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## A.G. Leventis Research Innovation Programme on Cyprus

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### Addressing and Measuring the Phenomenon of Pre- cariousness in Cyprus: challenges and implications

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#### Policy Brief

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# Policy Brief

## Addressing and measuring the phenomenon of precariousness in Cyprus: Challenges and implications

Unstable  
Insecure **Precarious**  
Fragile **Work** Job?  
Uncertainty  
**CYPRUS** Precarity  
Labour  
Vulnerabilities  
Unstable  
Unemployment  
Unsafe  
Wage  
Poverty  
Job

Precariousness

Petros Kosmas, Antonis Theocharous, Elias Ioakimoglou, Petros Giannoulis, Leonidas Vatikiotis, Maria Panagopoulou, Lamprianos Lamprianou, Hristo Andreev and Aggeliki Vatikioti

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### BACKGROUND

Neoliberal policies, from the beginning of their adoption and implementation aimed at the deregulation of the market, compressing in this way the subsistence limits of the working class (Pulignano, 2018; Castel, 2016; Standing, 2009). Since the 1990s and particularly intensely after 2000 this policy option has been pervaded by the deregulation of the labour market and the increasing precariousness of employment. At the same time, governments have abandoned policies aimed at protecting full-time employment (Castel, 2003). These developments have played a crucial role in fostering a favourable environment for the emergence of precarious employment and, consequently, precariousness (Kalleberg, 2011; Barbier, 2002; Fine, 1998; Bourdieu 1998). It is also worth considering that precariousness is not solely determined by an individual's wage or income. The term also refers to a lack of social security and the inability of the welfare state to provide protection of individuals from the risks of poverty, unexpected unemployment, material deprivation, accidents, illness, and in general the precarity of daily life that plagues many parts of society (Hauben, et. al., 2020; Lewis et. al., 2019; Olsthoorn 2013).

Meanwhile, government expenditures on social protection are seen as an "onerous" cost incurred to maintain the "competitiveness" of the economy, which is interpreted as being the most important aspect. In modern times, the comparative advantage European societies possess due to the relatively high level of social conquests is perceived as a disadvantage that should be addressed.

However, the welfare state and specifically the social protection system were fundamental for the development of the paid labour market. The framed system of social protection provided by a welfare state has always made wage labour from full-time employment the principal means of achieving social integration. It can be argued that the period leading up to the establishment of the welfare state was one in which social considerations would predominate. This condition was reversed during the era of degeneration of the welfare state. There is obviously a strong dominance of the ideology of the market over the ideology of society. As a result, the so-called social risk, threats, and danger, which are the main characteristics of precariousness, are not adequately addressed (Olsthoorn 2013; Barbier, 2004).

### FOCUS OF THE STUDY

This research study utilises a mixed design model to empirically measure and address the phenomenon of precarious work and precariousness. For the purposes of this study precariousness is a condition in which people face specific risks and dangers, material deprivation, poverty, accident or disease, etc. Furthermore, as a result of precarious employment, insufficient income and lack of property, these individuals are not able to cope or be exposed to prolonged periods of unemployment and its subsequent social risks and dangers.

The methodological and empirical framework of this study have expanded the extant research by including new variables and by introducing new empirical approaches in examining the phenomenon of precarious employment and precariousness. The results of this study provide social and labour policy makers with an enhanced understanding of the phenomenon which will ultimately lead to new theoretical and policy avenues towards its reduction and elimination.



