Employment security: a conceptual exploration

Working document for the programme “Employment security: new securities for a changing labour market”

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1. Introduction: what is employment security?

Employment security is a concept that is relatively new in the policy debate as well as in the academic arena. It is used rather loosely and not always conceptualized in a very precise manner. It is often used as a synonym for job-security, which is a related concept, but not entirely the same.

Employment security plays a role in policy debates at the national and supranational level. At the EU level ‘employment security’ is a crucial ingredient of the so-called ‘flexicurity’ concept (Wilthagen, 1998, Wilthagen & Tros, 2004), that has been developed in academic circles and has been embraced as a policy concept by the European Commission about 4 years ago. Flexicurity is (striving for) the combination of different forms of flexibility and security, in particular employment security and income security. Employment security is the form of security that would be most suitable for a flexible labour market and is therefore often presented as an alternative for job security. The question whether a trade off between job security and employment security is feasible or not still remains to be answered. (Dekker, 2008).

In a report for the government the Dutch Scientific Council for Government Policy (WRR, 2007), juxtaposed employment security against job security and defined employment security1 as follows (translation RD):

- Employment security means that individuals have the confidence, based on their experience, that they will be able to continue their employment career, either in another job with their current employer or in another job with another employer, whenever they need or want to.
- Furthermore, employment security also means that people currently (temporarily) outside the labour force can have the confidence of being able to return to the labour market.

In an ILO report from 2001, Dasgupta, referring to an earlier ILO report from 1995, uses the following definition of employment security for wage and salaried workers as follows:

- employment security generally refers to protection against unfair or unjustified dismissals. According to the most commonly used definition, “employment security means that workers have protection against arbitrary and short notice dismissal from employment, as well as having long-term contracts of employment and having employment relations that avoid casualisation” (ILO 1995, p.18).

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1 In their own communications the WRR translates ‘werkzekerheid’ as ‘job security’.
Dasgupta notes that this definition only applies to workers who are employed by ‘some legal entity’. This would be the definition of job-security in the context of the current study. Dasgupta states that job security is specific for a certain job or occupation and not for a certain employer (‘legal entity’). In this sense the definition of job security is even more restrictive than the notion of job security, common in the present European debate.

Furthermore, Dasgupta also presents a definition of employment security for self-employed workers:

- Employment security “...means the ensured possibility of continuing employment, even though it need not be in the same job. It is, in other words, the security of an institutional framework for continuing employment.”

It is striking that this definition is fairly similar to the definition used by the Dutch Scientific Council as documented above, but note that it does not mention self-employment explicitly.

Another interesting observation from the Dasgupta report is that employment security is not only important for the purpose of providing income security but also that we should not neglect or underestimate “the nonpecuniary benefits of employment - the sense of social participation that it provides, and the psychological effects on self-confidence and self-respect that employment brings.”

So employment security is also related to notions of self-realisation and development and security about these notions.

In this paper we attempt to conceptualize ‘employment security’ by connecting it to theoretical concepts from the economics, sociology, organisational psychology, labour market and social policy literatures on the one hand and to the much broader concept of ‘human security’ on the other hand. Furthermore we elaborate the notion that ‘security’ is a basic ‘human need’ in the sense defined by scholars like Maslow and Max-Neef. In their contributions to the literature ‘work’ or ‘employment’ as a source of security plays a prominent role.

**Outline:**

In the following paragraph, we juxtapose three related security concepts: employment security, job security and work security. Based on these juxtapositions we present a working definition of employment security that will be used in the remainder of the paper.

In the third paragraph we will embed our understanding of employment security in the existing literatures on flexicurity, transitional labour markets, capabilities approach, etc.

The fourth paragraph is dedicated to operationalisations of employment security and the fifth paragraph deals with the determinants of employment security at various levels. Finally the sixth
paragraph deals with recommendations and building blocks for future employment security policies and a brief evaluation of existing ones.
2. *Employment security, work security or job security?*

Employment security as a term is often used interchangeably with work security and job security so we also have to clearly demarcate the boundaries between these three concepts.

