

From precarious to ordinary workers? – Norwegian employers use of labour Central and Eastern Europe after the EU-enlargement

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Introduction

This paper focuses on Norwegian employers use of East-European workers since the EU enlargement in 2004 and 2007, their motives for recruiting them, and especially whether these workers are hired as flexible workers in insecure positions or as (permanent or temporary) employees in the company. Our main interest is to study whether employers' motives for hiring East-European workers have changed since the EU-enlargement, and whether employers to a larger degree hire East European workers as employees, rather than through temporary work agencies (TWA) or subcontractors.

National labour market consequences in the aftermath of the EU enlargements in 2004 and 2007 have been widely discussed. There has been special attention on cross border flow of services and hiring staff through national and foreign temporary agencies, as the access to international labour has led to a drift towards outsourcing of projects and more atypical and flexible work-arrangements (Hassel 2014). The Norwegian labour market is known as an inclusive labour market with limited wage differences, with wage floors set through centralized, coordinated wage negotiations, with high employment shares and high levels of mobility (Gallie, 2007). Economic adjustment in Norway has traditionally happened through external flexibility and reallocation of labour from less to more productive companies, as centralized wage bargaining force companies to restructure or go out of business, preventing them from resorting to downward wage competition. The EU-enlargements gave Norwegian companies new opportunities for recruiting labour, some accepting very low wages, and the enlargement has led to a large influx of workers from the new member states in central and Eastern Europe. Over half of the registered migrant workers heading to the Nordic countries from new EU countries in the first years after the enlargement went to Norway, resulting in a "labour supply shock" which had a strong impact on companies' recruitment and labour strategies (Dølvik and Eldring, 2008). A large majority of the Central and Eastern European workers (CEE-workers) have been recruited to low-skilled jobs in construction, manufacturing and private services (cleaning and hotels and restaurants) (ref).

National labour market regulation, and especially regulations impacting employers' possibilities to hire and fire workers, may influence how employers use different types of labour, including CEE-workers. Strict regulation of employers' possibilities to dismiss permanent employees may create incentives to hire temporary workers (temporary agency workers or employees with temporary contracts), while other regulations create barriers to employers use of temporary workers. Norway has a, according to the OECD employment protection legislation index, a comparatively medium strict regulation of permanent and temporary employment contracts. The regulations on the use of temporary work agencies is stricter in Norway than in liberal countries such as the UK and the US, and stricter than in the neighboring countries of Denmark, Finland and Sweden (Venn, 2009). Comparing organizations use of non-standard work arrangements (fixed-term employees hired directly by the organization, workers from temporary help agencies (THA), and contractors) in Norway and the US Olsen and Kalleberg (2004) find that Norwegian establishments make greater use of non-standard arrangements than the US establishments. They argue that this is partly because of the greater overall restrictive labour market regulations

on hiring and firing of permanent employees in Norway. Comparing how and why employers use fixed-term contracts or alternative forms of flexible, short-term labour in five labour-intensive industries in Norway and Sweden, Svalund et al. (2018) found strong and similar inter-industry differences across the two countries, while the share of fixed-term employees is generally higher in Sweden than in Norway where regulations are stricter. Studying employers use of CEE-workers in Norway provide new knowledge about employers use of CEE-workers in inclusive labour markets as time go by since the EU enlargement.

There is a broad consensus that labour immigration - at least in the short term - has been positive for the Norwegian economy. Mobile businesses and employees have taken advantage of the opportunities to provide cross-border services, and Norwegian businesses have been given greater opportunity to use different labour strategies. On the other hand, there is evidence that large-scale movements of labour have tilted the power balance between labour and capital, strengthening the bargaining power of employers' vis-a-vis workers and their unions (Haakestad and Friberg). Friberg et al. (2014) show that the foreign CEE-workers who worked in the Norwegian labour market shortly after the EU-enlargements often were subjected to insecure types of employment; hired through temporary agencies or contracted on a temporary basis. The East-European work immigration has challenged established norms in the Norwegian labour market, regarding (low) wages, (long) working hours and (poor) health and safety standards.

