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Häusermann, Silja; Schwander, Hanna

Veröffentlichungsversion / Published Version

Arbeitspapier / working paper

Empfohlene Zitierung / Suggested Citation:

Häusermann, S., & Schwander, H. (2009). *Identifying outsiders across countries: similarities and differences in the patterns of dualisation*. (Working Papers on the Reconciliation of Work and Welfare in Europe, REC-WP 09/2009). Edinburgh: University of Edinburgh, Publication and Dissemination Centre (PUDISCwowe). <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-198199>

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REC-WP 09/2009



Working Papers on the Reconciliation of Work and Welfare in Europe

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Silja Häusermann

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Working Papers on the Reconciliation of Work and Welfare in Europe
RECWOWE Publication, Dissemination and Dialogue Centre, Edinburgh

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About the authors

Silja Häusermann is a Max Weber Fellow at the European University Institute in Florence, Italy, and a lecturer (Oberassistentin) in comparative politics at the University of Zurich, Switzerland. Her research interests are in comparative politics, welfare state research and comparative political economy. Her forthcoming book (with Cambridge University Press) “The Politics of Welfare Reform in Continental Europe: Modernization in Hard Times”, explains the adaptation of continental pension regimes to post-industrial risk structures. Silja Häusermann has also published several book chapters and articles on topics ranging from the Europeanization and liberalization of regulatory policies to the determinants of welfare state reforms, and the formation of individual-level preferences on distributional issues, in journals such as the *Journal of European Public Policy*, the *Journal of European Social Policy*, *European Societies* and *Socio-Economic Review*.

Hanna Schwander is a research fellow in comparative politics at the University of Zurich, Switzerland. Her research interests include comparative welfare state, comparative political economy, labor market policies and party systems. She graduated with a master thesis about the occupational gender gap in postindustrial societies and works currently on her PhD thesis which examines the political consequences of the dualization of postindustrial societies.

Abstract

This paper makes three contributions: a) it develops a new *conceptualization* of outsider-status, based on employment biographies, rather than on current labour market status; b) it proposes a new *operationalisation* of outsiders based on post-industrial class theory and c) it *shows empirically who the outsiders are* across different countries and across the three dimensions of economic, social and political exclusion.

The empirical analysis shows similar, but not identical sets of insiders and outsiders in different national political contexts. Workers in low-skilled service sector jobs are systematically disadvantaged throughout the developed world in terms of work and pay conditions, social rights and political integration. Low-skilled blue collar workers, by contrast, are outsiders in terms of political integration in all countries, but they are unionized and generally enjoy full social rights. Finally, medium- and high skilled young and female workers in service sector jobs tend to be outsiders in continental Europe, because they are strongly affected by atypical work contracts, lacking trade union mobilization and insufficient social rights. Overall, blue-collar workers suffer from structural *economic* strains, while high-skilled service workers in continental Europe suffer from *political* disadvantage, and low-skilled service workers fare worst because they are disadvantaged both economically *and* politically.

Keywords

Dualisation, inequality, welfare states, labour markets, post-industrialism

Introduction¹

Labour markets, family structures and welfare states in the Western democracies have changed profoundly over the last few decades. Across all countries, there is a common trend towards a *dualisation* of the workforce: ever fewer people's work biographies correspond to the industrial blueprint of stable, full-time and fully insured insider employment, while a growing proportion of the population are outsiders, whose employment status and employment biographies deviate from the insider model. For the outsiders, this deviation from the industrial blueprint may result in specific risks of poverty, welfare losses and a lack of social and political integration.

Despite acknowledging this general trend, we argue that the concept of "dualisation" - implying that the post-industrial workforce can be divided into two groups (insiders and outsiders) - is problematic, because it masks a more complex reality. Both insiders and outsiders are *heterogeneous* categories, as has been argued and shown in the literature (Esping-Andersen 1993, 1999, Kitschelt and Rehm 2006). For specific analytical purposes, it may indeed make sense to conceptualize them in terms of a dichotomy. However, if we want to assess the *political relevance* of this new socio-structural divide, we need to take this heterogeneity seriously for at least two reasons. First, heterogeneity is an obstacle for the development of a shared political identity and for political mobilization: if insiders and outsiders are mere sociological categories, this divide may never develop into a social or political cleavage. This implies that we should try to identify more homogeneous and relevant socio-structural insider- and outsider-groups. Second, there are "degrees of outsidersness" and they are likely to vary across countries. Not all socio-structural outsider groups fare equally badly in all countries or welfare regimes. Hence, if we want to explore the patterns of dualisation across the developed world, we have to identify the *actual* winners and losers of post-industrialism in different countries.

In this paper, we propose a new conceptualization and measurement of the insider-outsider distinction in terms of *socio-structural class theory*. We argue that it can be misleading to conceptualize insiders and outsiders only on the basis of their labour market status at a specific point in time, as it is done by almost all the existing literature in the field. Rather, we need to focus on socio-structural groups that share similar occupational profiles throughout their employment biographies. Occupations are stable characteristics of individuals. According to class theory, they strongly contribute to people's social identity and political preferences. Therefore, we expect them to be a more reliable basis for the measurement of post-industrial dualisation.

Our goals with this paper are both ambitious and modest. They are ambitious, because we would like to contribute to a more encompassing conceptualization of outsiders, which captures not only narrow labour market effects, but also the economic, social and political implications of insider- and outsider-employment biographies. At the same time, our goals can only be modest, because this is an explorative paper. We study the validity and usefulness of our conceptualization by

exploring the different employment-profiles, labour market chances, social insurance rights and political integration of the identified socio-structural insider- and outsider groups. This means that the focus of this paper is on a descriptive assessment of post-industrial winners and losers across countries, rather than on the explanation of these patterns.

The paper is structured as follows. In a first part, we develop our theoretical argument regarding the analytical necessity to distinguish different outsider groups and to conceptualize them in terms of “typically atypical” employment biographies. In the second section, we operationalise different socio-structural outsider potentials on the basis of a post-industrial class scheme, drawing on Oesch (2006), Kitschelt and Rehm (2005) and our previous work (Häusermann and Walter forthcoming). We then explore the profiles of these socio-structural outsider potentials in terms of labour market opportunities, subjective worries about job loss and earnings prospects, income, social rights and political integration in the third section, in order to identify the actual insiders and outsiders across different regimes and countries.

Who are the outsiders? The heterogeneous B-team of post-industrial labour markets

Over the last 30 years, the industrial economies of the developed world have transitioned to the era of post-industrialism, with ever growing shares of the workforce being employed in the third sector. Much of the literature characterizes the industrial era of Western societies and economies as “the golden age”, since it was characterized by relatively stable families and stable labour markets (Esping-Andersen 1999b). And even though the rhetoric of the golden age may paint a somewhat too rosy picture of the distribution of economic and social opportunities in Western societies, it is certainly true that the exceptional economic growth during the three post-war decades allowed for full employment, the development of the Western welfare states, a relatively high degree of status homogenization (at least in continental and northern Europe) and a high level of generalized social peace between organized labour and capital.

Three structural developments have, however, profoundly altered this “industrial equilibrium”: the tertiarisation of the employment structure, the educational revolution and the feminization of the workforce (Oesch 2006, chapter 2). The rise of the service sector - as a result of technological change and productivity gains in the industry, the saturation of product markets, the rise of the welfare state and the expansion of female employment - is a major trend in all OECD countries. While continental Europe remained predominantly industrial until the 1990s, service sector employment was already more important than the industrial sector in the UK and Sweden in the 1970s. After 2000, service sector employment outdid industrial employment throughout the OECD by a factor of 2 to 3 (Oesch 2006: 31). Jobs in the service sector tend to differ from industrial employment, because they are either very low-skilled or highly skilled, and because service sector employment has a lower

potential for productivity gains. Consequently, tertiarisation leads to pressures for a more inegalitarian income distribution (Iversen and Wren 1998). The educational revolution - as the second structural change of the post-industrial era - denotes the massive expansion of tertiary education throughout the OECD-countries, leading to a broader and more heterogeneous middle class. Finally, the increasing feminization of the workforce is both a consequence of and a driver for the educational revolution and tertiarisation. The massive entry of women into paid labour is also related to the increasing instability of traditional family structures (Esping-Andersen 1999).

What is crucial for the topic of this article is that this shift towards post-industrial employment leads to labour markets in which unemployment and formerly “atypical” employment relations become more and more widespread and – for some social categories – they become even the “typical” employment pattern. Atypical employment denotes all employment-relations that deviate from the standard industrial model of full-time, stable, fully protected and insured employment. Part-time and temporary employment contracts are among the most prominent types of atypical employment, and they have grown massively over the last two decades. According to Standing (1993: 433), the number of workers on temporary contracts across the entire European Union, for instance, has been growing by 15-20% annually since the 1980s, which is about ten times the overall rate of employment growth (see also Esping-Andersen 1999). Similarly, part-time employment counted for close to 80% of the net job creation in the EU since the mid-1990s (Plougmann 2003). Atypical employment is also clearly gendered in many countries, because female participation in the workforce depends strongly on familial determinants (education, divorce etc.). For women in continental Europe, atypical employment is generally the norm rather than the exception (Esping-Andersen 1999b).

