

Safe European Home

Job Security, Unemployment Spending, and Economic Integration in the EU

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ABSTRACT

Comparative welfare state literature suggests that there is a close link between economic integration, job security, and the welfare state. The present study examines the relationship between perceived job security, trade with the EU, and unemployment spending to investigate to what extent the EU single market poses a threat to citizens and whether or not public spending on unemployment contributes to higher levels of perceived job security. Regarding trade with the EU, the paper hypothesizes that job security is negatively related to economic integration in the EU if it increases competition among employees (Hypothesis 1a) and that it is positively related to job security if the EU single markets functions as a buffer against fluctuations on the global market (Hypothesis 1b). With respect to unemployment spending it is hypothesized that job security is negatively related to public spending on unemployment if a race to the bottom takes place in the EU (Hypothesis 2a) and that it is positively related to unemployment spending if there is a trend towards compensation instead (Hypothesis 2b).

The study examines individual level empirical data collected in 2002 and 2003 among 17,648 employees living in 24 European countries (15 EU member states and 9 non-EU member states at that point in time), combined with national level indicators measuring trade with the EU and unemployment spending. The multilevel logistic regression analysis finds not evidence for any of the hypotheses. It turns out that levels of job security do not differ between the EU member states and the non-EU member states, and neither economic integration in the EU nor unemployment spending explains variation in job security within the EU. Contrary to the expectations, job security is related to trade with the EU and unemployment spending across the non-EU member states, suggesting that this kind of economic integration affects the perception of job security among citizen living in these countries.

It is oftentimes claimed that the international integration of markets affects governments, companies, and individuals (De Beer & Koster, 2009). Although there is little disagreement about this claim as such, it is widely debated what the consequences of economic integration are and whether it mainly generates winners or losers, for instance (Blossfeld, Klijzing, Mills, & Kurz, 2005; Freeman, 1995; Kapstein, 2000). This particularly holds for the field of welfare state research in which there are competing hypotheses about the relationship between the economic openness of countries and their level of social protection (Bowles & Wagman, 1997; Brady, Beckfield, & Seeleib-Kaiser, 2005). According to the “race to the bottom” argument, economic openness of countries and the level of social protection are negatively related, whereas the “compensation hypothesis” argues that this relationship is positive (Cameron, 1978; Katzenstein, 1985; Rodrik, 1998). Even though these hypotheses lead to competing predictions at the national level, their expectations about the relationship between a country’s level of economic openness and the job security that citizens experience are remarkably similar. Besides that the hypotheses argue that there is such a relationship, they both hold that this relationship is negative. Nevertheless, despite this commonality, the hypotheses differ in the sense that if the race to the bottom argument holds, people have less security and receive less protection from the state, while the compensation hypothesis relate less security with more social protection resulting from a higher public demand for social protection.

The single market of the European Union (EU) offers a unique research opportunity for studying the relationship between economic integration, job security, and social protection. First, a large share of international trade takes place within the EU (Baldwin & Martin, 1999; Beckfield, 2006; Brakman & Marrewijk, 2007; Guillén, 2001). Therefore, if there is a relationship between economic integration and economic insecurity it is likely to be observed within that setting. Furthermore, as the single market in the EU developed, concerns about the

negative consequences, such as social dumping and a race to the bottom, received increasing attention (Guillén & Matsaganis, 2000; O'Connor, 2005; Threlfall, 2003). These concerns are based on the assumption that the EU countries compete with each other and try to be as attractive as possible for investors by lowering their tax level, thus removing an important part of their public resources required to fund the welfare state. The level of job security is expected to decline as well as competition among workers shifts from the national to the international labor market. Besides these indirect effects of EU economic integration (Leibfried, 2000), the implementation of EU social policies can counter the negative consequences of market integration and put a hold to the race to the bottom. This brings to the fore the relationship between the negative consequences of economic integration and efforts to compensate citizens who are affected by it. Within the EU, the social policy goals formulated in the Lisbon Agenda, which are intended to be organized through the Open Method of Coordination (OMC), reflect the efforts. Since these social policies apply to EU member states and not to non-EU states, the question is to what extent levels of job security differ between these countries and to what extent levels of integration in the EU and unemployment spending explain these differences.

The present study includes both individual and national level variables. Thus, it extends national level examinations, such as the ones that are found in the literature concerning the Europeanization of social policies, focusing on the investigation of trends towards convergence or divergence (Caminada, Goudswaard, & Van Vliet, 2009) and studies aimed at finding explanations for these trends (Pollack, 2005; Simmons, Dobbin, & Garrett, 2006). There are only a few studies relating job security to national level characteristics like integration in the world market (Koster, 2010; Scheve & Slaughter, 2004) and social protection through the state (Anderson & Pontusson, 2007; Erlinghagen, 2008). The extent to which economic integration in the EU and unemployment spending explain cross national

variation in job security has not been investigated so far and is the subject of this study. For that purpose, a dataset is constructed with individual level data from the *European Social Survey* (ESS), containing information about the job security reported by 17,648 employees living in 24 European countries (15 EU member states and 9 non-EU member states), combined with indicators for trade with the EU and public spending on unemployment, which are available through the *UNCTAD Handbook of Statistics* (UNCTAD, 2008), *Eurostat*, and the *Comparative Political Data Set* (CPDS: Armingeon, Careja, Gerber, Leimgruber, & Potolidis, 2008).