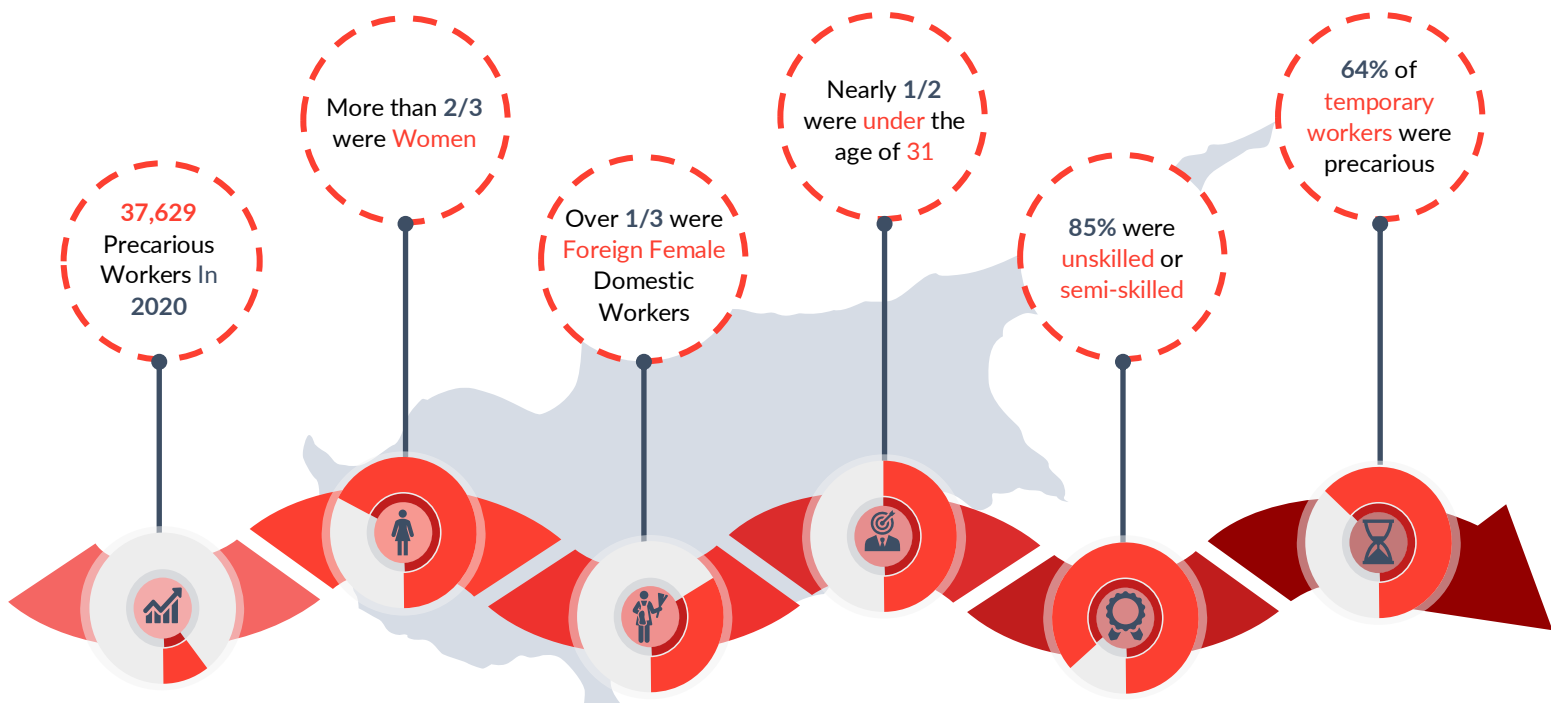


Figure 1: Key findings (Source: EU-SILC 2020)

## KEY FINDINGS

*Mapping precariousness: Who are precarious workers and where do we find them in the Cyprus labour market?*

A total of 37,629 precarious workers were recorded in the labour market of Cyprus in 2020. More than two-thirds of all precarious workers were women. Additionally, foreign female domestic workers accounted for over one third of the total. Young people are more often found in precarious jobs and nearly half of precarious workers were under the age of 31. 85% of them were unskilled or semi-skilled. While precarious work meant to be a temporary situation for some skilled workers, eventually it lasted for an extended period of time. Precarious workers comprised the majority of temporary workers (64%).