All atypical employment is potentially precarious. The reason for this is that atypical employment was simply not the norm and not taken into account in the development of the post-war employment and welfare regimes. Therefore, *all atypically employed are potential outsiders*². With this understanding of “outsiderness”, we are close to what Davidsson and Naczyk (2009) call a “sociological discussion” of outsider status: non-standard work as a source of precariousness, because non-standard work tends to lead to incomplete and insufficient social rights. The potential outsider-status of any kind of atypical work is particularly obvious in continental Europe, where social insurance is modeled on the work biography of the male industrial worker (van Kersbergen 1995). But social insurance in *all* welfare regimes is systemically inadequate for atypical work, the best example being pension schemes based on life-long individual contributions. Myles (1984: 135) states a similar idea when arguing – with reference to anglo-saxon countries - that „pension schemes (...) have been developed by men with men in mind“. Hence, atypical work is not only a problem in continental Europe, but also in liberal states where access to pensions, health or unemployment insurance oftentimes depends on the goodwill and cooperation of the employer.

In sum, the definition of dualisation we use in this article relies on the typicality or atypicality of work biographies: Insiders – the A-team - are people in standard employment, while outsiders – the B-team - are the rest³.

To what extent, however, can we expect these structural changes to create new relevant social and political cleavages? Indeed, the generalized spread of atypical employment must not necessarily create new social divides. If most people repeatedly move back and forth between standard and non-standard employment, i.e. if post-industrial societies are fluid and mobile, new employment patterns must not result in socio-structural patterns. In that vein, Leisering and Leibfried (1999) hypothesize that post-industrialism might “democratize” the risk of poverty, because people are generally more likely to experience spells of non-standard work or unemployment (cited in Davidsson and Naczyk 2009: 9). If that were true, labour markets would simply not foster any kind of politically relevant social categories anymore. “In heterogeneous and highly mobile societies, the meaning of class should disappear” (Esping-Andersen 1999: 293). However, research shows that social mobility has *not* increased in post-industrial societies (Erikson and Goldthorpe 1993), and income inequality even went up in most OECD countries since the 1980s (OECD 2008). Post-industrial societies are still structured in different, relatively stable groups that share similar employment and risk-profiles. Therefore, the meaning of class has not disappeared and a meaningful conceptualization of outsiders must identify those social groups that are “*typically atypical*” over the span of their *whole work biography*, because these are the people who are at the risk of finding themselves at a “*permanent disadvantage*” (Davidsson and Naczyk 2009: 1).

We argue in favor of a conceptualization of outsiders that is based on occupational profiles and permanent, structural disadvantages. This implies arguing against a snapshot categorization of outsiders in terms of a particular current *labour market status* at a particular point in time (such as “the unemployed” or “part-time employed”)⁴, which is done by most of the existing literature on the insider/outsider-divide (e.g. Lindbeck and Snower 2001, St. Paul 2002, Emmenegger 2009, Rueda 2005). Using the current labour market status as a conceptual basis of outsidersness has two disadvantages: on the one hand, one may ignore relevant groups and include irrelevant ones. For example, there may be outsiders who are in stable employment during one period of their life, but have generally highly volatile employment biographies across their life-course. Many women e.g. may be employed full-time at a young age, but most of them will experience periods of career interruption or atypical employment later on, and they are generally well aware of this. Conversely, one may include individuals who are at a very low risk of experiencing outsider-disadvantages. The unemployed in thriving economic sectors e.g. know quite well that a short period of unemployment will not affect their overall earnings-capacity in the long run. They should not be categorized as outsiders. Hence, unemployment has not the same implication to everybody. By relying on the current employment status as the criterion for insider-outsider conceptualization, we are not capable to take these different implications of the labour market status into account. In sum, our argument is that people form identities and preferences *not* on the basis of a momentary labour

market status, but with regard to their general occupational profile, and this is what we have to grasp if we want to talk about the social and political relevance of dualisation in terms of labour market chances, social rights and political preferences. Therefore, we have to rely on employment biographies instead of the current labour market status.

The second structural disadvantage of conceptualizing outsiders in terms of labour market status is that this measure (since it is an operationalisation, rather than a conceptualization) suggests a level of homogeneity of the “B-team” that is misleading. Imagine a 25-year old unskilled unemployed worker, a 30-year old part-time high school teacher who is a single mother, a freshly graduated freelance architect who goes from one small and temporary project to the next, or a divorced 50-year old unemployed supermarket cashier: Despite their different work and social situations, all of them are “typical” members of social groups with a very high prevalence of “atypical” employment biographies. What they share is the fact that their occupational situation may imply negative consequences for their economic, social and political wellbeing. Apart from that, however, they are very likely to differ in their economic, social and political preferences. Hence, we have to include them all in our analysis of the insider/outsider-divide, but we need to analyze them *separately* in order to detect the pattern (and potentially the politics) of post-industrial dualisation.

We also need to analyze these different outsider groups separately, since the composition of outsider group may vary from country to country. Since national welfare and labour market institutions differ across countries and regimes, we suppose that different social groups are not affected identically by social and economic risks across countries. Therefore, we would expect to find different patterns of insiders and outsiders, winners and losers among the various structural outsider potentials across countries. For instance, it is much more likely that women in general are among the actual outsiders in countries with a male breadwinner-model, while young labour market entrants may be particularly penalized in countries with strong employment protection. Similarly, Esping-Andersen (1999) and Huber and Stephens (2006) argue that the new divides differ across welfare regimes: Low-skilled workers and employees in the low-end service labour market are worst off in the liberal countries (see also Duncan et al. 1995), whereas women and the young are particularly at risk in continental Europe, and the new divide is most evident when looking at the gender segregated employment structure in Scandinavia (Esping-Andersen 1993). Additionally, the “*degree* of dualisation” is likely to vary cross-nationally. Being an outsider has not the same consequences in all countries and welfare state regimes but depends on the particular social policy and labour market institutions.

The upshot of this section is that we must go *beyond labour market status* in the conceptualization of the insider outsider divide. Unemployment is not enough and neither is atypical work at a specific point in time. Rather we have to identify socio-structural occupational groups, which share similar employment biographies across their working life. This is what we will do in the next section.

Measuring socio-structural outsider potentials based on post-industrial classes

In the previous section, we explained that snapshot measures of outsider status based on unemployment or atypical work (as used e.g. by Lindbeck and Snower 2001, St. Paul 2002, Emmenegger 2009, Rueda 2005) could be problematic for the analysis of dualisation. What we would ideally use is detailed biographical data on employment careers. Such data, however, is mostly unavailable on a comparative basis. Therefore, we propose to measure *socio-structural outsider-groups* based on their occupational profile, more specifically on *class*. Classes are socio-structural groups characterized by a particular situation in the production process (i.e. in the labour market), which is supposed to shape their resources, latent interests and preferences⁵. Class schemes are usually based on occupational profiles (Erikson and Goldthorpe 1993, Wright 1997, Oesch 2006), because people in similar professions tend to have similar employment biographies, i.e. they share permanent, structural commonalities, meaning that classes are characterized by “social closure”. Esping-Andersen also points to the relevance of social closure when arguing that “the B-team of outsiders is, however, unlikely to crystallize into one distinct class. It is difficult to imagine an alliance of housewives, early retirees, excluded youth, and a variety of groups with a more or less irregular connection to the labour market. (...) The more probable scenario is social closure within *distinctive subcategories*” (1999: 304/305, emphasis added).

Class is a worthwhile starting point for the identification of precisely these subcategories. However, the traditional class schemes are of limited use for the analysis of dualisation, because they reflect the *industrial* labour market and class structures. More specifically, the most prominent traditional class schemes (notably the European Erikson and Goldthorpe-scheme (1993) and the American Wright-scheme (1997)) distinguish different classes on a single, vertical dimension of skills or authority. Distinctions such as “blue- vs. white collar workers” or “manual vs. non-manual workers” suggest that people with similar skill-levels can be subsumed in the same class. Thereby, these traditional class-schemes neglect that post-industrialization have deeply transformed the class structure (Kriesi 1998, Oesch 2006) at least in two regards: first, the expansion of service employment and higher education has led to a very *broad and heterogeneous middle class* (Kriesi 1998), which cannot be subsumed in one single class anymore. And second, while-collar employees cannot simply be assumed to enjoy better work- and income-conditions than blue-collar workers anymore. Quite the contrary: with the expansion of the low-skill service sector, non-manual service workers may even fare worse than the manual blue-collar workers (Oesch 2006: 98ff). Hence, we need to rely on new post-industrial class schemes, which take these developments into account.

In his book “redrawing the class map”, Oesch (2006) has developed such a class scheme that accounts for contemporary labour market stratification. The scheme is constructed along two dimensions: the extent of marketable *skills* (vertical class

differentiation) and the *type of work* being done (horizontal differentiation). The vertical axis has four levels of marketable skills: the higher the skill-volume, the more advantages an occupation presents in terms of income and work autonomy⁶. The horizontal dimension represents people's "work logic", i.e. whether a job relies mainly on technical competences (technical work logic), managerial power (organizational work logic), face-to-face interaction with clients (interpersonal work logic), or self-employment (independent work logic). Technical occupations can be found mostly in the first and second sectors, whereas the interpersonal work logic is generally concentrated in service employment. Table 1 depicts this new class scheme, which contains 15 classes, graphically. Following Kitschelt and Rehm (2005) they can be summarized into five post-industrial class groups⁷: capital accumulators (CA), mixed service functionaries (MSF), low service functionaries (LSF), blue collar workers (BC) and socio-cultural (semi-) professionals (SCP).