SUBJECTIVE JOB SECURITY

Subjective job security refers to people's estimation of the likelihood that they will hold their job in the future. To a certain extent this subjective evaluation is related to objective features of job security such as the actual job duration, job stability, and job losses in occupations, industries, or countries since these characteristics of the labor market have an impact on people's perception towards their position in the organization they work for. Nevertheless, there are also marked differences between objective and subjective job security. First, there may be a gap between the actual chance of losing a job and an individual's estimation of it. Secondly, objective indicators of job security focus on the duration or termination of the employment relationship, whereas subjective job security involves feelings of security regarding the job that a person holds at a certain point in time. While layoffs and unemployment levels can be regarded as objective measures of job security, having a job is a precondition for examining subjective job security. As such, the extent to which a job is objectively insecure becomes clear after the fact, namely when an employee gets unemployed, and subjective job security can be assessed in the here and now, namely by asking employees questions about their current job. Both aspects of job security provide valuable information

about the state of the labor market. The objective measures show the actual and structural changes and feelings of job security inform us about personal situation of employees. In this study, the focus is on these subjective feelings that employees have towards their current job.

Most of the empirical investigations that examine variables influencing the level of subjective job security focus on individual and organizational characteristics, such as the exchange relationship between employees and employers and adjustments to changing organizational environments (see for instance Ashford, Lee, & Bobko, 1989; Davy, Kinicki, & Scheck, 1997; Greenhalgh, & Rosenblatt, 1984; Lim, 1996). Although national level characteristics are usually mentioned as important determinants of organizational changes affecting feelings of job security (Borg, & Elizur, 1992; Frenkel, 2003; Hartley, Jacobson, Klandermans, & Van Vuuren, 1991; Hellgren, Sverke, & Isaksson, 1999), there are only a few studies investigating this claim empirically (Anderson & Pontusson, 2007; Erlinghagen, 2008; Koster, 2010; Scheve & Slaughter, 2004). Of these studies, Scheve and Slaughter (2004) investigate the effects of economic integration measured with foreign direct investments using longitudinal data from a single country and Koster (2010) focuses on a general measure of economic globalization using comparative data. To date, the relationship between economic integration in the EU and subjective job security had not been empirically investigated.

ECONOMIC INTEGRATION IN THE EU

National economies become integrated through cross border financial interactions, such as international trade and foreign direct investments (Dreher, Gaston, & Martens 2008; Guillén, 2001; Held, McGrew, Goldblatt, & Perraton 1999; Waters, 1995). Two kinds of economic integration can be distinguished, namely economic globalization and economic regionalization (Fligstein & Merrand, 2002). Economic globalization potentially involves all countries around the world and economic regionalization refers to the intensification of trade

relations between countries within a certain part of the world. Economic integration in the EU is an example of the latter category and differs markedly from economic globalization in at least three respects (Beckfield, 2006). First, it is geographically bound to the EU region, implying that there is a distinction between members and non-members. Secondly, the EU is more strongly institutionalized than the world polity, meaning that the region has a certain level of centralized political power. Thirdly, economic integration within the EU has progressed much further than global economic integration since there truly is a common market without trade barriers, which is not the case with the world market. Given these differences, it can be expected that there are also differences between EU member states and non-EU members as they do not belong to the region and are not affected by EU rules and regulations.

To what extent and how this kind of economic integration in the EU affects job security depends on the effects it has on the employment relationship and people's position on the labor market. Starting from the assumption that the economic integration in the EU advanced further than economic globalization, it follows that the consequences of market integration should be particularly visible within the EU. As increased internationalization of economies involves higher mobility of production factors, increased substitutability of workers across national boundaries, and more fierce competition among workers (Agell, 1999; Rodrik, 1997; Scheve & Slaughter, 2004), a larger share of the employees may feel threatened in their current position. There is some evidence that economic integration in the EU is associated with decreasing levels of job security. Studies investigating levels of support for the EU show that people with a more vulnerable position oppose further integration (Gabel, 1998; Gabel & Palmer, 1995), which may be an indication that they view it as a threat rather than an opportunity. Besides that, research shows that economic integration in the EU has increased the level of income inequality within the EU member states (Beckfield, 2006),

indicating that there are winners and losers due the common market. Moreover, there turns out to be a positive relationship between economic integration in the EU and support for state intervention (Koster, 2009), which may be interpreted as an increased demand for social protection among citizens facing more insecurity.