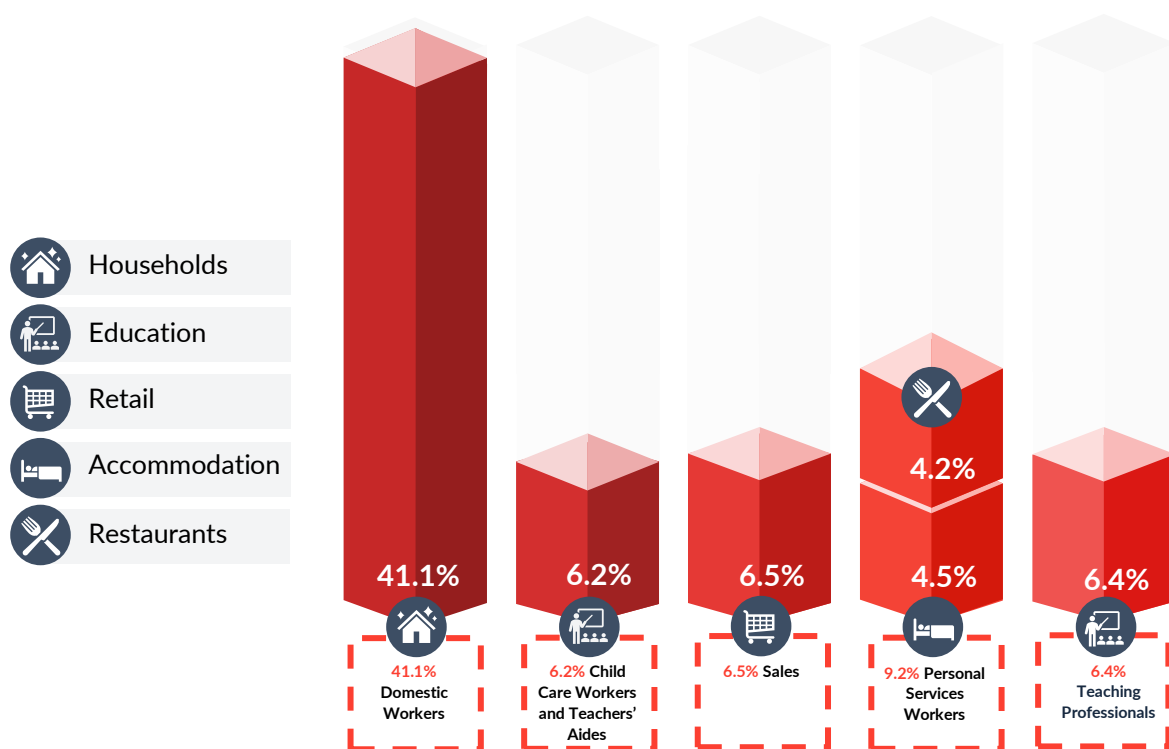


Figure 2: Precarious work in sectors and occupations (Source: EU-SILC 2020)

A total of 69.4% of all precarious workers were classified into five categories: domestic workers in households, professional trainers, child-care workers working in education and teaching assistants, salespeople in retail trade and personal service workers working in hotels and restaurants.