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers and self-employed professionals (CA)	Technical experts (CA)	Higher-grade managers (CA)	Socio-cultural professionals (SCP)	Professional/managerial
Petty bourgeoisie with employees (CA)	Technicians (MSF)	Associate managers (CA)	Socio-cultural semi-professionals (SCP)	Associate professional / managerial
Petty bourgeoisie without employees (MSF)	Skilled crafts (BC)	Skilled office workers (MSF)	Skilled and unskilled service (LSF)	Generally / vocationally skilled
	Routine operatives and routine agriculture (BC)	Routine office workers (MSF)		Low/unskilled

Table 1: The post-industrial class scheme

Notes: For the classification of occupations (ISCO-2d codes), see Table A in the appendix.

Source: Adapted from Häusermann (forthcoming). Based on Oesch (2006) and Kitschelt and Rehm (2005).

Capital accumulators (about 14-17% of the average OECD workforce based on ISSP data from 1996 and 2006) are higher-grade managers, employers, self-employed in liberal professions (physicians, lawyers etc.) and technical experts. They are highly skilled and tend to work in private industries or services. *Socio-cultural (semi-) professionals*, by contrast (about 22-25% of the workforce) tend to work in non-profit or public organizations, or in the service sector. They are typically employed in client-interactive jobs (teachers, counsellors, nurses, librarians etc.) with a relatively large

work-autonomy. On the low-skilled side of the vertical stratification, there is an important distinction between *blue-collar workers* (20-25% of the workforce) and *low service functionaries* (14-18% of the workforce). This differentiation coincides to some extent with the public-private sector divide; the low-skilled services are very frequently employed in the public sector (personal services), whereas blue-collar workers concentrate in private crafts and industry (metal industry, chemistry, mining and construction etc.). It should be noted, however, that low-skilled service employment is also strongly represented in retail commerce, restaurants and other private services. Finally, *Mixed service functionaries* - who represent about a fifth of the workforce (20-22%) - are a residual category; they possess a very heterogeneous profile in terms of skills and work logic (from office clerks to associate professionals in private industries).

When rethinking dualisation in the context of this class scheme, it appears clearly that the B-team of post-industrial societies is *spread across several classes*. As Kitschelt and Rehm (2005, 2006) have argued before us, the victims of new social risks are a highly heterogeneous group. Hence, there is *no single outsider class*. Outsiders (i.e. people with predominantly atypical work biographies) are, however, not spread randomly across the different classes, either. They concentrate in two different, clearly identifiable class groups, namely *low service functionaries* and *socio-cultural professionals* (see Häusermann and Walter forthcoming for empirical evidence with regard to the Swiss case). Atypical employment biographies are particularly frequent in these classes, not least because they are “new”, less organized in unions and more feminized. By including not only low-skill, but also medium- and highly-skilled service employment in the range of socio-structural outsider potentials, we agree with recent research arguing that labour market segmentation can also affect highly skilled occupations (Polavieja 2005, cf. also Davidsson and Nacyk 2009: 6).

Consequently, low service functionaries and socio-cultural professionals constitute the basis for our operationalisation of outsiders. In addition to class, however, we also know from the literature that atypical employment biographies are strongly correlated with *gender and age*⁸. The concentration of women in all types of atypical employment is evident in most OECD-countries, and it is particularly strong in continental Europe. In addition, it holds true throughout the OECD world that women are more likely to experience some form of atypical employment during periods of their working life. Therefore, much of the relevant literature on dualisation points to the fact that the insider-outsider divide is clearly gendered (Esping-Andersen 1999: 308, Taylor-Gooby 1991 Kitschelt and Rehm 2006) and that research on dualisation must be linked to research on gender segregated labour markets (Davidsson and Naczyk 2009: 5). Consequently, we further distinguish the socio-structural outsider potentials according to gender. Age is also an important variable when talking about dualisation trends. Some studies – mostly with regard to continental Europe – point to the fact that young workers are confronted with a much more insecure, volatile labour market, whereas older workers enjoy more stability and job protection (Esping-Andersen 1999, Kitschelt and Rehm 2006).

Based on the above developments, we can now rate different socio-structural groups in terms of their outsider-potential⁹. This leaves us with 8 *potential outsider groups* and three groups that we expect to be have more clear-cut insider work biographies.

Strong outsider potential

- Female low service functionaries
- Young low service functionaries
- Female socio-cultural professionals
- Young socio-cultural professionals

Medium outsider-potential

- Male low service functionaries
- Old low service functionaries
- Male socio-cultural professionals
- Old socio-cultural professionals

Low outsider-potential (expected insider-profiles)

- Blue-collar workers
- Mixed service functionaries
- Capital accumulators

Of course, and as theoretically argued in section 1, we do not expect all potential outsiders to fare equally well or equally badly in all countries and all regimes. This is why in the empirical part of this paper (section 3 and 4 below), we will try to explore who the *actual* outsiders in different contexts are, in order to provide an overview of the patterns of postindustrial winners and losers across the OECD countries. In the following section, we will now provide some *empirical validation* for the theoretically identified socio-structural groups.

Risk profiles of the socio-structural insider- and outsider-potentials

In this section, we provide some *empirical validation* for the theoretically identified socio-structural groups, by showing the proportions of atypical employment, part-time employment (as the most prevalent form of atypical employment) and unemployment in the socio-structural groups identified above. The goal is to see whether we can confirm that atypical and precarious employment indeed concentrates in the groups that we and – quite similarly - others (Oesch 2006, Kitschelt and Rehm 2005) identified as potential outsiders. By using data from the 2006 Role of Government IV ISSP survey, this empirical validation is, of course, based on the very snapshot measures we criticize in the first part of this paper. However, the measures are only used to provide indicative evidence of trends and major differences between groups. We do not build analytical categories on these snapshot measures.

Table 2.1. shows the proportion of people in *atypical work*¹⁰ across the four different welfare regimes, and table 2.2. adds more specific evidence on the proportion of *part-time employment* as the main form of atypical employment. Highlighted cases indicate frequencies that deviate significantly from the regime-mean. The two tables evidence three main results. First, atypical employment and part-time employment in particular indeed concentrate in the socio-structural groups we identified theoretically as “most likely” outsiders.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	67.3***	16.4	43.7***	11.2	67.8***	17.0	34.6***
Young low service functionaries	6.8	59.2***	7.8	38.3***	4.8	54.5***	9.8	33.4***
Female socio-cultural professionals	15.9	39***	18.8	17.7	12.3	53.8***	8.9	21.5**
Young socio-cultural professionals	8.3	28.3	9.9	12.7	8.8	40.0**	6.9	24.1***
Male low service functionaries	4.7	29.8	3.6	17.3	3.5	21.8	6.1	14.7
Old low service functionaries	10.4	55.7***	12.2	38.7***	9.9	59.1***	13.2	25.3***
Male socio-cultural professionals	7.2	13.2	9.2	8.0	9.0	15.8	6.4	16.4
Old socio-cultural professionals	14.9	35*	18.2	15.8	17.6	43.6***	8.4	14.5
Blue collar workers	18.0	21	17.6	14.3	17.3	23.6	31.4	15.5
Mixed service functionaries	23.7	37.2	17.1	17.0	22.0	34.3	18.0	15.9
Capital accumulators	18.0	16.7	17.3	10.6	19.7	20.5	12.4	8.5
Total / mean	7288	32.7	4400	18.5	4601	35.6	3496	18.8

Table 2.1.: Socio-structural outsider potentials in terms of atypical work, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see table B in the appendix)

This holds true throughout the four regimes but to different “degrees”: Both atypical work and part-time work are almost twice as frequent in continental and liberal countries than in Nordic and Southern Europe. Second, female low service functionaries are most “typically atypical”, while age does not make a significant difference. Both below and above the age of 40, female low service functionaries are clearly disproportionately affected by precarious employment. And third, atypical employment is not only a low-skill phenomenon: female socio-cultural professionals

are also “typically atypical”. In Northern continental Europe and liberal countries, this concerns especially women over the age of 40 (i.e. usually after having children), while it also hits younger generations of male and female socio-cultural professionals in Southern Europe.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	26.9***	16.4	18.7***	11.2	28.2***	17.0	15.7***
Young low service functionaries	6.8	27.9***	7.8	18.4***	4.8	31.5***	9.8	17.0***
Female socio-cultural professionals	15.9	20.7***	18.8	10.3***	12.3	32.0***	8.9	13.6***
Young socio-cultural professionals	8.3	15.6	9.9	5.8	8.8	31.0***	6.9	17.0***
Male low service functionaries	4.7	15.7	3.6	8.3	3.5	8.1	6.1	3.3
Old low service functionaries	10.4	21.1***	12.2	15.8***	9.9	19.6***	13.2	9.1***
Male socio-cultural professionals	7.2	7.6	9.2	4.2	9.0	8.1	6.4	9.4***
Old socio-cultural professionals	14.9	17.3**	18.2	9.6***	17.6	20.2***	8.4	7.5
Blue collar workers	18.0	6	17.6	4.3	17.3	3.8	31.4	1.9%
Mixed service functionaries	23.7	18.3**	17.1	6.9	22.0	14	18.0	7%
Capital accumulators	18.0	8.7	17.3	4.6	19.7	9.4	12.4	3.5%
Total / mean	7288	14.9	4400	8.4	4601	15.3	3496	7%

Table 2.2.: Socio-structural outsider potentials in terms of part-time work, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see table B in the appendix)

The picture looks similar, however with one major difference, when it comes to *unemployment*. Again, low service functionaries are particularly affected by this specific outsider-risk. The major difference is that unemployment is not significantly higher among socio-cultural professionals. Instead, it is higher among blue collar workers. In liberal, Nordic and Southern European countries, blue-collar workers are about equally, or a bit less affected by unemployment than in Northern and Southern continental Europe. In Northern continental Europe, however, unemployment is highest among this group. In order to detect this pattern more closely, we have analyzed the different continental countries separately. It turns out that blue collar unemployment is particularly high in France and Germany, while it does not exceed

the unemployment rate of low service functionaries in Switzerland and the Netherlands (analysis not shown).

