstryggheten bland anställda och vad innebär detta för anställdas välbefinnande? Vad är konsekvenserna av genomförandet av flexicurity på arbetsmarknaden utifrån de anställdas perspektiv? I vilken utsträckning stödjer anställda arbetsmarknadspolitiska förändringar i riktning mot flexicurity? Påverkar klasskillnader och skillnader mellan ”insiders” och ”outsiders” på arbetsmarknaden anställdas attityder i detta avseende?

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För att besvara forskningsfrågorna har jag genomfört en enkätundersökning om trygghet på arbetsmarknaden som skickades ut till svenska anställda under hösten 2010 och som besvarades av 2023 individer (svarsfrekvens: 54 procent). Samma enkätundersökning skickades senare ut till anställda i Finland och Norge, vilket gör att samtliga tre länder analyseras i två av avhandlingens artiklar. Enkätsvaren har kompletterats med uppgifter från Arbetskraftsundersökningen (AKU).

Avhandlingen består av fyra artiklar samt en introducerande och sammanfattande kapp. I kappan går jag igenom mina teoretiska utgångspunkter och redogör även för hur datainsamlingen och analys gått till. I denna svenska sammanfattning presenterar jag översiktligt avhandlingens artiklar och mina slutsatser.

### **Artikel I**

Ett centralt antagande som ligger till grund för flexicurityarrangemanget är att öknings i sysselsättnings- och inkomstrygghet kan kompensera för förluster i anställningstrygghet och därigenom bibehålla (eller förbättra) den upplevda tryggheten på arbetsmarknaden för de anställda. Denna förändring i trygghetsformer bör alltså inte innebära att de anställda oroar sig mer över att förlora sina jobb. Detta påstående testas i artikel I genom att undersöka om sysselsättnings- och inkomstrygghet verkligen kan kompensera för den oro som mer otrygga anställningar kan innebära. Resultaten visar på att upplevd anställningstrygghet förvärrar de anställdas oro för arbetslöshet. En avreglering i lagen om anställningsskydd (LAS) kan därmed generellt öka oron för arbetslöshet. Denna otrygghet kan dock motverkas genom ökad sysselsättningstrygghet och i viss mån inkomstrygghet. Resultaten tyder dock även på att flexicurityarrangemanget kan minska oron för arbetslöshet ganska framgångsrikt när de ekonomiska förutsättningarna är gynnsamma, men också innebära större risker i en lågkonjunktur, när det finns få jobb tillgängliga och det därmed är svårt att uppnå sysselsättningstrygghet. Det bör samtidigt understrykas att de som upplever högst grad av anställningstrygghet oroar sig minst av alla anställda, oavsett graden av sysselsättningstrygghet. Dessa resultat tyder på att anställdas bedömning av anställningstryggheten är mycket central för deras känsla av trygghet.

### **Artikel II**

Den andra artikeln undersöker hur förändringar i trygghet kan påverka de anställdas välbefinnande, med fokus på den subjektiva upplevelsen av anställnings-, sysselsättnings- och inkomstrygghet. Det är välkänt att både ”kognitiv otrygghet”, dvs. att som anställd uppleva att det föreligger en risk för arbetslöshet, och ”affektiv otrygghet”, dvs. att uppleva oro för arbetslöshet, allvarligt kan försämra välbefinnandet, vilket en sänkning av anställningstryggheten i flexicurity-

arrangemanget förväntas medföra. Flexicurityförespråkare menar dock att detta kan kompenseras genom förbättringar i sysselsättnings- och inkomstryggheten så att välbefinnandet inte påverkas, och att anställdas välbefinnande till och med kan förbättras i ett flexicurityarrangemang. Syftet med denna studie är att pröva detta påstående och utveckla en mer detaljerad flerdimensionell modell av subjektiv otrygghet som tar hänsyn till både kognitiva och affektiva dimensioner i alla tre trygghetsformerna. Studien berör anställda i Sverige, Finland och Norge, vilket ger större möjligheter till jämförande analyser mellan de tre arbetsmarknaderna.