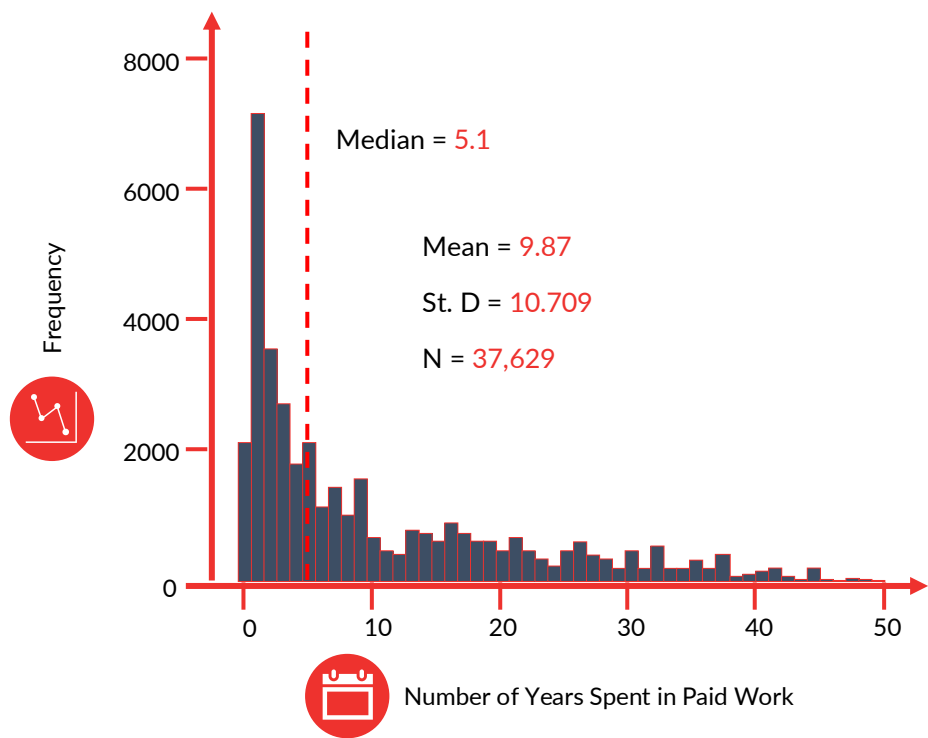


Figure 3: Distribution of precarious workers by professional experience (Source: EU-SILC 2020)

Precarious workers were much more likely to experience unemployment intervals between consecutive periods than non-precarious workers. Precarious workers experience a slow pace of professional experience accumulation as part of a vicious cycle: precarious work hampers the accumulation of professional experience, thus minimising the probability of the employee finding a non-precarious job. As such, precariousness tends to reproduce itself becoming a trap for precarious employees.

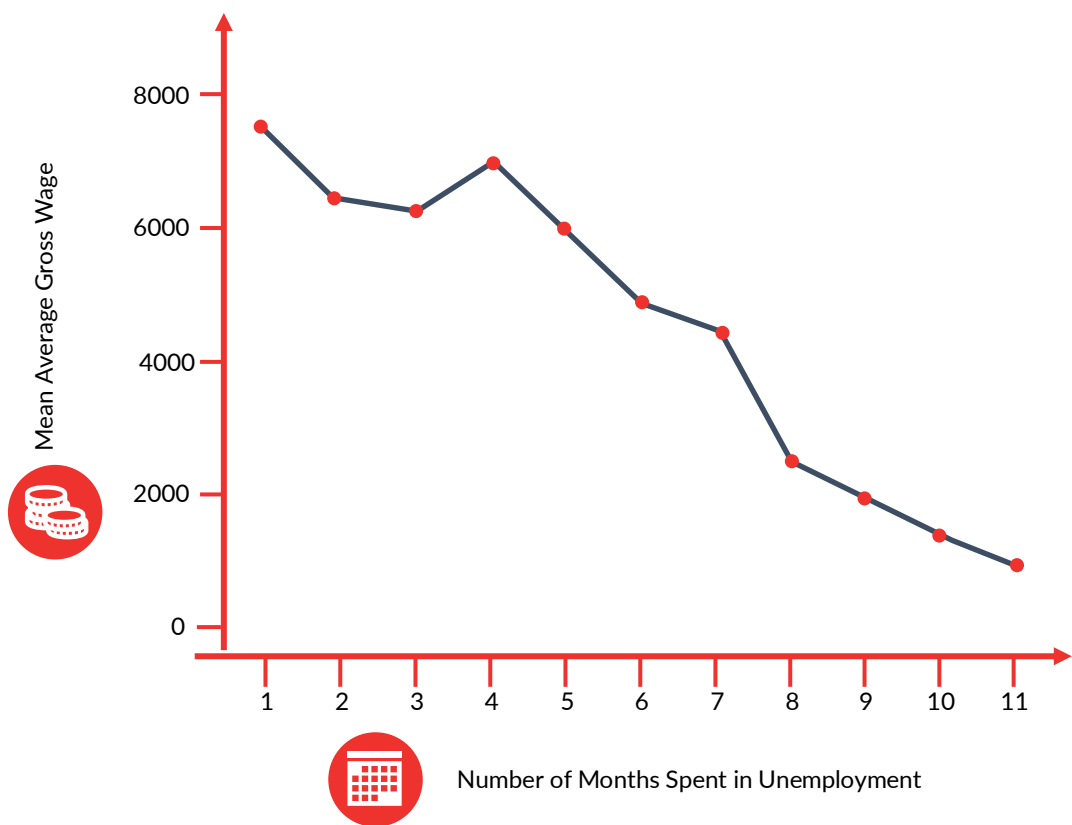


Figure 4: Labour income decrease by months spent in unemployment (Source: EU-SILC 2020)