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	3.3***	16.4	5.2***	11.2	3.7	17.0	12.3***
Young low service functionaries	6.8	4.4***	7.8	5.2***	4.8	6.3***	9.8	16.1***
Female socio-cultural professionals	15.9	1.3	18.8	1.8	12.3	1.6	8.9	5.8
Young socio-cultural professionals	8.3	1.2	9.9	2.3	8.8	2.2	6.9	7.1
Male low service functionaries	4.7	3.2***	3.6	2.6	3.5	6.9***	6.1	8
Old low service functionaries	10.4	2.5**	12.2	4.5***	9.9	3.5	13.2	7.6
Male socio-cultural professionals	7.2	1.5	9.2	1.7	9.0	2.1	6.4	4
Old socio-cultural professionals	14.9	1.5	18.2	1.5	17.6	1.6	8.4	3.4
Blue collar workers	18.0	3.4***	17.6	4.4***	17.3	8.6***	31.4	8.6**
Mixed service functionaries	23.7	1.6	17.1	2.9	22.0	2.8	18.0	4.8
Capital accumulators	18.0	0.9	17.3	2.1	19.7	2.7	12.4	3.2
Total / mean	7288	2	4400	3.1	4601	3.7	3496	7.3

Table 2.3.: Socio-structural outsider potentials in terms of unemployment, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the regime-mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see table B in the appendix)

Overall, tables 3.1. to 3.3. confirm our conceptualization of – mainly female and young - low service functionaries as outsiders both in terms of atypical employment and unemployment. Beyond low-skilled services, these two types of precarious employment do, however, not concentrate among the same groups: (female) socio-cultural professionals are “typically atypical” in terms of their work contracts, while blue-collar workers are only weakly affected by atypical employment, but more likely to be unemployed. Hence, both groups are potentially disadvantaged, but through different mechanisms and – probably – along different dimensions. In chapter 4, we now analyze three of these dimensions: labour market opportunities, social rights and political integration.

Identifying different sets of winners and losers across countries

In the previous two sections, we have analyzed the *potential* outsiders on the basis of class, gender, age, and we have provided some evidence for this categorization by looking at their work conditions. In this section, we analyze who the *actual* outsiders are, by analyzing the distribution of subjective job worries, income, social rights and indicators of political integration across the 11 socio-structural groups¹¹ that we have identified in section 2¹².

Winners and losers in terms of labour market opportunities

Actual outsiders are disadvantaged economically in several respects: they earn less, they have a higher risk and fear of losing their job, they have lower access to training and re-training and worse prospects of being promoted or finding a different job. This means that labour market outsiders suffer from different sources of stress, risk and worries with regard to their work life. Unfortunately, we lack measures for most of these sources of hardship, but we do have two indicators that we will explore in this section: *subjective job worries* and *income*. Subjective job worries do not necessarily measure objective hardship and risk, but they reflect welfare losses stemming from individual work situations. Income is an imperfect indicator of “outsiderness”, too, because it is related not only to precariousness, but also to education, skills etc. However, income does provide useful information about disposable resources of different groups, which is relevant not least because individual earnings can compensate for lacking social rights.

The ISSP Work orientations III survey from 2005 provides two indicators of job worries. Respondents are asked whether they are worried about the possibility of losing their job, and whether they would be willing to accept a position with lower pay in order to avoid unemployment. The results in tables 4.1.1 and 4.1.2 show that both indicators are strongly correlated with education in a rather counter-intuitive way. Throughout all countries and regimes, socio-cultural professionals and capital accumulators (both high-skilled groups) are most worried about job insecurity and most willing to work for less. On the one hand, one might think that this makes both indicators irrelevant for an analysis of dualisation, but the results do actually give some interesting information on the work conditions of different groups and on inter-regime differences.

Overall, subjective job insecurity is much lower in liberal countries and in Southern Europe than in Nordic and continental countries. While this reflects the flexible labour market in Anglo-Saxon countries (low structural dualisation), it is probably the result of strong overall job protection in Southern Europe. The important thing is that in both Nordic and continental countries. More than half of the respondents in *all* groups are worried about the possibility of losing their job. This reflects a generalized feeling of precariousness that is particularly strong in highly and specifically skilled jobs.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	37.6	16.4	65.3	11.2	53.3	17.0	41.6
Young low service functionaries	6.8	38.1	7.8	62.1	4.8	53.1	9.8	44.6
Female socio-cultural professionals	15.9	53.4***	18.8	83.8***	12.3	73.1***	8.9	53.0***
Young socio-cultural professionals	8.3	52.4***	9.9	81.3***	8.8	68.0***	6.9	47.0
Male low service functionaries	4.7	43.0	3.6	61.8	3.5	54.6	6.1	58.3***
Old low service functionaries	10.4	29.7	12.2	66.1	9.9	53.9	13.2	47.2
Male socio-cultural professionals	7.2	57.9***	9.2	81.9***	9.0	66.4***	6.4	59.5***
Old socio-cultural professionals	14.9	56.2***	18.2	84.0***	17.6	72.1***	8.4	62.4***
Blue collar workers	18.0	37.5	17.6	64.1	17.3	48.1	31.4	44.9
Mixed service functionaries	23.7	44.4	17.1	69.5	22.0	57.1	18.0	47.5
Capital accumulators	18.0	55.4***	17.3	81.8***	19.7	69.0***	12.4	47.7
Total / mean	7288	47.0	4400	73.8	4601	60.9	3496	47.7

Table 3.1.1: Subjective Job Insecurity, 2005

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2005 Work Orientations III (for details on operationalisation, see table B in the appendix)

However, while this generalized feeling of job instability goes together with a generally high (>50%) willingness to work for lower pay in Scandinavia (where wages are admittedly relatively high), the same is not true for continental Europe, where only about a third of the people would accept lower pay. Here, intra-regime differences are interesting: in the Netherlands and Switzerland, socio-cultural professionals and capital accumulators would be willing to work for less, while in France and in Germany no group except for capital accumulators exceeds the mean willingness to work for less significantly. For some groups (especially low service functionaries) this reflects low levels of pay beyond which they would not accept to go, but for others (blue-collar workers and mixed service functionaries), it may also reflect the existence of a status preserving welfare state, which creates an alternative to lower paid work, thereby easing subjective job worries. In sum, subjective job worries are particularly strong in Nordic and continental countries, and among the high-skilled within the regimes.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	31.0	16.4	50.9	11.2	26.3	17.0	10.0
Young low service functionaries	6.8	32.0	7.8	55.3	4.8	25.4	9.8	12.4***
Female socio-cultural professionals	15.9	39.0	18.8	68.8***	12.3	30.8**	8.9	8.1
Young socio-cultural professionals	8.3	37.0	9.9	74.7***	8.8	30.3	6.9	7.3
Male low service functionaries	4.7	36.8	3.6	57.7	3.5	23.2	6.1	10.3
Old low service functionaries	10.4	33.1	12.2	50.5	9.9	25.6	13.2	8.3
Male socio-cultural professionals	7.2	46.1***	9.2	71.7***	9.0	33.5***	6.4	8.8
Old socio-cultural professionals	14.9	43.7***	18.2	67.3***	17.6	32.5***	8.4	11.2**
Blue collar workers	18.0	33.8	17.6	54.1	17.3	24.7	31.4	11.2**
Mixed service functionaries	23.7	38.0	17.1	59.5	22.0	29.2	18.0	9.5
Capital accumulators	18.0	43.9***	17.3	67.4***	19.7	36.0***	12.4	9.0
Total / mean	7288	38.2	4400	61.8	4601	29.8	3496	9.9

Table 3.1.2: Willingness to accept work at lower pay to avoid unemployment, 2005

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2005 Work Orientations III (for details on operationalisation, see table B in the appendix)

The analysis of the average income of groups provides useful additional information on the resources of potential insiders/outside. Income in table 3.1.3 is measured in Euro for all countries, but not controlled for differences in purchasing power. Therefore, we need to concentrate on within-regime comparisons (where purchasing power is supposed to be comparable), rather than differences across regimes.