Job security is the most narrowly defined concept: it is the security (of income) associated with having an employment relation as an employee (a job). If interpreted even more strictly, job security is the security of continued employment in the *same occupation* with the *same employer.* Conceptually, work security and employment security are broader concepts, including, among other things, self-employment. But in the social and labour market policy literatures employment security is often used as synonym for job security. Work security can be regarded as an even broader concept than employment security, including work safety issues and quality of work. See Guadalupe, 2003, for a paper in which the use of temporary contracts is related to work accidents. Elsewhere, work security is used as a synonym for employment security (Origo & Pagani, 2009)

Employment security is basically income security that can be derived from employment, either dependable employment or self-employment. The security is derived from the level of human capital of the individual on the one hand and the functioning of the labour market on the other. Auer (2007) would call this ‘employability security’.

In what follows, we will use the following working definition of employment security:

- *The confidence of being able to keep, find or create gainful employment, now and in the future, based on the development of your own human capital and on well functioning (labour market) institutions*

**Job security vs employment security**

Job security is a very clear-cut concept in the sense that it relates, at the level of the individual employee, to the current job and the security of being able to keep it. Employment security is
a bit more ‘vague’ to the extent that it is not only related to the individual and, for a large part, deals with the future. Put in economic terms, job security is a private good and employment security is a collective good. When the policy goal is to combine labour market flexibility (negative impact on job security) and employment security, this suggests that loss of the private good can be compensated with an increase in the collective good. For reasons of appropriability, the extent to which individuals can rely on employment security is limited. In other words, there is bound to be an unequal distribution of employment security. It should be noted that this is also the case for job security, but with job security there is no appropriation problem for the individual worker.

To illustrate this, imagine a worker faced with two job offers, one of which has lower job security (e.g. the job involves a fixed-term contract). How much additional employment security would the worker need to compensate for the difference in job security? This is a difficult enough question to answer for the individual worker. It is even more difficult to answer this question on a more aggregated level.

All of this leads to the conclusion that it is not unproblematic to ‘trade-off’ employment security for job security. Therefore it is equally problematic to reach the two goals of the flexicurity approach: more flexibility and more (employment) security, especially when the flexibility is narrowed down to contractual flexibility resulting in lower levels of job security (Dekker, 2008).

Empirical investigations on the trade-off between job security and employment security is scarce. Denmark is generally perceived as a role model for flexicurity, with a relatively low level of job security, but a high level of employment security. But, when compare Denmark and other countries with low job security to the Netherlands, the lower level of job security does not result in a substantially higher level of employment security as indicated by a similar (in the case of Denmark) or higher (in the case of the US and UK) level of unemployment (see: Graph 1).
Graph 1 Harmonised unemployment rates 1980-2007 for selected countries (OECD factbook)

To illustrate that the relative position for the Netherlands is not affected by the current crisis, in Graph 2 the data is shown for the period Dec 2008 – Nov 2009.
Empirical investigations with micro data to investigate the trade-off between job security and employment security are equally scarce. Dekker, 2007 for Germany and Great-Britain and Moei-Reçi & Dekker, 2009 for the Netherlands, have compared unemployment durations (measure of employment security) for workers that have been employed on temporary or permanent contracts before their spell of unemployment. Their evidence shows that the lack of job security that temporary workers have, is not compensated for by an increase in employment security in the form of shorter unemployment duration.

Thus, we can conclude that the general line of reasoning, derived from mainstream economics, that increased contractual flexibility, resulting in less job security, will ‘automatically’ result in more employment security is not supported by empirical evidence.

At the level of the individual however, we can observe that flexible jobs often function as a ‘stepping-stone’ towards permanent employment (e.g. Graaf-Zijl, 2006; Dekker, 2007; Picchio, 2008, 2009). In other words, workers often make transitions from jobs with low job security to jobs with higher job security. That could, in itself, also be an indicator for employment security.
Employment security as part of human security
In this paper we also conceptualize employment security within the wider concept of ‘human security’ that has been used by a number of different authors, since 1994. For an overview see the table underneath derived from Alkire (2003)
Table 1: Some Proposed Elements of Human Security (Alkire, 2003)

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<td>Environmental security</td>
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<td>Liberty / rights and rule of law</td>
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<td>Sustainable sense of home</td>
<td>Basic needs</td>
<td>Peace as the foundation</td>
<td>Life</td>
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<td>Constructive social and family Networks</td>
<td>Dignity</td>
<td>The Economy as the engine of progress</td>
<td>Bodily health</td>
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<td>Acceptance of the past and a positive grasp of the future</td>
<td>Democracy</td>
<td>The Environment as the basis of sustainability</td>
<td>Bodily integrity</td>
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<td>Justice as a pillar of society</td>
<td>Senses, imagination, thought</td>
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<td>Democracy as good governance</td>
<td>Emotions</td>
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<td>Control over one’s environment</td>
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It is easily seen that for many authors, work or employment is an important ingredient of human security, primarily through providing economic/income security (UN, 1994; Hampson, 2002; Nef, 1999; Buttedahl, 1994). Furthermore, employment is often associated with participation in/affiliation with social networks and society at large, which, in turn could also contribute to a higher level of human security (Leaning/Arie, 2000; Nussbaum, 2000).

