

# PRECARIOUS EMPLOYMENT IN THE CONTEXT OF SOCIAL POLLUTION

Zuzana Dvořáková – Viktor Kubát

---

## Abstract

The paper covers an overview of economic and social conditions determining informal employment and undeclared work. Aimed at analyzing bibliographic records, surveys, and trends in both the EU and Central and Eastern Europe (CEE), it discusses personnel practices suitable for sustainable human resource management. The paper characterizes the dark sides of unfair employment practices for the economy, the labor market, and work-life quality. The methodology insists on several methods that allow a triangular analysis. The research combines in-depth-analysis of bibliographic data from the Web of Science database, on-the-desk analysis of secondary sources, and two unstructured interviews used for writing narrative cases about personnel practices in business. Results include an analysis of informal employment in the EU and its specifics in CEE countries, trends in precarious employment, and consequences for the economy, the health of populations, and business. Lessening the share of informal employment can achieve by small changes in tax rates combined with increased enforcement and a reduction of penalties in the labor market to support the liberal behavior of employers and workers.

**Key words:** employment, labor relations, social pollution

**JEL Code:** J24, J71, J81

---

## Introduction

Over the last twenty years, research in labor relations has been more concerned with informal/precarious employment. It emerges as an economic and social problem with macro and microeconomic consequences. The surveys done by official institutions or academics focus on the world, countries, and regions. Alarming imperatives for the administrative become how the share of the precariat to decrease or at least to stabilize. The paper aims at the following:

- to characterize terms, trends, and indicators of informal employment,
- to analyze data about informal employment, mainly with a focus on the European countries,
- to identify consequences of informal employment, and

- to discuss the concept of sustainable human resource management<sup>1</sup>.

## **1 Research methods**

The methodology insists on several methods that enable a triangular analysis. The research combines state-of-the-art knowledge identified by in-depth-analysis of secondary sources, mainly papers from the Web of Science, and published in the period 2000-2020, with two unstructured interviews. The interviews were held with one personnel manager and one owner/top manager in July and September 2020. The qualitative method reflects used personnel practices for writing two narrative cases. The interviews concentrate on fair employment aspects and reflect what they can discuss as sustainable human resource management.

The reasoning methods respond to the academic view of labor economics and employers' attitudes to employment. The topic deals with the business's social side, so it needs to understand individual behavior at work and social protection, which illustrates national history, culture, values, and institutions. Business tends to utilize pragmatic personnel/human resource practices in employment legislation regulation and a situation in labor markets. Based on the bibliometric analysis of records, the theoretical ground of informal employment characterizes critical phenomena of the precariat with its uncertainty and dynamics. Therefore, the paper collects and analyses data by an interpretative group of methods that strive to achieve reasoning results, emerging questions, and future research ideas.

## **2 Literature overviews**

### **2.1 The bibliographic analysis of records in databases**

We retrieved 43 338 bibliographic records that matched the query in database search in the period 2000-2020. In the period 2000-2020, records from the Web of Science databases count for 15 290 and Scopus 28 048. However, from 2018 to 2020, the interest in topics substantially grows, as shown in Table 1, i.e., the number of publications in the last two years is about 31 % of the total. The continually rising number of papers dealt with the precariat illustrates records in Table 2. The enormous amount of literature on various sciences does not allow a complete analysis of all of them. The analysis limits the paper's most significant works, considering the citation index related to informal employment, precarious employment, labor relations in precarious conditions, and social pollution. The Web of Science studies outline promising

---

<sup>1</sup> The following text uses abbreviations: HRM - Human resource management, HR - human resource.

directions in several areas, mostly in industrial relations and labor, public environmental and occupational health, sociology, economics, development studies, and management.