The main result in table 3.1.3 is that low service functionaries are consistently most disadvantaged in terms of pay. Again, young and female LSF are clearly worst off, earning on average up to 40% less than the mean income (esp. in continental Europe). Male and elder low service functionaries also earn significantly less than average, and the same holds true for blue-collar workers in all regimes and mixed service functionaries in liberal, Nordic and continental countries. While this confirms our hypothesis, according to which low service functionaries are among the most likely actual outsiders, it also reminds us that blue-collar workers are structurally disadvantaged too, because both share low skill-levels.

	Liberal		Nordic		Continental		Southern	
	N	Mean	N	Mean	N	Mean	N	Mean
Female low service functionaries	608	1485***	676	1922***	441	1032***	449	563***
Young low service functionaries	342	1424***	317	2169***	195	1137***	264	717***
Female socio-cultural professionals	856	2383	796	2749	693	1713	221	1298
Young socio-cultural professionals	478	2625	420	2788	373	1825	178	1229
Male low service functionaries	256	1843***	147	2319***	136	1549***	168	864***
Old low service functionaries	522	1700***	502	1883***	382	1162***	353	1229
Male socio-cultural professionals	418	3037	387	3460	345	2573	166	1444
Old socio-cultural professionals	797	2580	763	3087	674	2103	209	1473
Blue collar workers	933	2317*	724	2233***	687	1407***	867	722***
Mixed service functionaries	1201	2218***	701	2370***	848	1646**	446	1000
Capital accumulators	926	3218	670	3667	790	2645	277	1462
Total / mean	5590	2347	4533	2603	4570	1722	2876	913.8

Table 3.1.3: Income, 2006 by regimes (in Euro)

Notes: Values are group-specific means. Highlighted cases indicate values that fall below the mean significantly significantly at the 0.1*, 0.05** or 0.01*** level (t-test).

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see appendix table B)

Nevertheless, the differences in the level of pay between these two groups are important: despite being both low-skilled, blue-collars, as well as male and elder low service functionaries have considerably higher income-levels than young and female low service functionaries¹³, indicating that sector, age and gender are important variables in the analysis of dualisation.

Winners and losers in terms of social rights and welfare states

Economic disadvantage in the labour market in terms of subjective job worries and income are one source of problems for outsiders. A second dimension concerns whether the typical outsider profiles (i.e. atypical employment biographies) translate into poverty risks because of insufficient welfare state rights. This is a genuinely political source of “outsiderness”, because it depends on the politically decided conditions of social security, rather than on market forces. Some social groups may be potential outsiders in terms of their employment biographies, but if the welfare state compensates for this, they do not need to become actual outsiders. So, the

question we ask in this section is: who is taken care of by the welfare state and who is not?

Again, the adequate data is rare. It would be ideal to have individual-level data on the type and extent of social rights (such as pension and unemployment benefits, access to activation measures, the level of social assistance etc.) for the different socio-structural groups/employment biographies. This data does not exist at the individual level for our countries. Hence, we rely strongly on aggregate indirect indicators and previous research.

Let us start with *coverage rates*. The idea is that in countries where not all individuals have access to social security benefits, those not having access are most likely to be members of the outsider groups, i.e. people with atypical employment biographies. In that sense, coverage rates are mostly an indicator of the *extent* of dualisation, but we can only indirectly hypothesize who the actual outsider groups are. Table 3.2.1 shows coverage rates for unemployment insurance, based on the Scruggs Welfare State Entitlement Data Set 2004. Highlighted values are countries that fall below the mean coverage. Indeed, we can observe that coverage rates tend to be lower in liberal and continental European countries as compared to the Nordic countries, where coverage is universal. France is particularly low with only 59% of the labour force insured against unemployment. In accordance with the literature, this indicates that dualisation is stronger in the liberal and continental countries, implying that the “typically atypical” groups in these countries are most at risk (low service functionaries, plus female socio-cultural professionals in continental Europe).

Liberal	Unempl cov.	Nordic	Unempl cov.	Continental	Unempl cov.
Australia	100%	Denmark	101%	Austria	67%
Canada	79%	Finland	100%	Belgium	84%
Ireland	104%	Norway	103%	France	59%
United Kingdom	86%	Sweden	104%	Germany	70%
United States	88%			Netherlands	89%
				Switzerland	84%
Mean	92%		102%		75%
Standarddev.	12%		2%		12%

Table 3.2.1.: Unemployment coverage rate, 2004

Notes: Percentage of the labour force insured for unemployment risk; for operationalisation details, see appendix 2. Highlighted values are below 90% (the average across all regimes);

Source: Welfare State Entitlement Data Set, 2004

The picture is somewhat more unexpected when it comes to public pension coverage (table 3.2.2).

Liberal	Pension cov.	Nordic	Pension cov.	Continental	Pension cov.
Australia	66%	Denmark	83%	Austria	86%
Canada	98%	Finland	74%	Belgium	101%
Ireland	99%	Norway	92%	France	-
United Kingdom	105%	Sweden	85%	Germany	100%
United States	93%			Netherlands	98%
				Switzerland	122%
Mean	92%		83%		101%
Standarddev.	18%		8%		13%

Table 3.2.2: Public Pension coverage rate, 2004

Notes: Percentage of those above the official retirement age in receipt of a public pension; for operationalisation details, see appendix 2. Highlighted values are below 92% (the average across all regimes);

Source: Welfare State Entitlement Data Set, 2004

Here, public pension coverage rates seem to be even higher in liberal and continental countries than in Scandinavia. This may, however, be due to the fact that the indicator is based on recipients of a public pension as a percentage of all people above the official retirement age. This may raise the levels for continental countries (Austria, Germany, the Netherlands, Switzerland) because of high level of early retirement, i.e. people below the legal retirement age who already receive a pension. In that sense, the high coverage rate for pensions may hide coverage loopholes, if early retirees overcompensate pension outsiders. Nevertheless, public pension coverage is almost universal throughout the three regimes. At first glance one may assume that the welfare states in all regimes manage to “save” most potential outsiders from old age poverty risks, despite their atypical employment biographies.

This first glance, however, turns out to be misleading if we take into account that the pension income is only partly from public pensions. Therefore we have to include private pensions, as well. If we look at more detailed evidence for pension rights of specific social groups, the optimistic picture changes. Bridgen and Meyer (2008), in a comparative project, have simulated expected pension rights for different model biographies in several continental and liberal countries relying on public and private pensions. The idea was to project the expected pension level given a model biography in terms of qualifications, gender, work status and sector. Fortunately, their model biographies correspond very closely to typical post-industrial classes, so that we can match one of their biographies for low service functionaries, socio-cultural professionals, blue collar workers and capital accumulators respectively. This is what we do in table 3.2.3, which displays the projected pension levels as deviations from the threshold of social inclusion (for details, see Bridgen and Meyer 2008). Thereby, we gain information on the actual outsider groups in three continental countries and the UK as a liberal case.

Model biographies Meyer/Bridgen	OUTSIDER POTENTIAL		INSIDER POTENTIAL	
	Unqualified female part-time worker in retail sector	Qualified part-time worker in welfare sector	Unqualified male worker in car industry	Middle-level manager in financial services
Equiv. Group	Low service functionary	Socio-cultural professional	Blue collar worker	Capital accumulator
Germany	-56	-20	-23	26
Netherlands	-27	-5	38	136
Switzerland	-30	-22	112	10
United Kingdom	-31	7	-26	88

Table 3.2.3: Projected Pension Incomes: Differences to the threshold of social inclusion (100%) in percentage points

Notes: highlighted values indicate projected pension incomes that fall below the threshold of social inclusion

Source: Bridgen and Meyer 2008

The result is clear-cut: low service functionaries and socio-cultural professionals in continental European countries are clearly outsiders in terms of pension rights, because none of them reaches the threshold of social inclusion. This evidences that fact that in the continental countries, social rights are tightly linked to labour market participation and performance. Therefore, atypical work (part-time etc) is strongly penalized, which results in insufficient pension levels even for skilled socio-cultural professionals. In the German system, low-skilled blue collar workers also fall below the threshold, but not in the Netherlands and Switzerland¹⁴. In the liberal UK pension regime, by contrast, pension levels depend more closely on skill-levels, with low service functionaries and blue collar workers having the lowest projected pension rights.

We conclude from table 3.2.3 that where social rights are tightly linked to continuous employment biographies, potential outsiders become actual outsiders, despite high coverage rates. These social groups simply cannot accumulate a sufficient contribution-record. This means that the key to measuring the level of dualisation in terms of social rights is the strength of the equivalence principle: How strongly are welfare benefits linked to employment performance? In other words: how strongly are welfare benefits status preserving and stratifying, instead of redistributing?

Table 3.2.4 proposes a measure of the equivalence principle based on pensions: it displays the difference in percentage points between the replacement rate of an average production worker and the replacement rate of the minimum pension with regard to the net wage of an average production worker. The higher this difference, the more dualised is the pension system of a particular country.