## FACTORS AFFECTING LABOUR INCOME OF THE PRECARIOUS WORKERS

According to the present study, duration of unemployment and the number of working hours were the most significant factors that affected labour income. The overaccumulation of precarious workers in certain professions as well as unemployment contributed significantly to the low incomes from precarious work. Among precarious workers, the median gross annual income was €4,980.00, while the average was €5,170.00. Approximately one in five of these workers earned between €550.00 and €800.00 per month. The average monthly wage of precarious domestic female workers in Cyprus was €338.00. For non-domestic precarious workers, the gross monthly wage was also extremely low (€440.00), while half of these workers earned €387.00 per month.

According to Figure 4, the gross labour income of precarious workers decreases with the amount of time until their employment is reinstated. Each month that a person was unemployed, his or her income was reduced by €630.00.

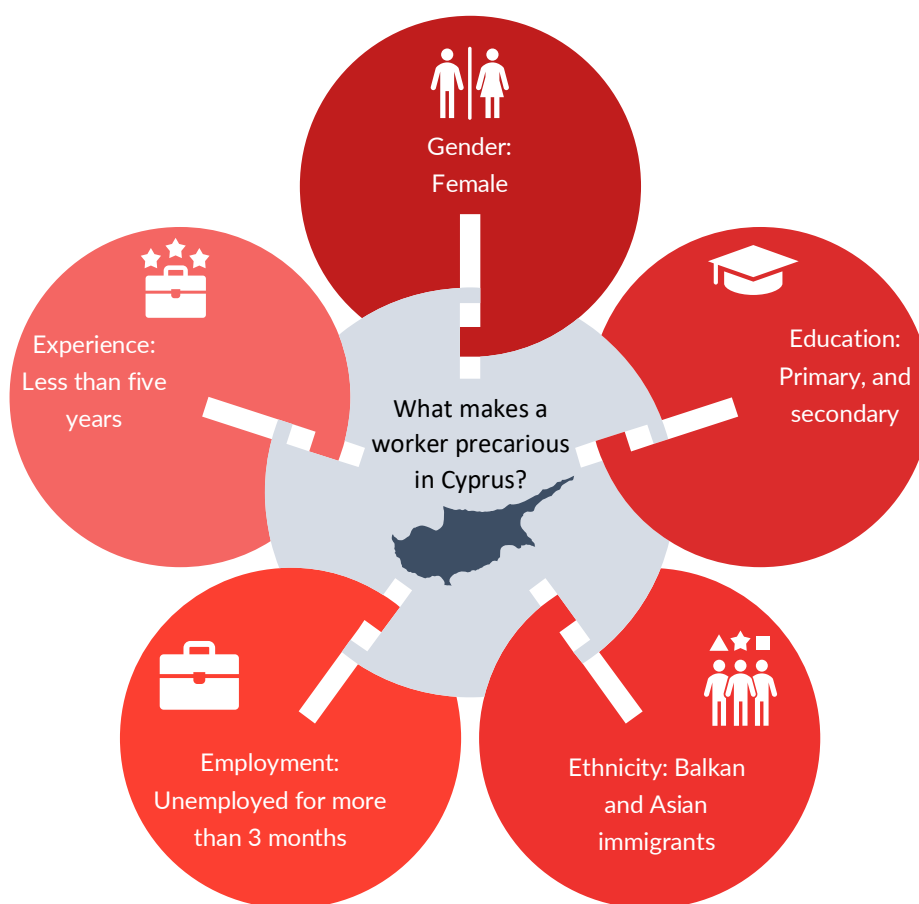


Figure 5: Determining factors affecting the risk of precarious work

## WHAT MAKES A WORKER PRECARIOUS? DETERMINING FACTORS AFFECTING THE RISK OF PRECARIOUS WORK

An employee with five or more years of professional experience is less likely to be labelled as precarious. On the contrary, being unemployed for more than three months increases the probability. Females and persons who have completed primary and lower and/or upper secondary education are more likely to be precarious. In terms of nationality, Balkan and Asian immigrants appear to be at increased likelihood of having precarious employment.