Nevertheless, focusing on other aspects of economic integration in the EU, leads to different expectations about its effects on job security. These characteristics concern the extent to which the EU single market poses a threat or not. The EU market is characterized by trade relationships between a relatively small number of countries with less variation in wages and a more equal income distribution than may be observed if the complete world market is taken into account (Sachs, 1998; Wood, 1998). This feature may imply less rather than more competition among the employees living in the different EU member states. Furthermore, the single market is characterized by much more regulation than is the case in the world market (Beckfield, 2006). This can create a sense of interdependency and common fate among the EU member states, which can lead to cooperation rather than competition. Given these two features, it can be argued that the single market offers a certain level of stability and can even function as a buffer against international shocks due to economic globalization. The result is that the EU market is not so much a source of insecurity, but that it may provide an important means for shielding citizens off from the threats like unpredictable fluctuations on the world market.

Regarding the relationship between economic integration in the EU and job security, two competing hypotheses are formulated. Both hypotheses argue that the effects of economic integration in the EU differ between EU member states and non-EU member states as the first group of countries are part of the same geographical and institutionalized region and the latter are not. As a result, it is assumed that the effects of economic integration in the EU are found within the group of EU countries and not within the non-EU countries. Which of the

hypotheses about economic regionalization holds depends on what features of the single market prevail empirically. If increasing economic integration in the EU is associated with fiercer competition, this may lead to a process that may be referred to as the Europeanization of job insecurity. *Individuals living in EU member states report lower levels of job security than those living in non-EU member states due to their country's level of economic integration in the EU (Hypothesis 1a)*. The contrasting hypothesis is based on the assumption that the EU single market shields the EU member states off from the world market. If international competition is less severe within the EU market than the world market, a process of insulation from globalization may take place, leading to the following hypothesis. *Individuals living in EU member states report higher levels of job security than those living in non-EU member states due to their country's level of economic integration in the EU (Hypothesis 1b)*.

UNEMPLOYMENT SPENDING

The welfare state, the provision of social protection offered through the state, can also influence the job security that people experience (Anderson & Pontusson, 2008; Erlinghagen, 2008). Understanding how the EU affects the level of subjective job security requires more information about the direction in which the EU countries move regarding their level of social protection. Again, two opposing ideas are found in the literature. First, there is a widely shared believe that economic integration threatens the welfare state (Bowles & Wagman, 1997; Mishra, 1999; De Beer & Koster, 2009). There are number of theoretical considerations supporting this expectation. Extensive welfare states have higher tax levels, which makes them less competitive in the international market than countries with low tax levels. Moreover, both companies and individuals may move away from countries with high tax levels to countries where taxes are lower. This puts countries in a situation in which each of them tries

to become more competitive and attractive by lowering their taxes and thus removing the financial foundation of the welfare state. This process results in what is called a “race to the bottom” or “social dumping” due to economic integration, implying lower levels of public spending and social protection (Scharpf, 1999). Therefore, it can be expected that with the development of the EU single market, social protection decreased, and that this process resulted in lower levels of job security.

On the other hand, the EU takes active measures to prevent a race to the bottom and social dumping due to the EU single market. The Lisbon Agenda, formulated in 2000, is a point of reference in that respect. This action and development plan aims at strengthening economic growth and social cohesion (Radaelli, 2007). The Open Method of Coordination (OMC) is the main instrument achieving the goals formulated in the Lisbon Agenda. At the center of the OMC is the development of common objectives and a process of mutual learning from best practices. The common objectives are translated into social indicators which are monitored through peer reviews (Haar, 2008). Although the responsibility for achieving growth and social cohesion remains with the individual member states and there are no legal means to sanction countries that do not achieve the common objectives, the OMC has the potential to contribute to higher levels of social protection among the EU member states. As it makes the problem of the race to the bottom and the development of common goals explicit, it provides a means for member states to discuss their social policies, learn from each other, and try to stop the potential downward spiral of decreasing taxes. If the OMC does have a positive effect on country’s social policies, it may lead to different levels of social protection between EU member states and non-EU member states.

Two contrasting hypotheses about the relationship between unemployment spending and job security are formulated. Their outcomes depend on whether social dumping is observed in the EU or not. According to the hypothesis that is based on the assumption that

social dumping does take place in the EU, there has been a trend towards decreasing levels of unemployment spending. If this is the case, it is likely that job security decreases alongside with that, leading to the following hypothesis. *Individuals living in EU member states report lower levels of job security than those living in non-EU member states due to lower levels of unemployment spending of countries (Hypothesis 2a)*. The competing hypothesis states that EU member states can have higher levels of unemployment spending than non-EU member states, based on the assumption that compensation rather than social dumping prevails in the EU due to policy initiatives like the Lisbon Agenda and the OMC. *Individuals living in EU member states report higher levels of job security than those living in non-EU member states due to higher levels of unemployment spending of countries (Hypothesis 2b)*.