Analysen visar att det är relativt få av de anställda som ser en risk för arbetslöshet eller är oroliga för bli arbetslösa. Däremot är det mer vanligt att uppleva brister i både sysselsättnings- och inkomststrygghet, vilket tyder på att de nuvarande arrangemangen är ganska långt från dem som föreslås i flexicurityteorin. När det gäller välbefinnande är sambandet det förväntade: att uppfatta en låg grad av anställningstrygghet är negativt relaterad till de anställdas välbefinnande, dvs. anställda som upplever låg anställningstrygghet mår sämre än de som upplever hög anställningstrygghet, medan sambandet är positivt i relation till kognitiv sysselsättnings- och inkomstrygghet, dvs. ju större tilltro anställda har till att de kommer få nytt jobb om de blir arbetslösa och ju säkrare de känner sig i att de inte lider ekonomiskt av att bli arbetslösa, desto bättre tenderar de att må.

Resultaten visar att ett flexicurityarrangemang på arbetsmarknaden, som präglas av låg anställningstrygghet men hög sysselsättningstrygghet skulle kunna vara mer gynnsamt för de anställdas välbefinnande jämfört med en arbetsmarknad som präglas av hög anställningstrygghet men låg sysselsättningstrygghet. Under rätt omständigheter förefaller alltså ett flexicurityarrangemang kunna åstadkomma det ömsesidigt gynnsamma scenario som det utlovar. Samtidigt visar resultaten att välbefinnandet skulle drabbas hårt i ett flexicurityarrangemang om sysselsättningstryggheten inte kan bibehållas på en hög nivå. Detta talar för att arrangemanget är känsligt för ekonomiska lågkonjunkturer och liknande omständigheter då det är svårare att hitta nya jobb vid arbetslöshet. Möjligheterna, men även riskerna, verkar alltså vara större med flexicurity.

### **Artikel III**

Denna artikel handlar om de anställdas attityder till anställningsskyddslagstiftning i Sverige, Finland och Norge. Anställningsskyddslagstiftningen utgör den främsta formen av anställningstrygghet för anställda och ett försvagat anställningsskydd anses vara en förutsättning för att kunna genomföra ett flexicurityarrangemang i de nordiska välfärdsstaterna. Frågan är även relevant mot bakgrund av de genomgripande förändringar som har skett på de europeiska arbetsmarknaderna under de senaste decennierna, vilket innefattat omfattande liberalisering

av anställningsskyddslagstiftningen för vissa grupper. Följden av detta har i många fall inneburit en allt mer dualiserad arbetsmarknad som präglas av skillnaden mellan två grupper: insiders, vilket i detta sammanhang avser anställda med hög anställningstrygghet genom tillsvidare- och heltidsanställning, och outsiders, som har låg anställningstrygghet genom tillfällig anställning och ofrivillig deltid. I artikel 3 prövar jag antagandet att outsiders förväntas vara mer positiva till att avreglera LAS eftersom det skulle förbättra deras chanser på arbetsmarknaden, där tanken är att en avreglering skulle göra arbetsgivare mer benägna att anställa, vilket skulle sänka tröskeln för de med en otrygg anställning på arbetsmarknaden att kunna förbättra sin position. Syftet i artikeln är att undersöka de anställdas attityder till förändringar i anställningsskyddslagstiftningen och om skillnader mellan insiders och outsiders kan förklara en del av variationen i arbetsmarknadspolitiska attityder. I relation till flexicurityteorin är avsikten att testa omfattningen av de anställdas stöd för avregleringen av anställningsskyddslagstiftningen (vilket kan öka flexibiliteten på arbetsmarknaden) och koppla detta till deras känsla av trygghet.