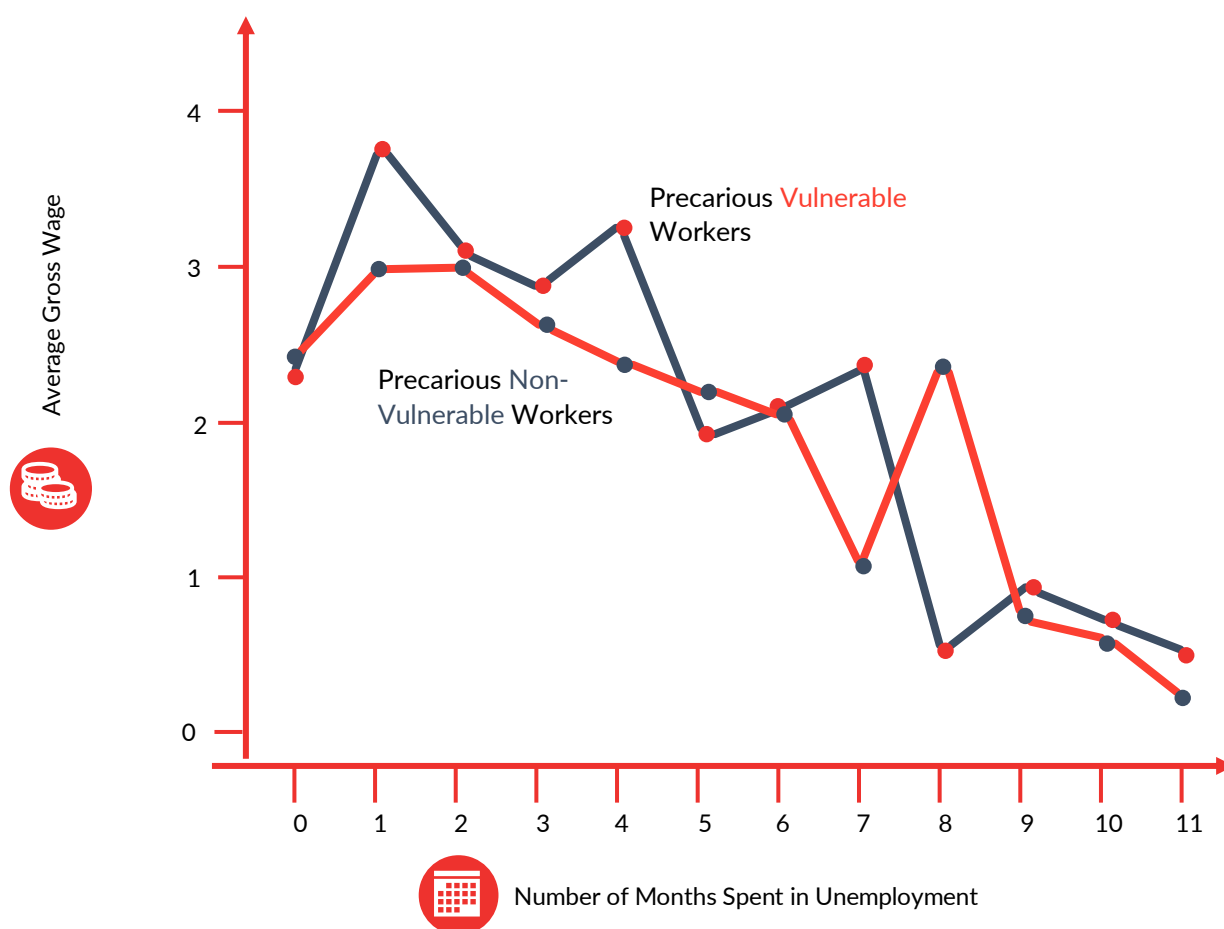


Figure 6: annual gross wage as a function of duration of unemployment and economic vulnerability (Source: EU-SILC 2020)

### DOES ECONOMIC VULNERABILITY AND PRECARIOUS WORK MEET EACH OTHER AND WHERE?

Precarious workers who were economically vulnerable in Cyprus were identified as being in the condition of precarity. The majority of them had a disposable household income less than €1,500.00 per month (considered in our study as a threshold) and consequently were unable to save a significant amount of money to cope with the effects of unemployment (due to the fact that they were not the outright owners of a residence). Accordingly, we estimate that 17,443 workers in Cyprus were precarious and economically vulnerable in 2019.