DATA AND METHOD

Data

Data from different sources are combined to test the hypotheses. The information at the individual level – measuring people’s job insecurity and several background characteristics – is available through the second round of the *European Social Survey (ESS)*. This survey was held in the 2002 and 2003 and investigates the attitudes, beliefs, and behaviors of individuals living in 30 European countries. Three national level data sources are added to these individual level data. The *UNCTAD Handbook of Statistics* (UNCTAD, 2008) provides data about trade with the EU. And information about unemployment spending and the national level control variables included in this study are assessed through *Eurostat* and the *Comparative Political Data Set* (Armingeon, Careja, Gerber, Leimgruber, & Potolidis, 2008). The national level data are not available for all countries covered in the ESS. The final dataset contains information about employees in 24 European countries. Table 1 provides an overview of the different variables, their level of analysis, and the corresponding data sources.

TABLE 1 ABOUT HERE

Measures

Dependent variable: job security

The ESS includes a series of questions about the job of respondents. One of the items is a response to the statement “My job is secure” on a scale from 1 (not at all true) to 4 (very true). The four categories are recoded to two categories; the answer categories 1 and 2 are assumed to indicate that the respondent does not have a secure job and those who answered 3 or 4 are regarded as having a secure job. The dependent variable therefore consists of the categories (0) not having a secure job and (1) having a secure job.

Independent variables

Economic integration in the EU

A number of variables are included to measure the economic dimension of integration in the EU. *Economic integration in the EU* is measured as the level of trade with EU countries relative to a country’s total international trade. A dummy variable indicating *EU membership* distinguishes between non-EU members and EU members (0 = non-EU member; 1 = EU member). Combining these two variables allows to investigate the extent to which the relationship between economic integration in the EU and job insecurity differs for non-EU members and EU members. This is investigated by examining the interaction between EU membership and economic integration in the EU.

Unemployment spending

The variable *unemployment spending* is measured as government spending on unemployment relative to its GDP. The interaction between unemployment spending and the EU dummy is included in the analysis to examine whether unemployment spending has a different effect on job insecurity in non-EU members and EU members.

Control variables

National level

The analysis includes several control variables at the national and individual level. At the national level, *GDP per capita* and *GDP per capita growth* are added to the analysis to control for economic development and the *unemployment rate* and the *dependency ratio* are included to take account of the effect that the structure of the labor market can have on the job security that people report.

Individual level

At the individual level, control variables are included of people's individual characteristics, their social context, characteristics of the job they have and the organization they work for, and their opinions and experiences with regard to job security. To control for their influence on job security, the analysis includes the following variables: *gender* (0 = male and 1 = female), *age* (in years), *educational level* (measured with years of full-time education), *domicile* (1 = farm or home in countryside; 5 = a big city), *importance of the income* (the proportion of the household income that the respondent provides, ranging from 1 = none to 6 = very large), *permanent contract* (0 = no; 1 = yes), *number of working hours*, *autonomy* (measured with three items indicating the extent to which the respondents is allowed to decide about the organization of daily work, to influence policy decisions, and to choose and change

the pace of work, ranging from 0, indicating no autonomy, to 10, meaning complete autonomy; *Cronbach's alpha* = 0.857), *establishment size* (1 = under 10; 5 = 500 or more), the *importance of job security* if choosing a job (1 = not at all important; 5 = very important), *experience with unemployment* (a dummy variable indicating whether the respondent has been unemployed and looking for work for a period of three months), and *trade union membership* (0 = no; 1 = yes).

Method

Two features of the dataset need to be taken into account. First the dependent variable job security is measured as a binary variable, with people scoring 0 or 1. Secondly, the dataset includes variables at different levels of analysis, in which individuals are nested in countries. A standard method of analysis like Ordinary Least Squares (OLS) regression is not able to deal with this data structure since it requires that the dependent variable is measured on a scale and that the variables included in the analysis are measured at the same level of analysis (DiPrete & Foristal, 1994; Snijders & Bosker, 1999). Given the specific nature of the dependent variable and the hierarchical structure of the data, multilevel logistic regression analysis is applied to analyze the data.

Multilevel modeling explicitly takes into account that the data are hierarchically structured by distinguishing different levels of variation. In this particular study there are two levels of analysis, the individual (level 1) and the national (level 2). For each country, a regression line can be estimated examining the relationship between job security and the independent variables at the individual level. The unexplained variance at this level is referred to as level 1 variance (called the fixed part of the model). These different regression lines may vary with regard to their intercept and their slopes, which is called the variance at level 2 (the random part of the model). Level 2 variables are added to the model to investigate whether

they explain part of the unexplained variance at this level. In the present study a full random intercept and slopes model is estimated, allowing for complex variation at the highest level (Rasbash, Steele, Browne, & Prosser, 2005; Snijders, 2003).