The concept of human security is closely associated with the human development agenda of the UN, and conceptually related to the capabilities approach (Sen, 1985; Nussbaum, 2000, see the next paragraph also).
3. Employment security in the social sciences and law literatures

In the labour economics and social policy literatures, we can find a number of concepts that are related to employment security. In this paragraph we briefly summarize these concepts and discuss their relevance.

Risk society

German sociologist Ulrich Beck (1986) defines the ‘risk society’ as a systematic way of dealing with risks and uncertainties that are caused by ‘modernity’ and, other than natural risks, are produced by humans themselves. In the context of the labour market this relates to phenomena such as flexibilisation, outsourcing and globalisation, which can lead to increasing levels of economic growth, but also to lower levels of job security. Beck’s approach is dynamic in nature, with a central role for risks. After all, things that already ‘are’ in the here and now are not risks. Employment security has a similar focus on the future.

Transitional labour markets

Gunther Schmid (Schmid, 1998, Schmid & Gazier, 2002) has coined the term ‘transitional labour markets and presents this as an attractive and effective policy perspective, by pointing out that labour market policies should aim at facilitating transitions between different domains of societally productive activities: work-education, education-work, care-work, work-care, etc. This is also a dynamic approach towards socioeconomic policy, in which the main message is ‘making transitions pay’, as opposed to just ‘making work pay’.

From a transitional labour market perspective, the increased dynamism on the labour market, that goes beyond work-work and job-job transitions is a way to reach full employment (in the sense of 30 hours/week on average over the life course) on the one hand and do justice to the need to do other important things in life in the same life course. The fact that people change jobs, voluntary or involuntary, is not necessarily always good or bad. Schmid focuses primarily on the transitions between work and care, between work and education and vice versa. Employment security in this context is then ‘combination security’, the possibility to combine care, education and work in the life course or even at the same time. This form of security requires forms of flexibility, but not necessarily contractual flexibility, but more to issues such as flexible staffing arrangement, parttime employment, possibilities for care and educational leave and systems for (partial/gradual) retirement.
**Flexicurity**

The concept of employment security originated also from the policy debate about the balance or trade-off between flexibility and security (flexicurity). Employment security is a crucial aspect of this so-called ‘flexicurity’ concept (Wilthagen, 1998, Wilthagen & Tros, 2004), that originated in academic circles and has been developed into a policy concept embraced by the European Union about four years ago.

Flexicurity is the combination of forms of flexibility and security, in particular employment and income security. Employment security is a form of security that fits a flexible labour market best and is therefore often presented as an alternative for job security. However, as mentioned earlier in this paper, whether a trade-off between job security and employment security is really possible or not, is doubtful. (Dekker, 2008).

In the context of the European Employment Strategy (EES), employment security is part of the so-called flexicurity guidelines. The EES has contained a guideline stressing the importance of the balance between flexibility and employment security since 1997, also for the purpose of reducing labour market segmentation.

Flexicurity can be defined as an integrated policy strategy, also aimed at developing and offering employment security, but also as a ‘current state of affairs’, including a level of employment security. An example of the latter definition is given by Wilthagen en Tros (2004): “…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 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”.

The main purport of the EU recommendations and guidelines with respect to flexicurity is that flexibility and security are not necessarily contradictory goals and that they can even strengthen each other. (CEC, 2006). In connection to this issue, people often argue for a ‘promoting a move from job security to employment security’ (CEC, 2006). But employment security is about dealing with the future and is therefore a more problematic policy concept. Job security is much more concrete and, as mentioned before, it is unclear whether or not and how you could trade off job security with employment security. (Dekker, 2008).
However, it is generally assumed that a combination of flexible labour markets and sufficient security for workers is possible, often referring to the Danish model. In Denmark, security can be derived from the effective active labour market polices (including schooling) and the well-functioning labour market (employment security) and from the relatively generous social benefits (income security). The flexibility stems from the relatively low level of employment protection.