Taking into consideration the results in relation to the number of workers categorised as in precariousness and in precarity, precarious workers constituted for 9,5% of all employees in 2019, whereas those in precarity (i.e., precarious and economically vulnerable) constituted for 4,4% of all employees. The percentage of workers in precarity could be reduced to 3,3% if they were provided with the resources necessary to manage the difficulties associated with the first month of being unemployed.

Additionally, we found that precarious work and economic vulnerability, which are the two components of precarity, were not correlated. Our empirical study showed that in general, the characteristics of precarious workers and their relationship to the labour market were almost identical for vulnerable and non-vulnerable workers, with a few minor differences.

# Way Forward

## THE MACROECONOMICS OF PRECARIOUSNESS

Short-term and fixed-term contracts cause precarious workers to be at the borderline between unemployment and employment with uncertain futures. The “full-time” unemployment rate is the dominant form of measurement and observation of a given labour market during periods of crisis but under no circumstances can it accurately reflect the impact of a crisis (economic, pandemic, etc.) on the labour market or, for that matter, on a world of precariousness. The reestablishment of an institutional framework for the restoration of full employment will once again be the main shield to ensure a stable and adequate income for the entire world of work. A fixed income, as described by a fixed wage combined with a full-time job, is fundamental to establishing the conditions for a decent standard of living. It is therefore deemed necessary to implement a favourable collective agreement for all employees with legal registration of the content of sectoral agreements. In sectors in which there is no union representation and/or minimum wages, even the national general minimum wage will promote the principle of favourable and equal treatment for all workers.

At the macroeconomic level, this commitment is reflected in the engagement of all social partners in the labour policy-making process to ensure that full employment is the norm and all actions are directed toward achieving it. The aim of this policy should be to reduce and ultimately eradicate precarious work. Monetary, fiscal, and industrial policies need to be converged in order to achieve full-time employment for everyone and eliminate precarious work. Despite the uncertain global economic climate, policies that define full employment will be beneficial for all workers if they are coordinated and implemented on a multilateral basis.

Those with precarious employment do not have the opportunity to accumulate professional experience and, as a result, are less likely to find better-paying, more stable employment and because they are trapped in this vicious circle of insecurity, they cannot accumulate professional experience. Thus, only external forces, such as government and/or trade union interventions, will be able to break this downward spiral that traps workers in a precarious existence permanently by implementing appropriate labour market reforms.

## SOCIAL-CULTURAL CHARACTERISTICS OF PRECARIOUS WORKERS

Workers in precarious circumstances constitute a heterogeneous group of individuals. Women, immigrants and youth, are among the groups of precarious workers (Anderson, 2007; 2010). The majority of all precarious workers are female, as most of them are employed in precarious positions upon entering the labour market. Due to underemployment, their incomes are reduced, their career advancement is hindered, and their pension rights are curtailed. A primary reason for this is the lack of adequate social protection offered by the welfare state of Cyprus to women, including a very short period of maternity leave, no income support for precarious working mothers and a lack of infrastructure for childcare and the elderly. Moreover, stereotypes dictate that women are responsible for the majority of domestic chores and parenting duties, even today. Many women are forced to take on precarious forms of employment so as to combine family and professional obligations. Migrant domestic workers, mainly from Asian countries, find themselves trapped in conditions of ‘hyper-precarity’ with different vulnerabilities compared with those of other groups of workers, who fall under a separate regulatory framework of employment relations (Lewis et. al., 2019; Anderson, 2007). In fact, Cyprus is one of the countries with the highest rates of migrant domestic workers in Europe (Angeli, 2016). Precarious employment is “invisible” in the same way that migrant workers are invisible to the rest of society due to unclear working and living conditions (Hadjigeorgiou, 2020).

Young people make up a majority of new entrants in the labor market and as a consequence they are employed in precarious jobs. Many aspects of young people's daily lives are uncertain, the age limit of youth and their ability to create a self-sufficient life are deferred for at least a decade. This is particularly true in workplaces or sectors where no unions exist or they are very weak.