**Tab. 1: Bibliographic records by the query in the Web of Science and Scopus databases**

Query	Web of Science 2000-2020	Web of Science 2018-2020	Scopus 2000-2020	Scopus 2018-2020
Informal employment	3 247	1 082	4 313	1 142
Precarious employment	1 815	791	1 774	669
Informal labor relations	464	157	730	180
Precarious labor relations	414	191	449	182
Social pollution	9 350	3 195	20 782	5 987
Total	15 290	5 416	28 048	8 160

Source: Authors. Accessed 2020/10/08

**Tab. 2: Bibliographic records by the query in the Web of Science database 2000-2020**

Query	Year of the publications								
	2000	2005	2010	2015	2016	2017	2018	2019	2020
Informal employment	36	63	107	281	249	343	368	422	292
Precarious employment	5	14	48	154	161	212	240	338	213
Informal labor relations	8	14	26	37	39	38	54	61	42
Precarious labor relations	3	0	16	40	38	52	58	81	52
Social pollution	104	154	337	673	809	857	1 023	1 228	944

Source: Authors. Accessed 2020/10/08

The following analysis focuses on the overview of publications from the period 2018-2020 as it describes the current situation in research about precarious employment. Informal employment belongs to the most studied topics in the USA (245 publications in the Web of Science in 2018-2020, accessed on 2020/10/08), England (157), South Africa (70), Germany (60), Australia (58), and in the CR six ones. Articles cover according to categories topics from economics (240 publications), management (83), development studies (80), sociology (72), public environmental and occupational health (67), and business (66).

In the case of precarious employment, the order of the number of publications characterizes the following: the USA (150), England (129), Canada (83), Australia (68), Spain (57), and Italy (36). The CR records three. Papers belong to topics from categories: industrial relations and labor (134), sociology (122), economics (67), social sciences interdisciplinary (66), and management (65).

Publications about informal labor relations mainly print in England (27), the USA (21), Russia (14), Australia and Spain (both 11), and the same period in the CR one. They focus

predominantly on economics and management (both 22 publications), industrial relations and labor (19), sociology (18), and political science (144).

Precarious labor relations mostly become a subject of publications in the USA (33), England (32), Canada (16), Australia (12), Italy, and Russia (both 11), but the CR two. They belong to industrial relations and labor (46), sociology (26), management (19), area studies, and geography (both 17), and economics (15).

The focus on social pollution can predominately see in papers published in the People's Republic of China (864), the USA (702), England (254), Spain (161), Australia (155), and Italy (144), in the CR, twenty. They go to environmental sciences (1 108), environmental studies (477), green sustainable science technology (438), public environmental and occupational health (340), environmental engineering (225), and management (139).

## **2.2 A theoretical ground of informal employment**

In academic studies about the workforce reflecting the influence of the globalization of production, distribution, and consumption, terms like precarious work, precarity, informalization, and casualization use interchangeably (Arnold & Bongiovi, 2013). The informal employment sector evolves and attracts both academics and practitioners as it causes negative consequences for public administration and tensions in social dialogues.

The administration solves two related issues: formal labor regulations as a cause of informal employment and so-called "voluntary" informal employment. Based on an extensive analysis of empirical studies by Kucera and Roncolato (2008), it is evident that the ILO's four decent work objectives steadily raise the importance of job creation, rights at work, social protection, and social dialogue if the society anticipates the sustainable economic development. Precarious employment characterizes job instability, low incomes, neglecting any workers' empowerment, and a minimum of social protection and has declined in the high-income countries, while precarious conditions become common in the developing countries (Benach et al., 2010). Among other aspects of the precariat, informal employment's health consequences primarily neglect, even though precarious labor mainly determines by informality, denying standards of occupational safety and health, job sustainability, and workers' rights.

Williams (2009) analyses the extent of formal and informal labor markets in the EU to re-evaluate the standard view that these markets are separate. He focuses on practices used in paying wages and provides facts based on the 26 659 face-to-face interviews in the 27 EU member states. He identifies that formal employers pay their formal employees two wages, one declared and the other an undeclared ("envelope") wage. The culture of "envelope" wages is

prevalent in CEE, where the undeclared wage is more likely to be paid for regular employment hours. Based on his findings, it is evident that hybrid practices exist in the EU labor market, so employees cannot definite neither purely formal nor informal, which needs more greatly to recognize interlocking and to entwine both employment sectors. The asymmetry between formal and informal institutions in the labor market has its cultural and historical roots that act as an essential driver of informal employment (Arendt, Grabowski, & Kukulak-Dolata, 2020).