Analysen visar på avsevärda skillnader i attityder mellan länderna (fler anställda i Sverige är för avreglering jämfört med finska och norska anställda). Det framkommer dock inga väsentliga skillnader mellan insiders och outsiders inställning till lagstiftningen, med följd att det finns mycket begränsat stöd för hypotesen att outsiders i större utsträckning förordar en avreglering av anställningsskyddet. Om något är denna grupp snarare mer positiv till striktare lagstiftning. Det bör noteras att tillfälligt anställda i Sverige klart favoriserar striktare regler kring anställningstrygghet, i skarp kontrast till de teoretiska förväntningarna. Det framkommer flera indikationer på att klass, uttryckt genom fackligt medlemskap, yrkestillhörighet samt inkomst, förklarar mer av skillnaderna i attityder till anställningstrygghetslagstiftning, i synnerhet i Sverige, där anställda med låg inkomst, arbetaryrken och fackliga medlemmar är mer positiva till den anställningstrygghet som strikt lagstiftning medför. Attityderna bland svenska anställda ser även olika ut om man i frågan betonar arbetsgivarnas behov av flexibilitet, vilket ger ett högre stöd för avreglerad anställningstrygghetslagstiftning, jämfört med om frågan betonar arbetstagarnas behov av anställningstrygghet, vilket ger högre stöd för striktare lagstiftning. Det visar på vikten av att i fortsatt forskning på området vara noggrann med vad som lyfts fram i frågeställningen.

### **Artikel IV**

Ett framgångsrikt genomförande av ett flexicurityarrangemang anses kräva ett omfattande stöd bland de som berörs på arbetsmarknaden, men det har varit lite empirisk analys av i vilken omfattning som anställda faktiskt stödjer arbets-

marknadspolitiska förändringar i den riktningen. I artikel IV berör jag därför frågan om i vilken utsträckning anställda är för en arbetsmarknadspolitik som gynnar flexicurity, i jämförelse med det som förordas i andra arbetsmarknadspolitiska paradigmer.

Sverige används som ett kritiskt fall eftersom landets institutionella arrangemang anses gynnsamma för flexicurity, samtidigt som klasskillnader och klassbaserade attityder till arbetsmarknadspolitik i stor utsträckning förväntas begränsa många anställdas stöd för ett flexicurityarrangemang. Dock kan de senaste årtiondenas förändringar på den svenska arbetsmarknaden och i välfärdsstaten ha främjat en utveckling bort från klassbaserade åtskillnader och attityder, och mot en uppdelning mellan insiders och outsiders, där den senare gruppen förväntas vara mer positiv till flexicurity jämfört med den förra. Syftet med studien är att undersöka anställdas stöd för arbetsmarknadspolitiska åtgärder och sannolikheten att de anställda stödjer de nödvändiga komponenterna i ett flexicurityarrangemang på arbetsmarknaden. Syftet är även att undersöka om anställdas attityder påverkas av klasskillnader och skillnader mellan insiders och outsiders.

I analysen framkommer två attityddimensioner bland de anställda. Den första innebär ett interventionistiskt perspektiv på arbetsmarknadspolitiska åtgärder, vilket innebär att stödja åtgärder såsom ökad vuxenutbildning och fler arbeten inom offentlig sektor. Den andra dimensionen utgörs av åtgärder i linje med det nyliberala paradigmet, vilket innebär stöd för åtgärder såsom avreglering av LAS och striktare regler för arbetslöshetsersättning. De två dimensionerna inkluderar en eller flera av de komponenter som ingår i ett flexicurityarrangemang, där åtgärden för att sänka anställningstryggheten återfinns i det nyliberala perspektivet, medan åtgärder för att höja sysselsättnings- och inkomstryggheten återfinns i det interventionistiska perspektivet. Det framkommer dock inget stöd för de tre komponenter som tillsammans utgör flexicurityarrangemanget.

Analysen visar på att anställdas attityder till arbetsmarknadspolitiken främst formas av klass. Det finns få tecken som tyder på att skillnader mellan insiders och outsiders påverkar arbetsmarknadspolitiska preferenser i linje med de teoretiska förväntningarna. Det finns över lag lite som antyder ett stöd för flexicuritykomponenterna, men anställda med låg anställningstrygghet (som teoretiskt förväntas bestå av outsiders) är för alla tre komponenter som föreslås i flexicurityarrangemanget. Detta indikerar en grupp av anställda som lämpar sig väl för, och stödjer ett flexicurityarrangemanget. Gruppen utgör dock bara fem procent av de anställda, varmed stödet är högst begränsat.