Liberal	Difference SD- MP	Nordic	Difference SD- MP	Continental	Difference SD- MP
Australia	0	Denmark	7	Austria	36
Canada	13	Finland	33	Belgium	35
Ireland	3	Norway	17	France	10
United Kingdom	18	Sweden	24	Germany	54
United States	21			Netherlands	60
				Switzerland	4
Mean	11		20		33
Standarddev.	9		11		23

Table 3.2.4: Difference between minimum and standard pension, 2004 (in %points)

Notes: Highlighted are differences over 21 percentage points (the overall mean of the three regimes). For details on operationalisation, see appendix Table B

Source: Welfare State Entitlement Data Set, 2004

Table 3.2.4 shows that dualisation is clearly strongest in continental Europe and lowest in the liberal countries. Differences exceed the overall mean in the US, Finland, Sweden, and four continental countries (Austria, Belgium, Germany and the Netherlands). The low value for Switzerland is partly misleading, because it is based only on the universal first pillar public pension. When taking the second pillar (mandatory occupational pensions) into account, Switzerland would be more similar to the other continental countries. Again, we see that the potential outsider groups are most likely to become actual outsiders in terms of social rights in continental Europe.

Finally, table 3.2.5 confirms this finding with regard to the structure of active and passive labour market policies. We calculate the ratio of expenditure on active and passive labour market measures as an indicator of the extent of dualisation. The lower this ratio, the more the structure of the policy is skewed towards passive labour market policies, the more dualised the policy¹⁵.

Again, we see that dualisation is strongest in continental Europe, where the accent is clearly on passive labour market policies. Switzerland and the Netherlands, by contrast, have invested strongly in active labour market policies over the last two decades (Lynch 2006). From this indicator of dualisation, we can conclude that atypical employment may actually be even more penalized in continental Europe than unemployment. The welfare state seems better prepared to take care of the unemployed (blue collar workers, low service functionaries) than of the atypically employed (low service functionaries, socio-cultural professionals).

Liberal	Ratio ALMP/PLMP	Nordic	Ratio ALMP/PLMP	Continental	Ratio ALMP/PLMP
Australia	0.74	Denmark	0.69	Austria	0.41
Canada	0.52	Finland	0.47	Belgium	0.46
Ireland	0.76	Norway	0.86	France	0.56
United Kingdom	2.58	Sweden	1.10	Germany	0.41
United States	0.54			Netherlands	0.66
				Switzerland	0.82
Mean	1.15		0.78		0.46
Standarddev.	0.15		0.08		0.17

Table 3.2.5: Ratio of public expenditure on active labour market policies / passive labour market policies, 2005

Notes: Ratio of public expenditure on active labour market policies / passive labour market policies; for details on operationalisation, see appendix table B. Highlighted are values that fall below a ratio of 0.64 (the overall mean of the three regimes without the US);

Source: Auer et al. 2008

Winners and losers in terms of political participation and representation

In addition to disadvantages with regard to labour market opportunities and social rights, outsiders can be excluded from political representation and participation. As stressed in the first section of this paper, a large literature argues that outsiders are weakly organized and represented. Therefore, there is little chance that their voices will be heard. Again, we want to explore which socio-structural groups actually fare worst in terms of political representation and participation in different countries, and which groups feel the least influential politically.

We start with trade union membership. In some initial conceptualizations of the insider/outsider divide, weak trade union organization was almost a part of the definition of outsiders. Here, however, we adopt again a different approach. We want to see which potential outsider groups are actually underrepresented as compared to the other socio-structural groups. Table 3.3.1 provides clear evidence for our hypotheses: aside from capital accumulators (who are underrepresented for obvious reasons not related to our topic), female and young low service functionaries are the most clearly underrepresented groups in trade unions. In liberal and continental countries, they fall on average below the mean by more than 10 percentage points (in Scandinavia, overall membership levels are very high, but even here, young service sector workers present a score that is almost 20 percentage-points below the mean). In continental Europe, we find again a very gendered pattern: female low service functionaries are significantly underrepresented, but not their male counterpart and the same applies for socio-cultural professionals. Even more than gender, however, age plays a role, at least among the medium- and high-skilled: young socio-cultural professionals are underrepresented in all regimes, while socio-cultural professionals above the age of 40 are not. Finally, blue collar workers are significantly better

organized in all countries than the average, a fact that may explain why they are better off in terms of income and welfare rights than the equally low-skilled workers in the service sector.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	32.4***	16.4	81.2***	11.2	24.1***	17.0	21.9***
Young low service functionaries	6.8	26.5***	7.8	66***	4.8	22.2***	9.8	19.2***
Female socio-cultural professionals	15.9	49.4	18.8	91.1	12.3	32.2**	8.9	33.7
Young socio-cultural professionals	8.3	38.8***	9.9	81***	8.8	20.8***	6.9	22.2***
Male low service functionaries	4.7	39.4**	3.6	80***	3.5	43.2	6.1	40.5
Old low service functionaries	10.4	39.7	12.2	90.3	9.9	32.4**	13.2	32.5
Male socio-cultural professionals	7.2	52.0	9.2	88.1	9.0	45.5	6.4	39.4
Old socio-cultural professionals	14.9	56.4	18.2	95.1	17.6	46.1	8.4	47.6
Blue collar workers	18.0	54.0	17.6	88.3	17.3	43.0	31.4	29.4
Mixed service functionaries	23.7	38***	17.1	83.3*	22.0	33.4*	18.0	26.2
Capital accumulators	18.0	31.2***	17.3	79.2***	19.7	31.6***	12.4	16.7***
Total / mean	7288	41.8	4400	84.9	4601	34.9	3496	27.7

Table 3.3.1.: Trade Union Membership, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that fall below the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see table B in the appendix)

A second indicator of political exclusion is abstention from elections. Abstention can be read as an indicator of political alienation and self-censorship. Here, the picture is somewhat different, since abstention seems to be linked to education and skill levels, more so than to atypical employment. Especially young low service functionaries and blue collar workers participate less than average in votes and elections, and again, low service functionaries fare worse than blue collar workers. For female and young low service functionaries, this pattern holds true across all countries in all regimes¹⁶. By contrast, socio-cultural professionals and capital accumulators – as the medium- and high-skilled groups in our categorization – present lower than average rates of abstention (except for young socio-cultural professionals in Switzerland, where turnout rates are generally very low because of

direct democracy). Again, the overall pattern looks similar across regimes, but is most intense in continental Europe, which turns out to be particularly affected by self-censorship of low-skilled service workers.

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	22.9***	16.4	17.3***	11.2	30.4***	17.0	33.2***
Young low service functionaries	6.8	35***	7.8	26.3***	4.8	41.6***	9.8	42.1***
Female socio-cultural professionals	15.9	8.6	18.8	7.4	12.3	16.7	8.9	17.1
Young socio-cultural professionals	8.3	14.3	9.9	11.6	8.8	22.5***	6.9	21.7
Male low service functionaries	4.7	19.9***	3.6	14.8***	3.5	25.4***	6.1	30.8***
Old low service functionaries	10.4	13.1	12.2	11	9.9	22.7***	13.2	25.5
Male socio-cultural professionals	7.2	9.9	9.2	5.6	9.0	11.9	6.4	15.7
Old socio-cultural professionals	14.9	6.2	18.2	4.3	17.6	11.0	8.4	12.0
Blue collar workers	18.0	22.1***	17.6	15.5***	17.3	22.4***	31.4	28.5**
Mixed service functionaries	23.7	13.1	17.1	9.1	22.0	16.6	18.0	21.9
Capital accumulators	18.0	10.4	17.3	7.2	19.7	13.3	12.4	17.8
Total / mean	7288	14.6	4400	10.8	4601	18.4	3496	25.2

Table 3.3.2. Abstention from voting, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2005 Role of Government IV (for details on operationalisation, see table B in the appendix)

Our final measure of political exclusion is an indicator of subjective political powerlessness. Every respondent was asked whether he/her agrees with the statement that “people like him/her” don’t have any say about what the government does. This indicator measures whether different social groups actually feel disadvantaged politically.

Again, the overall pattern looks similar across the regimes, and here, regime-differences are actually rather low: overall, about half of the respondents feel politically powerless and again, this feeling is most acute among the low-skilled groups: female and old low service functionaries feel more powerless than average in all countries (except in Southern Europe), and the same holds for blue collar workers. In the countries of continental and Southern Europe, young low service

functionaries also feel particularly powerless, and again, we detect a gender gap, female service workers feeling less influential than their male counterparts (a finding that also applies to liberal and Nordic countries).

	Liberal		Nordic		Continental		Southern	
	N/%	%	N/%	%	N/%	%	N/%	%
Female low service functionaries	12.4	60.2***	16.4	55.8***	11.2	51.7***	17.0	61.1*
Young low service functionaries	6.8	52.5	7.8	45.3	4.8	44.7**	9.8	66.2***
Female socio-cultural professionals	15.9	42.5	18.8	41.5	12.3	37.4	8.9	47.6
Young socio-cultural professionals	8.3	40.9	9.9	36.9	8.8	36.4	6.9	59.1
Male low service functionaries	4.7	54.7**	3.6	49.4	3.5	44.3*	6.1	55.5
Old low service functionaries	10.4	62.9***	12.2	60.4***	9.9	52.7***	13.2	59.1
Male socio-cultural professionals	7.2	48.3	9.2	42	9.0	34.3	6.4	49.3
Old socio-cultural professionals	14.9	46.2	18.2	44.2	17.6	36.3	8.4	56.1
Blue collar workers	18.0	63.4***	17.6	64.1***	17.3	55.4***	31.4	66.2***
Mixed service functionaries	23.7	54.3*	17.1	54.2***	22.0	39.6	18.0	59.1
Capital accumulators	18.0	44.0	17.3	43.7	19.7	33.0	12.4	56.1
Total / mean	7288	52.5	4400	50.6	4601	41.8	3496	59.4

Table 3.3.3.: Feeling of political powerlessness, 2006

Notes: Values are group-specific frequencies. Highlighted cases indicate values that exceed the mean significantly at the 0.1, 0.05** or 0.01*** level (t-test).*

Source: ISSP 2006 Role of Government IV (for details on operationalisation, see table B in the appendix)

In sum, all three indicators of political exclusion show that female low service functionaries are the most disadvantaged group. Beyond this group of obvious outsiders, all low-skilled groups (low service functionaries and blue collar workers) tend to abstain more from participation and feel less influential than the more highly skilled groups. Highly skilled service workers, however, are significantly underrepresented in trade unions, which is not the case for blue collar workers.