Loayza and Rigolini (2011) focus on trends and cycles of informal employment and empirically put to the test the relationships between the share of self-employment in the labor force, as the proxy for informal employment, and economic cycles. They believe that informal employment is more massive in the long run when labor productivity is lower, government services weaker, and business flexibility is less prevalent. In the short run, informal employment performs counter-cyclically and serves as a safety net.

However, some job seekers welcome the opportunities created by informal employment as it positively affects their subjective well-being. Karabchuk and Soboleva (2020) use individual data from the European Social Survey of 2004 and 2010 and investigate how the employment protection legislation in 27 European countries influences informal workers' subjective well-being. They find that in countries with strict employment regulation, these workers are significantly less satisfied with their lives than permanent employees; on the contrary, in countries with liberal employment protection legislation, informal employment has no significant decreasing effect on people's subjective well-being.

Companies, usually the small-sized ones, apply informal employment to escape excessive tax burdens or the protective regulation in the labor market. Vallanti and Gianfreda (2020) empirically document personnel practices across Italian provinces and show that the stricter labor market regulation drives small firms to informality. Gaining flexibility in hiring and firing decisions helps reduce labor costs, and easier access to the informal labor market (partially) offsets the harmful effects of stricter employment protection on productivity.

Reuter et al. (2020) analyze a representative sample of the European working population consisting of 63,966 employees in 33 countries who participated in the European Working Conditions Survey in 2010 or 2015. The assessment of precarious employment uses seven indicators, i.e., temporary employment, contractual duration shorter than one year, schedule unpredictability, involuntary part-time, low information on occupational health and safety risks, low pay (wage less than 60 % of the average wage), and multiple job-holding. Aimed at identifying which precarious arrangements associate with unwanted sexual attention and sexual harassment at work, their findings suggest that precariously employed individuals may be more

prone to experience unwanted sexual behavior at the workplace compared with workers in non-precarious settings, which confirms another research done by Fedorova et al. (2018). The most suffered workers are women, workers without supervisory authority, those with fewer credentials, and those living in Eastern and Southern European countries showing the unequal distribution of informal employment across Europe (Puig-Barrachina et al., 2014).

The policy instruments of choice to prevent the workforce from informal employment remain on the edge of administration attention in most OECD countries, even though the modest empirical evidence about the future success of tax policies and state deregulations appears to drive a change (Feld & Schneider, 2010). Ihrig and Moe (2004) analyze the influence of tax rates and enforcement policies on the size of informal employment. They argue that small changes in the tax rate lead to measurable changes in this sector's size; however, modest changes in enforcement have negligible benefits. Based on such results, they suggest combining reductions in the tax rate with increased enforcement and penalties as effective practices for the reduction of informal employment. Similar findings achieve Saracoglu (2020) when analyzing the effects of stricter enforcement of Turkish labor laws and deterrence through fines on the share of informal employment, arguing that in an economy growing with capital accumulation, informality gradually and naturally declines.

Given circumstances arising thanks to the COVID-19 pandemic, Williams and Kavaoglu (2020) characterize informal employment in the EU and recommend an initiative in favor of those affected by workplace closures and restrictions on movements. Based on a 2019 Eurobarometer survey of undeclared work in Europe, they show that one in every 132 European citizens relies wholly on undeclared earnings. With the threat of reduced revenues of the informal sectors and population groups, plus informal workers' inability to get temporary financial support, a voluntary disclosure initiative can bring undeclared enterprises and workers into the declared economy so that to gain the protective umbrella of state authorities and access to temporary financial support if they disclose their previous undeclared work.

### **3 Results**

#### **3.1 Narrative case 1. Eva, 58, HR manager**

In her life, she had ten bosses. Everyone was okay, only two of them behaved in ways that most people of our teams intended to leave. They were moody, screaming at people, or pouring out their little ego, for no reason. She as some of other colleagues did not like to go to work as these bosses stressed us and in fact, they had little professional knowledge and bad social

competencies. However, they had some advantages that were appreciated by multinational employers. They were young - between 28 – 30 years old, speaking fluently English and having good digital skills. They were very self-confident, frequently changing jobs (as they said for getting new experience), well presented, and preferring to work in teams of young co-workers.