The notion of employment security in the flexicurity approach is related to the one in the transitional labour market approach mentioned in the paragraph above, but in the latter approach there is less emphasis on active promotion of flexibility on the labour market. There is an inherent tension in the flexicurity approach because an increase in labour market flexibility is often detrimental for job security.

In the Netherlands the discussion about reconciling flexibility and security also has a long history. As early as the 1990’s the labour Union (FNV) mentioned the idea of employment security in their reports and eventually the Flexibility and Security Act was passed, aiming at a higher level of employment security, in particular for temporary agency workers.

**Employability**

An important ingredient of any notion of employment security is employability. Employability is a concept based in psychology and was mentioned in the literature as early as 1918 in the Journal of Applied Psychology (Pincer & Toops, 1918). It was originally defined as a ‘mentality’, a personality trait that resulted in a higher or lower probability of employment. In the current labour market literature, employability is a much broader concept and refers to a person’s capability of gaining initial employment, maintaining employment, and obtaining new employment if required (Hillage and Pollard, 1998). In this definition, employability can be understood as being the result of a complex interaction of four components:

1. **employability assets**: including:
   a. baseline assets: basic skills and attributes
   b. intermediate assets, job-specific and generic skills
   c. high-level assets, skills that contribute to organisational performance
2. **presentation**: the ability to actually demonstrate ones employability assets
3. **deployment**: the ability to manage your own career, awareness of one’s own abilities and limitations; job-search skills; and strategic skills
4. **Context factors**, the ability to realise the assets and skills discussed above dependent upon external socioeconomic factors, personal circumstances, and the relationship between the two

Presented in this way, employability basically covers almost all determinants of employment security at the level of the individual, including the (implicit) notion of employment elsewhere. It does however not explicitly mention the dynamic nature and focus on the future explicitly. It does however use the word ‘career’ which implies some degree of dynamism and forward looking.

**Employment relationship (Supiot report)**

The Supiot report (1999) identified a trend towards an increasingly grey area between employee and self-employed status. The report offers a critique of conventional labour law, which is suggested to be rooted in an outdated industrial model. One of the recommendations in the report suggests that the occupational status of a worker should be based not on the restrictive concept of employment but on the wider concept of work. Labour law would be broadened to include self-employed workers. Furthermore, Supiot warns that the current social protection systems are based on the same ‘outdated’ employment concept and he argues that the traditional system of collective bargaining is under threat from two directions: "industry-wide representation at the national level is being undermined both by the decentralisation of collective bargaining to the enterprise level and by the process of consolidation into new higher-level bargaining units (groups, networks, territories, Europe)" (Supiot & Meadows, 2000). Similar arguments were brought up recently in the policy debate in the Netherlands by the ‘Balie-groep’ who proposed a complete revision of the Dutch social security system by taking the self-employed entrepreneur as the ‘norm’ in the labour market, rather than the employee.

**Decent work**

Decent work refers to opportunities for women and men to obtain work in conditions of freedom, equity, security and human dignity (Wikipedia).

In this concept, security relates to notions of work safety and quality of work, but also to notions of job and employment security. The freedom and equity conditions are largely beyond the scope of this paper. The human dignity condition however is related to the concept of ‘human security’ discussed above.

The ‘decent work literature’ is driven almost exclusively from the ILO, and by Guy Standing in particular. Its orientation on workers’ rights and interests is aimed at counterbalancing the more liberal, neoclassical economics approaches towards labour from organisations such as the OECD, IMF and WorldBank. In the literature on decent work there is a tendency to be critical about increasing numerical (contractual) flexibility and reducing job security. Employment security is
often equated as job security. Employment security as meant in this paper is called ‘employability security (Auer, 2007)

**Capabilities approach (Sen, Nussbaum)**

More dynamic approach, about what people are *capable* of doing, rather than sticking to what they do (Muffels). Useful for the conceptualization of employment security because of the dynamic approach.
4. Operationalisation: Indicators of employment security (under construction)

Dasgupta:

Objective, at national level:

Behavioural indicators

Rate of separations from employment
Average length of employment

Contractual indicators

Rate of employment in small enterprises
Non-standard employment (rate)

Governance indicators

Strictness of EPL
Coverage of employment security laws

Objective, at meso level:
How easy/difficult is it to find new employment, either from unemployment or from existing employment?