Trade unions and The Norwegian Labour Inspection Authority have been concerned that the large influx of foreign workers could lead to increased low wage competition and labour market dualisation, at least in some industries. According to Statistics Norway, more than 150 000 Eastern Europeans are living in Norway in 2017. Among these, around 22 000 are born in Norway. Some scholars point out that many European labour markets experience a shift towards dualization with a divide between secure and insecure jobs and positions, as well as dualisation between different industries, where collective agreements erodes in parts of the private sector, but are intact in other parts of the labour market (Palier and Thelen, 2010; Thelen and Kume, 2006; Svalund, 2013). Since the EU-enlargement, several regulations have been introduced in Norway to combat exploitation of immigrants from the newest EU-countries. These regulations can be regarded as attempts to prevent a more profound division between "insiders" and "outsiders" in the labour market, and to prevent a shift towards dualization, where collective agreements erodes in parts of the private sector.

The influx of workers could lead to a dualisation of the labour market in some industries in Norway, with East-European workers holding insecure positions, but it is possible that the use of these workers change over time, where the CEE-workers to a larger degree hold permanent positions as time go by. On the basis of this development, the main research question in this paper is *whether companies still use CEE-workers in insecure, externalized positions, or whether a larger share of employers employ them on ordinary employment contracts?* The EU-enlargement provide a rare possibility to study how and why employers in inclusive labour markets use migrant workers, and whether employers in such labour market use CEE-workers in insider positions as

time go by. As part of this, the paper first investigates Norwegian employers' motives for recruiting Eastern European workers since the EU-enlargement, and whether these motives have changed from 2006 to 2017.

The mix of fixed-term labour, agency workers, and use of part-time work working more than their working contract stipulates varied across industries, depending on the pattern of production, work organization, and workforce gender profile (Svalund et al., 2018). The way companies use manpower is contingent on industry specific contingencies. As Norwegian employers hired CEE-workers to a large extent in construction, manufacturing, and hotels and restaurants, we concentrate on these three industries when studying the research questions, using three employer surveys conducted in the years 2006, 2009 and 2017.

The paper is organized as follows: First the analytical framework and former research is presented, before the data and the methods used in the analysis is described. We then present the results, and finally, we discuss the results and their implications for the understanding of how employers employ labour migrants in the long-term.

Analytical framework and former research

Studying employers use of CEE workers, and how employers use of such workers may change over time, several analytical approaches can be applied. Here we concentrate on conventional approaches on companies use of different types of employment relations, as well as what former studies indicates concerning motives for the use of external workers, and companies use of such forms of manpower.

Construction, manufacturing and hotels and restaurants are industries where employers face shifting demand for their products, both predictable shifts (season etc) and swift changes related to shifts in national or international economy. Thus, companies in these industries organize their production in ways enabling them to be flexible when facing demand shifts. Companies may achieve flexibility in different ways. According to Atkinson (1984), and his model of the flexible firm, companies may use or combine the use of different types of flexibilities in order to adjust the workforce size and skills to fluctuating production. Companies may be flexible by way of numerical flexibility, with a core of well qualified permanent workers and a periphery of workers working on temporary contract, or workers hired through temporary work agencies or working for subcontractors. Companies may in some instances also achieve flexibility by way of functional flexibility, where workers have the skill set necessary to do different tasks in the company, thus enabling the employer to move them around, if necessary. In the model of the flexible firm, Atkinson expects companies to develop distinct segments of core and peripheral workers. The permanent core workers characterized by advanced, multiple skills provide functional flexibility, while peripheral workers mostly performing routine work hired on various

temporary and short-term term contracts offer numerical flexibility. Part-time and on-call labour, whether on open-ended or fixed-term contracts, required to work variable hours, provide additional sources of numerical flexibility.

Along the same lines Davis-Blake and Uzzi (1993) find, studying the US labour market, that wage levels and skill requirements were important for whether companies externalized tasks by way of subcontracting or through agency workers. Also in the US, Houseman et al. (2003) find that in tight labour markets, as the Norwegian labour market in the period studied here, temporary help agencies facilitated the use of more "risky" workers in low-skill occupations, as temporary workers received lower wages and benefits, lowered the costs associated with turnover. As in high-skill occupations, the use of agency temporaries in low-skill occupations relieved pressure on companies facing tight labor markets to raise employees' wages. Thus, the wage levels of CEE workers may be an important motive for employers use, and may thus influence whether these workers end up as employees or as external workers.