The logistic multilevel model estimates the probability that the job security of a person i in a country j is equal to one. This probability is denoted π_{ij} and is modeled using a logit link function. The exponentiated coefficients from this model can be interpreted as odd ratios, by taking its antilog (e^β) (Guo, & Zhao, 2000; Rasbash, Steele, Browne, & Prosser, 2005). All variables, except the dummy variables are centered around to mean. The full model investigated here is described as follows:

$$\begin{aligned} \text{logit}(\pi_{ij}) = & \beta_{0j} \text{ intercept} + \beta_1 \text{ gender}_{ij} + \beta_2 \text{ age}_{ij} + \beta_3 \text{ edu_level}_{ij} \\ & + \beta_4 \text{ domicile}_{ij} + \beta_5 \text{ imp_income}_{ij} + \beta_6 \text{ perm_contract}_{ij} \\ & + \beta_7 \text{ work_hours}_{ij} + \beta_8 \text{ autonomy}_{ij} + \beta_9 \text{ est_size}_{ij} \\ & + \beta_{10} \text{ imp_jobsec}_{ij} + \beta_{11} \text{ unemp_eperience}_{ij} + \beta_{12} \text{ mem_tu}_{ij} \\ & + \beta_{13j} \text{ gdp}_j + \beta_{14j} \text{ gdp_growth}_j + \beta_{15j} \text{ unemp_level}_j \\ & + \beta_{16j} \text{ dep_ratio}_j + \beta_{17j} \text{ EU_dum}_j + \beta_{18j} \text{ EU_trade}_j \\ & + \beta_{19j} \text{ unem_spend}_j + \beta_{20j} \text{ EU_dum.EU_trade}_j \\ & + \beta_{21j} \text{ EU_dum.unem_spend}_j + u_{0j} \end{aligned}$$

The hypotheses are investigated in the following steps. Model 1 includes the intercept and the individual level control variables (β_{0j} through β_{12}). In Model 2, the national level control variables are added to the model (β_{13j} through β_{16j}). The EU dummy (β_{17j}) is added in Model 3. Model 4 includes the variables measuring trade with EU and unemployment spending (β_{18j} and β_{19j}). The two interaction effects included in Model 5 (β_{20j} and β_{21j}).

RESULTS

Table 2 provides an overview of the percentage of employees indicating that their job is secure and the country level variables trade with EU and public spending on unemployment per country.

TABLE 2 ABOUT HERE

There are the following differences across the countries in dataset and between the set of EU member states and the groups of non-EU member states. The percentage of respondents indicating that their job is secure is only slightly higher in the EU member states compared to the sample of non-EU member states (69 versus 66 percent). Furthermore, there are considerable differences between the countries in the two distinguished groups. Within the EU, percentages of job security differ with 24 percent, from 55 percent of the employees in Germany, Greece, and Portugal to 79 percent in Ireland, Italy, and Luxembourg. Among the non-EU countries there is even more variation. Here a differences of 54 percent is found. In Slovakia 31 percent of the employees report that they have a secure job, against 85 percent in Switzerland. The level of economic integration in the EU also varies between countries. Notably, on average, the share of trade with the EU is higher among the non-EU member states than in the group containing the EU member states (74.34 and 68.79, respectively). Again, the figures vary within the two sets of countries. Of the EU member states, the lowest share of trade with the EU is found in Great Britain (55.59) and the highest in Portugal (80.29). Within the non-EU member states, Estonia has the lowest share of trade with the EU (67.56) and Slovakia the highest (84.21). Regarding the level of public spending on unemployment as a share of GDP, the following differences are reported. Unemployment spending is higher in the EU than outside the EU (1.89 versus 0.77). Within the EU, the level of spending ranges from 0.50 in Italy to 3.50 in Belgium and outside the EU, unemployment spending ranges from 0.20 in Estonia to 1.30 in Switzerland.

TABLE 3 ABOUT HERE

Table 3 shows the results of the logistic multilevel analysis. Model 1 investigates the relationship between subjective job security and the individual level control variables. Job security is not related to the respondents' gender, age, domicile, share of the household income, and trade union membership. Chances of having a secure job are higher among employees who are more highly educated (*odds ratio: $\exp(0.093) = 1.097$*), those who have a permanent contract (*odds ratio: $\exp(0.884) = 2.421$*), respondents with more job autonomy (*odds ratio: $\exp(0.325) = 1.384$*), those who work in a larger organization (*odds ratio: $\exp(0.050) = 1.051$*), and those who find job security important (*odds ratio: $\exp(0.136) = 1.146$*). Employees working fulltime and those who have been unemployed and looking for work in the past are more likely to report lower levels of job security (the odds ratios for these variables are *$\exp(-0.068) = 0.934$* and *$\exp(-0.459) = 0.632$* , respectively). The individual level effects remain the same after the national level variables are added to the model. These results show that the level of job security is related to investments in human capital and that the chances of having a secure job are higher among employees who belong to the internal labor markets of organizations. Furthermore, self-selection plays a role to a certain extent as a preference for job security explains part of the actual job security that respondents report. Given this interpretation of the individual level variables, the negative result of the number of working hours is somewhat surprising as it may be argued that working fulltime contributes to the development of a person's human capital and advances along the career ladder. Despite that, people tend to report lower levels of job security as they work more hours. Why this is

the case is a matter of speculation and cannot be investigated in the present study. Future research can give further attention to this somewhat counterintuitive finding.