Conclusion

In this paper, we made three contributions: first, we provided a new theorization of what it means to be an insider or an outsider. We argued that in order to have a meaningful and reliable conceptualization of the winners and losers of post-industrial societies and labour market structures, we need to identify those social groups that are “*typically atypical*” over the span of their whole work biography. This can be done best by classifying people in terms of their *occupational profiles*, since this is a stable attribute that carries a lot of information on their typical employment trajectory, unemployment risk, risk of atypical employment etc. By choosing occupational profiles as the basis of the insider/outsider divide, we tried to develop a conceptualization that is consistent with the more far-reaching purpose of this project, i.e. the analysis of the *politics* of dualisation. Indeed, people form identities and preferences *not* on the basis of a momentary labour market status, but with regard to a more stable risk profile. This is what we should grasp when analyzing the social and political relevance of dualisation.

The second contribution of this paper is a new operationalisation of insiders and outsiders in terms of classes, gender and age. Since we do not have precise biographical data on people’s employment trajectories, class is a valuable proxy for occupational groups that share crucial similarities in terms of risks and opportunities. On the basis of Oesch’s (2006) post-industrial class scheme, we proposed 8 potential outsider-groups (Male/female and young/old low service functionaries, male/female and young/old socio-cultural professionals). This operationalisation takes into account a specific post-industrial labour market characteristic: both highly skilled and low-skilled workers must be differentiated “horizontally”, according to their work logic/employment sector. Highly skilled workers are not “automatically safe” from the risk of being an outsider, since they tend to display high levels of atypical employment, especially among women. And among the low-skilled, service sector workers are today oftentimes worse off in terms of labour market conditions than their blue collar counterparts, which is why we need to analyze them separately. In addition, we proposed to add gender and age as relevant socio-structural determinants of economic and social constraints and opportunities.

Finally, and this is the third contribution of this paper, we analyzed empirically *whether, where and to what extent* the theoretically identified outsider potentials are *actual* outsiders with regard to their economic situation on the labour market, their social rights and their political integration. Who are the main losers of post-industrialism across the different regimes and countries? Table C in the appendix gives a comparative overview of the results. In the table, socio-structural groups that are particularly affected by at least 3 dimensions of exclusion (atypical work/unemployment, subjective job worries, income, social rights and/or political integration) are highlighted in grey, meaning that these are the actual outsiders in the respective regimes. Socio-structural groups in bold font are significantly disadvantaged with regard to all the indicators of a particular dimension of exclusion.

Let us summarize the main insights briefly. As hypothesized, young and female low service functionaries (jobs in personal services, retail commerce, restaurants etc.) are not only potential, but actual outsiders in all countries and regimes, with regard to four dimensions of exclusion: they are over-proportionally affected by atypical work and unemployment, they have the lowest earnings power, they have insufficient social rights (measure with regard to pensions in liberal and continental countries) and they are most likely to be politically (self-)excluded from trade unions, participation and power. Male and elder low service functionaries are less affected by these four sources of social exclusion than their female and younger counterparts, but they still qualify as actual outsiders on all these dimension in continental and liberal countries. If there is one main insight from this paper, it should be that low service functionaries are the main losers of post-industrial societies, both *structurally* (in terms of market chances) and *politically* (in terms of political and social rights).

The analysis evidenced clearly that education is a key resource in the post-industrial economy. In addition to low service functionaries, blue collar workers (jobs in the metal industry, chemistry, mining, construction etc.) are the second low-skilled socio-structural group, and they indeed also turn out to be actual outsiders, at least with regard to the following dimensions of exclusion: they have a higher risk of unemployment, they earn significantly less than the average income, they tend to abstain from voting more than others and they feel considerably excluded from political power. However, blue collar workers are not outsiders when it comes to trade union organization and social rights. Their average income – despite being below the mean of the population – is also considerably higher than the average among low service functionaries and they are only weakly affected by atypical work. Therefore, the pattern is less clear than in the case of low service functionaries. Blue collar workers suffer from more unemployment and lower pay, but they do have political representation and (therefore) they do have a welfare state that is tailored to the insurance of their risks. Hence, blue collar workers can be seen as *structural* losers of post-industrial societies, since they suffer most directly from structural deindustrialization.

Even though low levels of skills and education seem to be a key determinant of economic and social disadvantage, skills are not a safe protective shield from outsider risks, at least in continental Europe. In these countries, young and female socio-cultural professionals (jobs such as teachers, nurses, librarians, researchers, counsellors) also turn out to be actual outsiders: they are very strongly affected by atypical work, subjective job insecurity, insufficient social rights, low trade union representation and abstention from voting. Socio-cultural professionals may seem an “atypical” group of outsiders, because they generally have high levels of education. However, continental labour markets are strongly gendered and so are continental welfare states. Therefore, female and young socio-cultural professionals can be seen as *political* losers of post-industrial continental societies, since these countries do not compensate their structural weaknesses politically.

The pattern of insiders and outsiders across the post-industrial world shows that outsiders concentrate in different categories. The typical outsider is not only – and maybe even not particularly – the male unemployed car factory worker, but rather the young female part-time care worker. If we measure the insider/outsider divide with unemployment only, we may completely miss these genuinely post-industrial groups of outsiders and we may overestimate the hardship of blue collar workers as compared to categories that are disadvantaged not mainly on the basis of unemployment, but of atypical employment.

This paper is supposed to be the beginning of a more far-reaching research agenda. Among the necessary and logical next steps are both a more detailed analysis of intra-continental differences of dualisation, and a more explanatory analysis of the reasons of inter- and intra-regime differences.

¹ We would like to thank the participants of the Conference „The Dualisation of European Societies“ (Oxford April 23rd to 25th 2009), and in particular David Rueda for helpful comments on an earlier version of this paper.

² Early works on the insider outsider divide (mostly in labour economics) based their distinction on employment/unemployment only (Lindbeck and Snower 2001, St. Paul 1998, 2002). Rueda (2005, 2006) was among the first to also include temporary and involuntary part-time employment in the conceptualization of outsiders (see also Davidsson and Naczyk 2009 for an extensive discussion of this literature).

³ This conceptualization sets our definition apart from both more narrow ideas of outsidersness relying on unemployment (e.g. Lindbeck and Snower 2001) or on “involuntary atypical employment” (Rueda 2005) only; and from broader ideas of outsidersness that rely on “bad jobs” or poverty more generally (Kind and Rueda 2008).

⁴ See also Emmenegger (2009: 6-8) who criticizes the operationalisation of outsiders in terms of labour market status, because it neglects household relationships and because labour market status is volatile.

⁵ Oesch (2006) advocates a pragmatic use of the notoriously contested concept of class: „class is simply referred to as a proxy for similarity in the position within the occupational system.“ (2006: 13). We share this definition that eludes the normative discussions and implications of the concept of class .

⁶ Thereby, the criterion of skills replaces the difference between blue- and white-collar workers, or between manual and non-manual work.

⁷ The original classification is based on ISCO-4d codes, and the summary of five classes relies on ISCO-2d codes. See table 1a in the appendix for the codes.

⁸ The level of disaggregation is, of course, a difficult question. We could divide the groups according to additional criteria such as public/private sector or the migration/native background of people. However, we decide to break the distinction down to gender and age only, because the literature shows at least for some countries, that atypical work is strongly gendered and age-

related. In addition, the sectoral distinction is to a large extent taken into account by the class-scheme's horizontal dimension.

⁹ Kitschelt and Rehm (2006) proceed similarly when arguing that „young less educated males” and “young high educated women” are the two prototypical “new social risk-groups”. In an attempt to be as systematic as possible, we analyze all all possible combinations of the relevant variables in this article.

¹⁰ .I.e. part-time, unemployed, helping family member, housewife, houseman, see appendix 2.

¹¹ Most of the analyses are differentiated for the four regimes, but we have done all analyses separately for the continental countries France, Germany, Netherlands and Switzerland (which turned out to be most affected and most varied in terms of dualisation) and we refer to these individual country-results when noticeable differences exist. When nothing is mentioned, the results hold consistently for all countries of the regime.

¹² We rely on an individual-level (rather than household-) analysis, because we speak about modern societies in which about half of the households are unstable over time. Therefore, we assume that individuals' life chances, preferences and behaviors should be explained with reference to their individual biography and resources.

¹³ A similar spread of incomes can also be observed at the high-skill end of the employment structure: despite similar skill-levels, female and young socio-cultural professionals earn consistently less than their male and elder counterparts and as capital accumulators.