When she went to the selection interview in her 50, they invited her to the managing partner for meeting. The company is a Czech middle-sized in Central Bohemia in production. They introduced her to his office. He welcomed with words that her voice on the phone sounded younger than she looked. She knew from word of mouths about his opinions to employ people 50+. Based on checking references and mainly on a former employee's recommendation, they realized her expertise and offered a job. She quickly integrated in the team of mostly younger staff. When she goes to work today, it looks like they are happy to see her and ask without barriers for any advice. She realized that people 50+ must behave self-confident knowing their value when applying for jobs; some employers want to employ people 50+ who love to work and are personally matured. She summarized her attitudes to employment: when the boss behaved in standards, professionally, anybody can be happy at work. She thinks that mentally, an over fifty-year-old person can perform as well as a younger one. The main problem with bosses is that the younger have some obstacles to motivate their older subordinates. Older employees can drive to work in a way that makes them glad, and enjoy social contacts, inventing something new as a young person. Both sides of relations can enrich each other.

### **3.2 Narrative case 2. Radovan, 56, owner and top manager**

His companies operate in management and finance consultancy, and the ICT sector. Clients come from EU countries, mostly from Central Europe. His companies belong to small enterprises. So, any business success's crucial resource represents intellectual capital and participative leadership, encouraging staff enthusiasm and engagement. His case illustrates how any person is valuable for business if he/she is a professional freak regardless of age. In the past, he worked as a top manager of banks located in the CR. Nowadays, he believes that in the future, the workforce is very likely to work for small employers rather than large ones. Even though, while large employers will remain a vital part of the economy, small employers will become critical for competitiveness of the economy. Job requirements put by small employers include more flexibility and faster adaptation to changes.

When Radovan established his own business, he delegated operational HR functions to the managing partner, like, recruitment, selection, performance management, and compensation. Being a high professional in the field, he considers as a pre-condition to start

any talk with any applicant. When he makes decisions about hiring critical work force, he highly appreciates candidates' attitudes to life-long learning and developing emotional intelligence. He believes that a sustainable career requires positive thinking, endless energy to work on personal competencies, and being able to work in a multicultural environment. He decided to use fair personnel practices in his companies arguing that any employer striving to have the good brand in the labor market must offer a high quality of labor conditions. His HR strategy covers several practices of managing people, i.e.:

- to pay higher wages and better benefits than the average levels in the local market,
- to provide opportunities to develop a career or change a focus in career,
- to enjoy fun at jobs and in working within working teams,
- to balance work/family life, appreciate opportunities for enlarged or enriched jobs.

## **Conclusion**

In any labor market, compliance with labor laws causes costs and benefits, depending on the institutional environment and business culture. Informal employment is a worldwide phenomenon, and administrations in advanced economies are testing methods to address the precarious labor force's problems effectively. Sustainable economic development requires job creation, rights at work, social protection, and social dialogue. In any economy with growing capital accumulation, during its development, informal employment steadily and effortlessly declines. However, administrations can implement effective measures for reducing informal employment covering small changes in tax rates, supporting a liberal environment combined with increased enforcement and penalties in the frame of labor legislation.

Pragmatic employers intuitively in conditions of the globalized labor market start to apply a new approach to people, named among academics, as sustainable human resource management. It is an extension of strategic HRM focusing on long-term HR development, regeneration, and renewal of the labor force. Attributes of sustainable HRM are not explicitly defined yet, and managerial meaning of sustainable HRM is rare to find. Its central themes cover environmental management, socially responsible HRM, and staff turnover. Social sustainability in the frame of sustainable HRM represents the least analyzed area, and innovations in education and development seem to be the most critical part of the labor markets.

## Acknowledgment

The paper is supported by the OP Prague – Pole of Growth of the Czech Republic. CZ.07.1.02/0.0/0.0/17\_049/0000835. Neurotechnology to Improve the Quality of Life and Cyberbullying Prevention in Society 4.0. CTU in Prague, FBME. Period: 1.2.2019 - 31. 7.2021.