**National level (Netherlands)**

Subjective
- Trust in the labour market (Netherlands Statistics, 1970-date)

Objective
- Mean/median duration of unemployment (Netherlands Statistics, Kerkhofs)
- Macro-level of unemployment (Netherlands Statistics)
- Churning/labour market dynamics (Netherlands Statistics)

**Individual level (indicators of employability, human capital)?**

Subjective:
- ‘worried about losing ones job’ (Geishecker, 2008)

Objective:
- Probability (unconditional risk) of leaving employment in a given period (year, month), (Geishecker, 2008)
- Probability of finding employment from unemployment
- Probability of finding permanent employment from temporary employment in a given period (Dekker, 2007)

**Firm/organisation level? (indicators of job security?)**

5. **Determinants of employment security & Building blocks for employment security policies**

**Determinants of employment security**

Determinants of employment security can be distinguished at different levels, resulting from the levels we used to operationalize the concept: the level of the individual worker, the level of the work organisation, the level of the (industrial) sector and the regional, national and supranational level. The different levels of aggregation result in different operationalisations, because it is not always straightforward to aggregate measures of employment security.

The same is true for the determinants. At the individual level, the main determinant for employment security is ‘employability’, in turn the determinants of employability are: ability assets
such has level of schooling, work experience and presentation, deployment and context factors such as the employment situation in the local/regional labour market.

At the level of the work organisation: we can simply aggregate the characteristics of the individual workers in that organisation, but that does not necessarily tell us very much about the organisational level of employment security. At this level we are looking at HRM practices such as outplacement and in-company training, either generic of organisation-specific, that could result in higher levels of employment security.

Determinants of employment security at the level of an industry sector could be found in funding for sector specific training and schooling and systems/budget for organizing work-to-work transitions. Furthermore the degree to which industry specific competencies are recognized by the different organisations in the sector might contribute to sectoral employment security. This type of arrangements could be supported in the collective bargaining process.

At the different geographical levels, all of the actors (individuals, organisations) bring their own determinants of employment security, and in addition the governance structure in a geographical unit must provide support for the matching process in the labour market. The governance structure need not necessarily be the government, but in practice this is often the case. The local, regional or national government can contribute to employment security by reducing the information problems that exist in labour markets at every level. Employment offices can gather data on vacancies and people looking for work and sometimes play a role in the actual matching process.

Finally, supranational bodies can play a role in enhancing employment security at the supranational level. The EU has adopted the flexicurity framework and encourages member states in what is called ‘an open method of coordination’ to adopt elements from this flexicurity approach in the national labour market policies.

Employment security policies and their building blocks

Employment security policies can work at many levels. At the level of the individual, policies that facilitate training and schooling can be used to increase the individuals’ employability. Furthermore governments may have a task in informing working people about ‘the facts of the labour market’ and encourage them to not exclusively focus on the current state of employment, but also about the future.

At the level of the work organisation, the scope for policy is again in facilitating firms and other organisations to train and school people and not exclusively for the organisation they currently work in. Furthermore outplacement systems might be facilitated/encouraged.
Policies for the sector level might involve using the training funds for cross-sector mobility and also for harmonising the definitions of competencies within and across sectors.

Finally, policies at the geographical level should be aimed at the functioning of the labour market for the relevant geographical area. Depending on the governance structure, the policy instruments are distributed across the local, regional and national level. Whatever the level, these policies should be aimed at facilitating transitions to work, either from current non-employment or from current employment. Reducing information problems in the matching process between supply and demand of labour is crucial in these policies.

Having said all this, we can conclude that the Netherlands hardly has a systematic approach to employment security. Several initiatives are in place with larger companies to facilitate work-to-work transitions. In several Gatekeeper centres (‘Poortwachtercentra’) workers with a disability are reintegrated into the labour market and they have recently broadened their scope to work-to-work transitions for all workers. In collective agreements arrangements are negotiated to enhance employment security. The organisation that is executing the unemployment and disability benefit system has set up mobility centres to prevent unemployment and encourage work-to-work transitions (Dekker et al, 2010).

All of these initiatives contribute to employment security but they still lack coherence: the building blocks are not forming a sturdy building.
References


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