While flexibility may be an important motivation for employers use of CEE- workers, employers may employ such workers in insecure positions due to insecurity regarding their competences and work efforts. Due to high dismissal costs of permanent employees because of the employment protection legislation (EPL) level employers may use agency workers as a way to screen potential employees, especially those who have limited work experience, formal skills, or may otherwise pose a risk (Blanchard and Landier, 2002). Doing this, employers may screen unmeasurable aspects of potential recruits' abilities, for example, their motivation or special competences (Houseman, 2001). If employers did hire CEE-workers in this way in the first years after the EU-enlargement, we would expect them to employ more CEE workers internally over time.

Former studies of employers motives for using different types of labour (Kalleberg et al., 2003) (US) and (Nesheim, 2017) (Norway) show that companies often use different types of flexible employees (part-time workers, temporary contracts, agency workers) in combination, as a flexibility strategy. Nesheim (2017: 11) found in a survey amongst employers that companies use temporary agency workers and contractors in order to get extra manpower capacity, to cover for absentees, and to recruit special competence for a limited time period. 17 percent of the employers' state that they use temporary agency workers as a way to screen potential employees. Normally one would think that cooperation between the social partners at the work- place is a key element to secure that individual employment is the chosen form, as this enhances the basis for union power. At the same time, in companies with collective agreements the social partners in Norway can agree to *evade* from the regulations on employers' possibilities to hire employees in the Working Environment Act (WEA) through a local agreement. This might increase the share of companies hiring personnel in companies covered by collective agreements. Companies covered by collective agreement often has a union present, which may influence the use of external, insecure, labour. While union power may be strengthened by high union density and common interests locally, the use of temporary agency workers and subcontractors may also serve as a buffer in the workplace, protecting the companies employees from fluctuations in demand or seasonal shifts (Olsen, 2005). Analyzing how labour unions influence the use of temporary work

agencies and subcontractors by private sector companies in Norway Olsen (2005) find that there is a positive relationship between unionization and the use of such employment intermediaries for staffing reasons. Other studies have shown firstly, that shop stewards often lack sufficient training to handle these issues and, secondly, that many feel a pressure to accept hiring in order to secure the companies' need to reduce costs and increase flexibility (Ødegård, 2014) (Andersen & Ødegård 2016?). On the other hand, when comparing organizations use of non-standard work arrangements in Norway and the US, Olsen and Kalleberg (2004) find that highly unionized establishments tend to have the lowest use of non-standard arrangements in both countries.

The use of temporary agency workers and subcontractors varies between industries, and between companies, in Norway. Larger companies, especially in manufacturing and construction, use a wide range of employment contracts. Earlier studies about individual permanent employment in general, and of CEE-workers in particular, have shown that individual employment is more common in the service sector, which includes hotels and restaurant. Hiring personnel from temporary agencies is, on the other hand, common in the construction sector (see for example Nergaard, 2017).

Some studies give indications as to how the use of CEE-workers may have shifted during the period studied in this paper. In the period from 2005 to 2012 the turnover at the shipyards in Western Norway doubled, but at the same time the number of permanent employees increased only by 23 percent (Hervik et al., 2012). One of the most distinct difference from earlier booms in the industry was the massive growth in subcontracted work with employees mainly from Poland and Romania. The study indicate that the use of external workers has increased within this industry in the period. Temporary staffing can potentially be a stepping-stone in to ordinary employment for CCE-workers, but Friberg shows that while only 14 percent of Norwegian citizens working as temporary agencies-workers in 2007 were found in the same sector five years later, 40 percent of the CCE-workers were still in the temporary staffing industry (Friberg, 2016: 86-87), suggesting that a large proportion of CEE-workers are locked in to more uncertain jobs in temporary agencies. Finally, a study in hotels and the fishery industry suggest that "Polish and Lithuanian have the opportunity to adapt their pattern of migration to temporary variations in labour demand, which makes them appear highly suitable as a flexible reserve labour in industries marked by seasonal and cyclical fluctuations" (Friberg and Midtbøen, 2018: 1475).