Model 2 also includes the national level control variables. According to this model, chances of reporting a secure job is higher among employees living in countries with a higher GDP, in countries in which the growth of GDP is higher (*odds ratio: $\exp(0.197) = 1.218$* and *odds ratio: $\exp(0.188) = 1.207$* , respectively) and in those with a higher dependency ratio (*odds ratio: $\exp(0.137) = 1.147$*). Furthermore, job security is lower in countries having a higher unemployment level (*odds ratio: $\exp(-1.50) = 0.223$*). The effects of the dependency ratio and the unemployment level are significant at the 10 percent level and they are no longer significant if the remaining national level variables are included (Models 4 and 5), indicating that the other characteristics of the countries are more important in explaining job security than these two. There are some small differences between the rest of the models regarding the effects of the level of GDP and GDP growth, but it can be concluded that these two national characteristics explain some of the cross national variation in job security in that sense that job security is higher in the more wealthier countries.

Model 3 investigates whether there is a difference in job security between EU member states and non-EU member states. Including the dummy variable does not change the model, showing that EU membership does not result in higher or lower levels of job security. Model 4 also includes the level of trade with the EU and public spending on unemployment. Of these two national level characteristics, trade with EU is negatively related to job security (*odds ratio: $\exp(-0.128) = 0.880$*), but only at the 10 percent significance level.

The hypotheses are tested in Model 5. In this model, the interaction effects of EU membership with EU trade and unemployment spending are included. Both interactions are significant (*odds ratio: $\exp(1.044) = 2.841$* for the interaction with EU trade and *odds ratio: $\exp(-0.824) = 0.439$* for the interaction with unemployment spending).

FIGURE 1 ABOUT HERE

FIGURE 2 ABOUT HERE

Figures 1 and 2 provide a schematic representation of the two interaction effects. The interaction effect of EU membership and trade with the EU on job security is shown in Figure 1. It turns out that the effects of trade with the EU differ between EU members and non-EU members. This kind of economic integration is not related to the level of job security reported by employees within the EU. Outside the EU, job security differs between countries trading much with the EU (job security is at the same level as the countries within the EU) and countries that trade less with the EU (job security in these countries is higher compared to the rest of the countries). This means that the level of economic integration in the EU does not make a difference in job security for EU member states while it does for non-EU member states. This counters the expectation underlying Hypotheses 1a and 1b that economic integration in the EU would have positive or negative consequences for job security for the citizens of EU member states rather than people living outside the EU. Therefore, this result refutes both Hypothesis 1a and 1b.

Figure 2 shows a similar interaction effect of EU membership and unemployment spending on subjective job security. Within the EU unemployment spending is not related to the job security reported by employees. Outside the EU, there is a difference between

countries spending more on unemployment (job security is higher in these countries) and those spending less on unemployment (job security is at the same level as within the EU). Hypotheses 2a and 2b are based on the expectation that levels of job security differ between the countries within the EU and the non-EU member states due to a race to the bottom or through compensation. Neither of these two hypotheses finds support in the empirical analysis.

DISCUSSION AND CONCLUSION

Comparative welfare state researchers argue that there is a close relationship between economic integration, job security, and the welfare state. This relationship is either in the form of lower job security because of fewer possibilities to sustain a generous welfare state or runs from economic openness to less job security and more social protection through the state. The single market in the EU offers a unique setting for examining these relationships: the level of economic integration is higher compared to the world market and concerns about social dumping lead to initiatives like the Lisbon Agenda and the OMC. Therefore, it can be expected that there are differences with regard to the level of job security between people living in a EU member state and those who live in non-EU member states, which can be explained by their country's level of economic integration in the EU market and the unemployment protection that their governments offer. The present study shows otherwise. Subjective job security does not differ between EU member states and non-EU member states. Clearly, it has to be taken into account that this finding is contingent on the selection of the countries, which are all European countries. This may have implications for the results. Still, this leaves unaffected that belonging to the EU as such does not explain the cross national differences between these countries regarding subjective job security. Furthermore, neither economic integration in the EU and the level of unemployment spending explained cross national variation in job security the EU, while it does explain differences among the non-EU

member states. In the sample of non-EU member states, higher levels of job security are associated with less trade with the EU and higher levels of public spending on unemployment. Whereas the expectations were that economic integration in the EU and unemployment spending would affect EU citizens more than non-EU citizens, the complete opposite result was found. These findings have a number of theoretical implications and raise several questions for further research.