¹⁴ The equivalence principle is particularly strong in these two countries because both have important second pillar occupational pensions, that are by definition precarious for atypically employed.

¹⁵ Of course, this indicator is problematic because it strongly depends on the actual level of unemployment, which differs strongly between the countries (see table 3.3), but it can be used as an indicator of structural differences in the orientation of the policy.

¹⁶ In the Netherlands, only female and young LSF have rates of abstention that exceed the mean significantly, but this is not the case of male and elder LSF. In France and the Netherlands, blue-collar workers do not have higher abstention rates than the average (analyses not shown).

Appendix

Table A: Classification of occupations in post-industrial class groups

Classification of occupations in post-industrial class groups, based on Oesch 2006 and Kitschelt and Rehm 2005: 23, (adapted from Häusermann, forthcoming).

Two-digit numbers in front of job descriptions are ISCO88-2d codes.

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, self-employed professionals and petty bourgeoisie with employees (CA) Self-employed <=24	Technical experts (CA) 21 Physical, mathematical and engineering science professionals	Higher-grade managers (CA) 11 Legislators and Senior officials 12 Corporate Managers	Socio-cultural semi-professionals (SCP) 22 Life science and health professionals 23 Teaching professionals 24 Other professionals	Professional/ managerial
	Technicians (MSF) 31 Physical and engineering science associate professionals	Associate managers (CA) 13 General Managers	32 Life science and health associate professionals 33 teaching associate professionals 34 Other associate professionals	Associate professional / managerial
Petty bourgeoisie without employees (MSF) Self-employed >24	Skilled crafts (BC) 71 Extraction and building trades workers 72 Metal, machinery and related trades workers 73 Precision, handicraft, printing and related trades workers 74 Other craft and related trades workers			Generally / vocationally skilled
	Routine operatives and routine agriculture (BC) 61 Market-oriented skilled agricultural and fishery workers 92 Agricultural, fishery and related labourers 81 Stationary-plant and related operators 82 Machine operators and assemblers 83 Drivers and mobile-plant operators 93 Labourers in mining, construction, manufacturing and transport	Skilled office workers and routine office workers (MSF) 41 Office Clerks 42 Customer Service Clerks	Skilled service and routine service (LSF) 51 Personal and protective services workers 52 Models, salespersons and demonstrators 91 Sales and services elementary occupations	Low/ unskilled

Table B: Operationalisation

Variable	Operationalisation
Classes	ISSP RoGIV 2006 and ISSP WOIII 2005; ISCO-2d codes, recoded according to appendix 1 into CA, MSF, BC, SCP, LSF
Socio-structural insider/outsider-potentials	ISSP RoGIV 2006 and ISSP WOIII 2005; Classes, combined with gender (1=female, 0=male, recoded from SEX) and age (1=young/<=40, 0=old/>40; recoded from AGE)
Regimes	Liberal countries: Australia, Canada, Ireland, New Zealand, Great Britain, United States Nordic countries: Denmark, Finland, Norway, Sweden Continental countries: France, Germany, Netherlands, Switzerland Southern countries: Portugal, Spain
Unemployment	ISSP RoGIV 2006; Dummy variable measuring unemployment among all other forms of work status; WRKST 5=1; WRKST 1,2,3,4,6,7,8,9,10=0;
Part-time	ISSP RoGIV 2006; Dummy variable measuring part-time among all other forms of work status; WRKST 2,3=1; WRKST 1,4,5,6,7,8,9,10=0;
Atypical work	ISSP RoGIV 2006; Dummy variable measuring atypical employment (part-time, unemployed, helping family member, housewife/man) among all other forms of work status; WRKST 2,3,4, 5,8=1; WRKST 1,6,7,9,10=0;
Income	ISSP RoGIV 2006; Variable measuring the mean income of socio-structural potentials in Euro, based on national income-variables. Individuals are attributed the mean value of their income group (mostly deciles) in Euro.
Subjective job insecurity	ISSP WOIII 2005; Dummy variable measuring whether respondents worry about the possibility of losing their job; V58 1,2=1; V58 3,4=0;
Willingness to accept a lower paid job	ISSP WOIII 2005; Dummy variable measuring whether respondents agree that in order to avoid unemployment, they would be willing to accept a position with lower pay; V60 1,2=1; V60 3,4,5=0;
Unemployment coverage	Welfare State Entitlement Data Set, Summary Data, 2004; 15. UECOV; Percentage of the labour force insured for unemployment risk;
Pension Coverage	Welfare State Entitlement Data Set, Summary Data, 2004; 22. PCOV; Percentage of the population above the official retirement age in receipt of a public pension.
Difference of standard and minimum pension	Welfare State Entitlement Data Set, Summary Data, 2004; Difference in standard pension single person replacement rate and minimum pension single person replacement rate 8. MP: ratio of net public pension paid to a person with no work history at retirement to the net wage of a single average production worker 10. SP: ratio of net public pension paid to a person earning the average production worker wage in each year of their working career upon retirement.
Ratio ALMP/PLMP	Auer et al. 2008; Ratio of public expenditure on active labour market policies / passive labour market policies; ALMP: Public expenditure on ALMP as percentage of GDP; PLMP: Public expenditure on PLMP as percentage of GDP
Union membership	ISSP RoGIV 2006; Dummy variable measuring current or past trade union membership; UNION 1,2=1; UNION 3=0;
Abstention	ISSP RoGIV 2006; Dummy variable measuring whether the respondent abstained from the last national elections; VOTE_LE 2=1; VOTE_LE 1=0;
Feeling of political powerlessness	ISSP RoGIV 2006; Dummy variable measuring whether the respondent agrees that people like him/her don't have any say about what the government does; V45 1,2=1; V45 3,4,5=0;

Table C: Comparative overview of potential and actual outsider groups

Abbreviations: LSF: low service functionaries; SCP: socio-cultural professionals; BC: blue collar workers; CA: capital accumulators, MSF: mixed service functionaries; see section 2, appendix 1. Highlighted in bold are groups that are significantly disadvantaged throughout the indicators of the respective category, in grey the disadvantaged throughout at least 3 categories within the regime;

	Liberal	Nordic	Continental	Southern
Outsider potentials (atypical, unemployment)	Female LSF	Female LSF	Female LSF	Female LSF
	Young LSF	Young LSF	Young LSF	Young LSF
	Female SCP (atypical)	Female SCP (atypical)	Female SCP (atypical)	Female SCP (atypical)
	Male LSF (only unempl)		Young SCP (atypical)	Young SCP (atypical)
	Old LSF	Old LSF	Male LSF (unempl)	Old LSF (atypical)
	Old SCP (only atypical)	Old SCP (only atypical)	Old LSF (atypical)	
	BC (unemployment)	BC (unemployment)	Old SCP (atypical)	BC (unemployment)
	Female SCP (job insecurity)	Female SCP	Female SCP	Female SCP (job insecurity)
	Young SCP (job insecurity)	Young SCP	Young SCP (job insecurity)	
	Male SCP	Male SCP	Male SCP	Male SCP (job insecurity)
Old SCP	Old SCP	Old SCP	Old SCP	
CA	CA	CA	BC (work for less)	
Outsiders in terms of labour market situation (job insecurity, willingness to work for less income)	Female LSF	Female LSF	Female LSF	Female LSF
	Young LSF	Young LSF	Young LSF	Young LSF
	Male LSF	Male LSF	Male LSF	Male LSF
	Old LSF	Old LSF	Old LSF	Old LSF
	BC	BC	BC	BC
	MSF	MSF	MSF	
	LSF	n.d.	LSF	n.d.
	BC	n.d.	SCP	n.d.
		n.d.	BC (only in Germany)	n.d.
		Female LSF	Female LSF	Female LSF
Outsiders in terms of social rights (pension rights in Ger, NL, CH, UK)	Young LSF (TU mem, abstention)	Young LSF (TU mem, abstention)	Young LSF	Young LSF
	Young SCP (TU mem.)	Young SCP (TU mem.)	Female SCP (TU mem.)	Young SCP (TU mem.)
	Male LSF	Male LSF (TU mem, abstention)	Young SCP (TU mem, abstention)	Male LSF (TU mem.)
	Old LSF (powerlessness)	Old LSF (powerlessness)	Male LSF (abstention)	Male LSF (abstention)
	BC (abstention, powerlessness)	BC (abstention, powerlessness)	Old LSF	BC (abstention, powerlessness)
	MSF (TU mem, powerlessness)	MSF (TU mem, powerlessness)	BC (abstention, powerlessness)	BC (abstention, powerlessness)
	CA (TU mem)	CA (TU mem)	CA (TU mem)	CA (TU mem)
		Female LSF	Female LSF	Female LSF
		Young LSF (TU mem, abstention)	Young LSF	Young LSF
		Young SCP (TU mem.)	Female SCP (TU mem.)	Young SCP (TU mem.)
	Male LSF	Young SCP (TU mem, abstention)	Male LSF (TU mem.)	
	Old LSF (powerlessness)	Male LSF (abstention)	Male LSF (abstention)	
	BC (abstention, powerlessness)	Old LSF	BC (abstention, powerlessness)	
	MSF (TU mem, powerlessness)	BC (abstention, powerlessness)	BC (abstention, powerlessness)	
	CA (TU mem)	CA (TU mem)	CA (TU mem)	

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