Background – industrial relations, regulations and economic circumstances

Industrial relations

Collective labour relations and collective agreements fulfil a key function in the regulation of wages and working conditions (Nergaard, 2016). There is no statutory minimum wage in Norway; wages have traditionally been a sole responsibility for the social partners. The precondition for this system is that the level of trade union density and collective bargaining coverage

are reasonable high. Effective implementation of the employees' rights will in many cases rely on the presence of a trade union and cooperation between the local union and the management (Dølvik et al. 2015).

Regulations

Individual employment, and especially permanently, is the norm in the Norwegian work force as a whole.¹ The basic protection for workers is regulated in the Working Environment Act (WEA). This law includes provisions for health and safety, working hours etc. Many of the regulations in the WEA allows the social partners to make exceptions through collective agreements, ensuring necessary flexibility at the workplace or in the industry.

In parts of construction and the private service sector, which attracts labour migrants, many of the elements associated with the Norwegian labour market model are missing. This is the background for the statutory extension of collective agreement. This mechanism is so far (2019) incorporated in construction, shipyards, farming, cleaning, fishing industry, electrical engineering, transport and hotels and restaurant.²

Following the extended collective agreements, the trade union representatives have the right to inspect wages and labour conditions for employees in sub-contracting firms. Furthermore, contractors are joint and severally liable for wage obligations of sub-contractors.

In the period from 2004 to 2009 workers from eight of the new EU Member States had to obtain residence permits in order to take up employment in Norway. To get a work-permit, it was necessary to have full-time employment with the wage- and working conditions "normal" for the same work in Norway. For Bulgaria and Romania, that joined the EU in 2007, the transitional arrangements lasted until 2012. These requirements applied only to individual workers, and not to service providers (using posted workers) and self-employed people. This might have influenced what kind of contracts the workers had while working in Norway. The employers were free to use posted worker regulated in line with the free movement of services, but had to pay salaries according to the collective agreements when employing CEE-workers on an individual basis.

It is, according to the Working Environment Act (WEA), possible to employ workers on temporary contracts, but there are several limitations. The employer can hire personnel to carry out temporary positions (for example parental leave) and temporary tasks (for instance projects), trainee work etc. When it comes to hiring from temporary agencies, the employer can hire on the same grounds as a temporary contract, but in companies bound by collective agreements, the social partners can make a written agreement to bypass these provisions. For both regulations in the WEA (temporary employment and hiring through temporary agencies), there are paragraphs

¹ In 2016 8,7 percent of the total work force was temporally employed (Nergaard 2017)

² Hotels and restaurant are covered by this system only from 1st of January 2018, and therefore the practice and experience are so far limited.

about consultations with local shop stewards. The employer shall at least once a year have consultations with the unions of the use of temporary employment/hiring, including the scope of such employment, equal treatment, as well as consequences for the working environment.

Economic circumstances

The Norwegian labour market consist of approximately 2,7 million people per January 2018 (Statistics Norway). As part of the European Economic Area (EEA), Norway is included in EU's inner market with the free movement of goods, capital, labour and services. Among the Nordic countries, Norway has the highest wages, and the lowest unemployment levels, and thus the largest scope for low-wage competition (Friberg et al., 2014).

An economic boom in Norway, especially in construction and the shipyard-industry, characterized the period studied here. In Construction, after a short back-lash in the aftermath of the international financial crises (2008-2009) and for parts of manufacturing, lowered activity because of the fall in the oil-prizes, the production in these industries have recovered. The employers are therefore continuously concerned about the scarcity of labour. And, simultaneously, the labour migration has stagnated.

From around 2014 we have seen a decline of work migration in to Norway. People from the CEE-countries have dominated this migration. Numbers from Statistic Norway³ shows that there has been a steady decrease of incoming migrants from around 2011/2012. From 2011 to 2016 the yearly inflow has been reduced by over 50 percent, from just below 27 000 to just above 14 00. It is too early to say if the steady decline in immigration will result in a shift in staffing strategies form the companies, from "easy out" to "holding on". But our data suggest that there might be signs of a shift.