Two main empirical findings of this study require further discussion. First, the level of job security is higher in countries outside the EU that trade less with EU countries compared to EU member states and non-EU members trading more with EU countries. Secondly, it turns out that for the non-EU member states it holds that higher levels of unemployment spending are associated with higher levels of job security, whereas this does not seem to make a difference within the EU. Most and for all, these findings suggest that economic regionalization does not pose a threat to EU countries in terms of higher lower levels of job security. Therefore, within the EU there is no evidence for processes like the Europeanization of job security, an insulation from economic globalization, a race to the bottom, or compensation through social protection. Besides that, the results suggest the following about the effects of economic integration among non-EU members. Less trade with the EU implies more trade with non-EU countries. If trading less with the EU relates to more job security among non-EU member states, it is also implied that trading more with non-EU countries relates to more job security. In combination with the finding that more public spending on unemployment does make a difference outside the EU, this can be interpreted as a process of compensation of higher risks among the public. In that case, the positive relationship between economic integration outside the EU and job security are due to higher levels of unemployment spending in these countries. However, the present study did not focus on the non-EU members and future research is required to delve deeper into this relationship.

A different issue requiring attention concerns the impact of initiatives aimed at increasing levels of social protection in the EU. Given that no relationship was found between job security and unemployment spending in the EU, it may be tempting to conclude that the OMC and the Lisbon Agenda are of no use. Nevertheless, such conclusions cannot be drawn from this study. First, there is always the possibility that the state of affairs would be different if the EU did not attempt to support the development of social protection among the member states. Unfortunately, it is not possible to observe how the situation would have been if countries did not provide any social protection, but it cannot be excluded that this would result in lower level of job security. Secondly, this study focuses on one particular aspect of people's position on the labor market, whereas concerns about social protection serves a wider range of policy goals, such as income protection and labor participation, which are left out of this investigation. To get a more complete account of the outcomes of economic integration in the EU, the OMC, and the Lisbon Agenda it is necessary to take a fuller range of social policies and individual outcomes into consideration. This study is a first step in that direction, building on previous studies examining individual risks in terms of job security. Possible extensions include the analyses of additional dependent variables measuring people's insecurity, such as general concerns about the future or their financial situation, thus also including people outside the workforce. Another pathway worth considering in future work concerns the use of other datasets that enable comparisons between even larger sets of countries and respondents than examined here.

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TABLES

Table 1.

Data sources

Variable	Level	Data source
<i>Dependent variables</i>		
Job security	Individual	European Social Survey (ESS)
<i>Independent variables</i>		
Economic integration in the EU	National	UNCTAD
Unemployment spending	National	Eurostat
<i>Control variables</i>		
GDP per capita	National	Eurostat
GDP growth	National	Eurostat
Unemployment level	National	Comparative Political Data Set (CPDS)
Dependency ratio	National	Comparative Political Data Set (CPDS)
Individual control variables	Individual	European Social Survey (ESS)

Table 2.
Descriptives per country

	Number of respondents	Job security (percentage)	Trade with EU (share of total trade)	Unemployment spending (share of GDP)
Austria	837	74	78.57	1.70
Belgium	709	77	75.45	3.50
Denmark	711	71	71.89	3.00
Finland	882	78	64.26	2.50
France	786	58	68.22	2.30
Germany	1.066	55	63.36	2.40
Greece	594	55	61.56	1.30
Great Britain	759	74	55.59	0.70
Ireland	846	79	61.72	1.30
Italy	255	79	62.90	0.50
Luxembourg	896	79	82.65	0.90
Netherlands	758	68	67.55	1.60
Portugal	691	55	80.29	1.20
Spain	694	65	72.10	2.50
Sweden	976	73	65.69	1.80
Mean EU members	764	69	68.79	1.89
Czech Republic	1.063	44	79.72	0.80
Estonia	876	79	67.56	0.20
Hungary	554	61	74.30	0.60
Iceland	308	79	68.70	0.60
Norway	937	76	74.35	0.80
Poland	577	53	75.77	0.80
Slovakia	541	31	84.21	1.00
Slovenia	580	71	72.45	0.70
Switzerland	952	85	72.02	1.30
Mean non-EU members	710	66	74.34	0.77
Overall mean	743	68	70.87	1.49

N = 17,648 respondents in 24 countries.
Sources: ESS, KOF, Eurostat, CPDS

Table 3.