## References

- Arendt, L., Grabowski, W., & Kukulak-Dolata, I. (2020). County-level patterns of undeclared work: An empirical analysis of a highly diversified region in the European Union. *Social Indicators Research*, 149(1), 271-295. <https://doi.org/10.1007/s11205-019-02243-4>
- Arnold, D., & Bongiovi, J.R. (2013). Precarious, informalizing, and flexible work: Transforming concepts and understandings. *American Behavioral Scientist*, 57(3), 289-308. <https://doi.org/10.1177/0002764212466239>
- Benach, J., Solar, O., Vergara, M., Vanroelen, C., Santana, V., Castedo, A., Ramos, J., & Muntaner, C. (2010). Six employment conditions and health inequalities: A descriptive overview. *International Journal of Health Services*, 40(2), 269-280. <https://doi.org/10.2190/HS.40.2.g>
- Fedorova, A., Gatti, M., Menshikova, M., & Koropets, O. (2018). Gender Differences in Employees' Evaluations of the Toxic HRM Practices, In Azevedo, A., & Mesquita, A. (Eds.). *Proceedings of the International Conference on Gender Research (ICGR 2018)*, ISCAP, Porto, PORTUGAL, 12-13 April, 136-143.
- Feld, L.P., & Schneider, F. (2010). Survey on the Shadow Economy and Undeclared Earnings in OECD Countries. *German Economic Review*, 11(2), 109-149. <https://doi.org/10.1111/j.1468-0475.2010.00509.x>
- Ihrig, J., & Moe, K.S. (2004). Lurking in the shadow: the informal sector and government policy. *Journal of Development Economics*, 73(2), 541-557. <https://doi.org/10.1016/j.jdeveco.2003.04.004>
- Karabchuk, T., & Soboleva, N. (2020). Temporary employment, informal work and subjective well-being across Europe: Does labor legislation matter? *Journal of Happiness Studies*, 21(5), 1879-1901. <https://doi.org/10.1007/s10902-019-00152-4>
- Kucera, D., & Roncolato, L. (2008). Informal employment: Two contested policy issues. *International Labour Review*, 147(4), 321-348. <https://doi.org/10.1111/j.1564-913X.2008.00039.x>

- Loayza, N.V., & Rigolini, J. (2011). Informal employment: Safety net or Growth engine? *World Development*, 39(9), 1503-1515. <https://doi.org/10.1016/j.worlddev.2011.02.003>
- Puig-Barrachina, V., Vanroelen, C., Vives, A., Martínez, J. M., Muntaner, C., Levecque, K., Benach, J., & Louckx, F. (2014). Measuring employment precariousness in the European Working Conditions Survey: the social distribution in Europe. *Work*, 49(1), 143-161. <https://doi.org/10.3233/wor-131645>
- Reuter, M., Wahrendorf, M., Di Tecco, C., Probst, T.M., Chirumbolo, A., Ritz-Timme, S., Barbaranelli, C., Iavicoli, S., & Dragon, N. (2020). Precarious employment and self-reported experiences of unwanted sexual attention and sexual harassment at work. An analysis of the European Working Conditions Survey. *Plos One*, 15(5), e0233683. <https://doi.org/10.1371/journal.pone.0233683>
- Saracoglu, D.S. (2020). Do labour market policies reduce the informal economy more effectively than enforcement and deterrence? *Journal of Policy Modeling*, 42(3), 679-698. DOI: 10.1016/j.jpolmod.2020.01.010
- Vallanti, G., & Gianfreda, G. (2020). Informality, regulation, and productivity: do small firms escape EPL through shadow employment? *Small Business Economics*, <https://doi.org/10.1007/s11187-020-00353-9>
- Williams, C.C. (2009). Formal and informal employment in Europe beyond dualistic representations. *European Urban and Regional Studies*, 16(2), 147-159. <https://doi.org/10.1177/0969776408101686>
- Williams, C.C., & Kavaoglu, A. (2020). The coronavirus pandemic and Europe's undeclared economy: Impacts and a policy proposal. *South East European Journal of Economics and Business*, 15(1), 80-92. <https://doi.org/10.2478/jeb-2020-0007>

## Contact

Zuzana Dvořáková

Vysoká škola chemicko-technologická v Praze

Technická 5, 166 28 Praha 6, ČR

Zuzana3.Dvorakova@vscht.cz

Viktor Kubát

České vysoké učení technické v Praze, Fakulta biomedicínského inženýrství

nám. Sítná 3105, 272 01 Kladno, ČR

viktor.kubat@cvut.cz