Putting forward policy recommendations, the present study identifies three key intervention axes: a) reinstating full-time employment and enhancing job security, b) securing a sufficient and steady income for the labour force, c) return to welfare state practices and policies for enhancing social protection.



# Policy Recommendations for Cyprus

## Intervention Axis 1



Intervention axis 1: Reinstating full-time employment and enhancing job security

## Intervention Axis 2



Intervention axis 2: Securing a sufficient and steady income for the labour force

## Intervention Axis 3



Intervention axis 3: Return to welfare state practices and policies for enhancing social protection



### Intervention axis 1: Reinstating full-time employment and enhancing job security

1. Promotion of well-paid, secure employment.
2. Immediate expansion of the sector-specific collective employment contracts signed between trade unions and employers in order to ensure their compulsory application in the public and private sector.
3. Conversion of short-term contracts into long-term contracts as a measure that prevents the misuse of fixed-term employment contracts in both the public and private sectors.
4. Improving the efficiency of the labour inspection bodies and restoring their operation.
5. Abolition of false (or bogus) self-employment that conceals a dependent employment relationship.
6. Detecting and combating undeclared employment.
7. Institutionalising collective representation for all employees, without exception, with primary attention being paid to those who do not have basic collective rights, or have limited rights (e.g. domestic workers, farmworkers, digital platforms workers). In this manner, the workers are covered by the labour laws and the provisions of social insurance and are able to engage in collective bargaining.
8. Provision of fair and just working conditions to all workers. It is intended to also encompass workers employed by contractors with the same duties as employees of the contracting company.
9. All workers, whether employed under temporary or part-time contracts or self-employed, should have the same basic occupational rights and benefits.
10. Assuring that the working environment meets all health and safety standards.
11. Linking youth employment policies to quality and sustainable employment contracts, in order to address the growing structural youth precariousness and underemployment.
12. Taking specific measures to combat precariousness among women and protect motherhood
13. Informing workers about their rights and obligations, as well as the dangers and precautions they must take in a language easily understood.
14. Transfer of responsibility regarding employment issues applicable to migrant domestic workers from the Civil Registry and Migration Department to the Labour Office of the Ministry of Labour, Welfare and Social Insurance of the Republic of Cyprus since this reform was passed in 2010 by the Council of Ministers and has yet to be implemented.
15. Ensuring lifelong learning and the right to training/education for all.



## Intervention axis 2: Securing a sufficient and steady income for the labour force

1. National Minimum Wage sufficient to guarantee an adequate and steady income, applicable in sectors without union representation and sectoral collective agreements.
2. Legislation to ensure that the minimum wage is at the level agreed by sectoral collective agreements and is mandatory for all employees in each sector.
3. It is imperative that every industry sector be obligated to use the sectoral collective employment contracts signed between unions and employers.
4. Equal pay for equal work within the same organisation.
5. The equalization of hourly wages for part-time and full-time workers.
6. Action plans addressing gender, ethnic, racial, etc. wage inequalities.
7. Introducing a supplementary income scheme for employees facing significant reductions in their hours of employment.
8. In periods of inflation, the wage indexation and the reduction of VAT on basic consumer goods should be formalized.
9. Providing progressive taxation as well as social assistance for those with low incomes is necessary to reduce inequalities.
10. Developing professional skills and abilities in conjunction with continuing training are essential measures that increase employability and, therefore, improve quality of employment.
11. A special arrangement for the protection of mothers, by increasing childbirth allowances for all women and introducing maternity allowances for unemployed and precarious women workers.
12. Providing income support to cover operational costs shared by workers working remotely from home.



## Intervention axis 3: Return to welfare state practices and policies for enhancing social protection

1. Providing public services from an organised welfare state that are intended to meet the objective of equal access to high quality services in all sectors including health, education, social security, child protection and elder care.
2. Measures to promote the balance between professional and personal responsibilities as well as enhancing the institutional protection of motherhood. The extension of maternity leave to all women and the provision of maternity benefits to mothers who are unemployed or precariously employed are considered essential.
3. Expanding and improving early childhood education and care.
4. Free access to pre-school for all children to day-care and nursery schools.

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