Logistic multilevel analysis of job security

	(1)	(2)	(3)	(4)	(5)
National level					
GDP per capita		0.197* (0.102)	0.200 [†] (0.128)	0.234* (0.127)	0.185* (0.101)
GDP growth		0.188* (0.101)	0.181* (0.103)	0.112 (0.113)	0.162* (0.095)
Unemployment level		-0.150 [†] (0.102)	-0.147 [†] (0.103)	-0.113 (0.106)	-0.005 (0.078)
Dependency ratio		0.137 [†] (0.107)	0.151 [†] (0.115)	0.082 (0.129)	0.009 (0.095)
EU dummy			-0.068 (0.207)	-0.101 (0.244)	-1.038** (0.435)
Trade with EU				-0.128 [†] (0.105)	-1.019** (0.190)
Unemployment spending				-0.045 (0.113)	0.757 [†] (0.465)
Interactions					
EU dummy X Trade with EU					1.044** (0.209)
EU dummy X Unemployment spending					-0.824* (0.474)
Individual level					
Gender (1= female)	-0.025 (0.039)	-0.026 (0.039)	-0.026 (0.039)	-0.026 (0.039)	-0.025 (0.039)
Age	0.026 (0.019)	0.026 (0.019)	0.026 (0.020)	0.026 (0.020)	0.026 (0.019)
Educational level	0.093** (0.021)	0.093** (0.021)	0.093** (0.021)	0.093** (0.021)	0.093** (0.021)
Domicile	0.008 (0.019)	0.008 (0.019)	0.008 (0.019)	0.008 (0.019)	0.012 (0.019)
Importance income	0.020 (0.020)	0.020 (0.020)	0.020 (0.020)	0.020 (0.020)	0.021 (0.020)
Permanent contract	0.884** (0.049)	0.888** (0.049)	0.889** (0.049)	0.891** (0.049)	0.884** (0.049)
Number of hours	-0.068** (0.020)	-0.067** (0.020)	-0.067** (0.020)	-0.067** (0.020)	-0.067** (0.020)
Autonomy	0.325** (0.021)	0.324** (0.021)	0.324** (0.021)	0.325** (0.021)	0.323** (0.021)
Establishment size	0.050** (0.020)	0.050** (0.020)	0.050** (0.020)	0.050** (0.020)	0.052** (0.020)
Importance job security	0.136** (0.019)	0.138** (0.019)	0.138** (0.019)	0.138** (0.019)	0.135** (0.019)
Unemployment experience	-0.459** (0.041)	-0.459** (0.041)	-0.459** (0.041)	-0.460** (0.041)	-0.457** (0.041)
Member trade union	0.008 (0.046)	-0.002 (0.046)	-0.002 (0.046)	-0.001 (0.046)	0.003 (0.046)
Intercept	0.300** (0.120)	0.330** (0.095)	0.375** (0.165)	0.396** (0.188)	1.433** (0.446)
Variance	0.283 (0.084)	0.153 (0.047)	0.153 (0.047)	0.143 (0.044)	0.061 (0.020)

N = 17,648 respondents in 24 countries.

Regression coefficients are reported. Standard errors are between brackets.

Empty model: Intercept = 0.783** (0.121); Variance = 0.343 (0.102)

Sources: ESS, Unctad, Eurostat, CPDS

[†] p < 0.10; * p < 0.05; ** p < 0.01

FIGURES

Figure 1.

Interaction effect of EU membership and trade with EU on job security

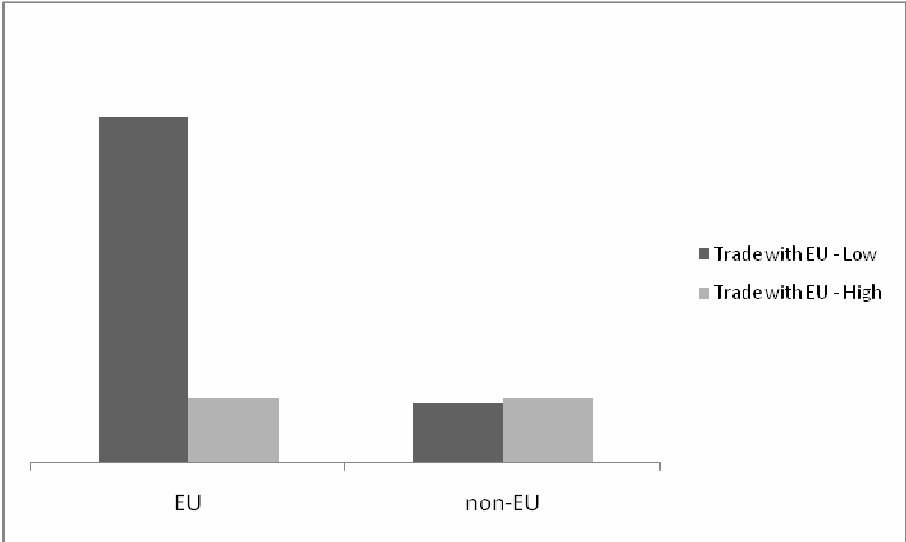


Figure 2.

Interaction effect of EU membership and unemployment spending on job security