### Slutsatser

Huvudresultaten visar att låg anställningstrygghet påverkar anställdas oro för att förlora jobbet. Resultaten bekräftar även att det finns ett negativt samband mellan anställdas oro och sysselsättnings- och inkomstrygghet. Sysselsättningsstrygghet är kopplat till lägre nivåer av oro för att förlora jobbet vilket indikerar att möjligheten att hitta ett nytt arbete har en kompensatorisk effekt. Anställningstrygghet har dock i sig själv den största effekten och kan därför betraktas som det mest effektiva sättet att minska oron för att förlora sitt arbete. Vad gäller de anställdas välbefinnande så kan en arbetsmarknadspolitik som betonar inkomstrygghet och möjlighet att enkelt få ny anställning under gynnsamma förhållanden vara bättre för arbetstagare jämfört med arbetsmarknadsarrangemang som i huvudsak betonar anställningstrygghet, vilket därmed uppfyller det ömsesidigt gynnsamma scenario som utlovas i flexicurityteorin. Ett flexicurityarrangemang verkar dock vara känsligt för ekonomiska nedgångar då det är svårt att upprätthålla sysselsättningstryggheten under sådana omständigheter med de åtgärder som rekommenderas inom flexicurityteorin. En lågkonjunktur skulle därmed kunna vara synnerligen dålig för anställdas välbefinnande på en arbetsmarknad som präglas av flexicurity.

En relativt hög andel arbetstagare föredrar en avreglering av lagen om anställningsskydd i Sverige för att möjliggöra en högre grad av flexibilitet för arbetsgivaren, men stödet minskar om avregleringen associeras med minskad anställningstrygghet för arbetstagare. Det finns väldigt lite stöd för att outsiders i större utsträckning föredrar en avreglering. Tvärtom finns det tendenser till det motsatta, att outsiders i större utsträckning stöder en striktare lagstiftning än vad insiders gör, vilket går emot ett centralt teoretiskt antagande rörande den dualiserade arbetsmarknaden. Vad gäller attityderna till de tre huvudkomponenterna inom flexicurity så finns det lite stöd för arbetsmarknadspolitiska förändringar i linje med flexicurity. Arbetstagarnas preferenser går istället antingen mot interventionistiska (såsom utökade möjligheter till vuxenutbildning) eller nyliberala åtgärder (såsom avreglering av anställningstrygghetslagstiftningen) på arbetsmarknaden, vilket till en stor del kan förklaras utifrån den effekt som klasskillnaderna medför eftersom interventionistiska och nyliberala policypreferenser enkelt låter sig struktureras utifrån klasstillhörighet. De anställda förefaller ha svårt att se den specifika kombination av åtgärder som flexicurity baseras på som en förbättring på arbetsmarknaden, förmodligen då den innehåller både interventionistiska och nyliberala åtgärder. Följden blir därmed att väldigt få anställda stödjer förslaget.

Skillnader mellan insiders och outsiders har en relativt liten, eller teoretiskt motsägelsefull, effekt på policypreferenser. Rörande de anställdas stöd för flexicurity, vilket anses vara viktigt för att uppnå ett framgångsrikt flexicurityar-

## SVENSK SAMMANFATTNING

rangemang, visar avhandlingens resultat på att det finns lite som talar för att de anställda kommer att stödja en sådan politik, eller att rådande omvälvningar på arbetsmarknaden och i välfärdsstaten kommer att nämnvärt öka stödet för flexi-  
curity.



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Flexicurity is an arrangement of policies that proponents claim can deliver a 'win-win' situation in the labour market for both employers and employees. The key elements are high flexibility for employers, through measures allowing them to hire and fire as they see fit, and high security for employees, provided through measures allowing them to find new quality jobs easily, with little risk of suffering economically during periods of transition between jobs.

This thesis examines the microfoundations of flexicurity, how such an arrangement may affect employees' well-being and to what extent they favour flexicurity policy proposals in Sweden and other Nordic countries. Drawing on extensive quantitative data, the thesis examines these aspects and their implications for the potential implementation of a flexicurity arrangement.

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