Data and methodology

This paper is based on three surveys among Norwegian companies with ten employees or more in construction, manufacturing and hotel and restaurant, who use workers from the new CEE-countries. The surveys were conducted in 2006, 2009 and 2017, by way of telephone interviews with general managers. All companies that used labour from the CEE-countries at the time of the interviews, or had used it during the last twelve months, are defined as 'user companies'. The general managers got a number of questions related to the use of labor from CEE-countries, whether they were employed by their own company, subcontractors, hired through temporary agencies, or self-employed. A detailed review of data collection can be found in Dølvik et al. (2006), Andersen et al. (2009), and Andersen and Ødegård (2017).The data files for the three

³ <https://www.ssb.no/en/innvandring-og-innvandrere/artikler-og-publikasjoner/reduced-labour-immigration>

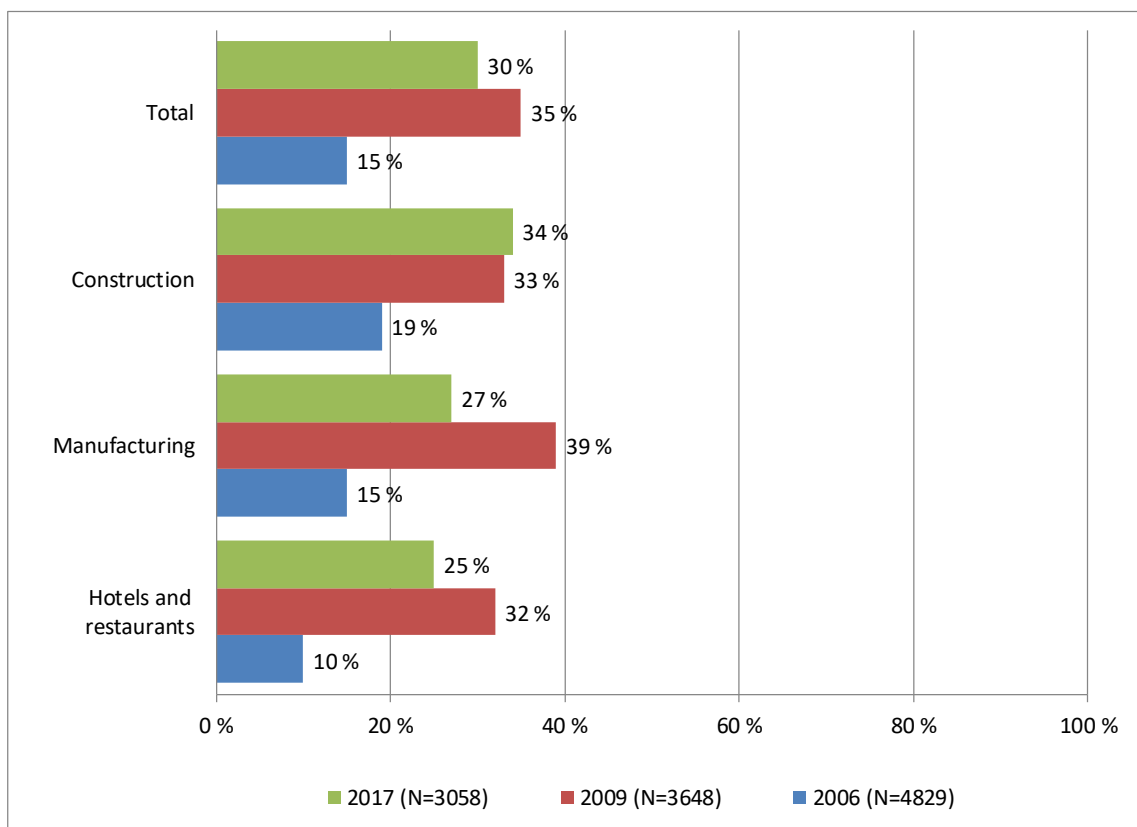
years are merged in order to analyze use-companies over time. In total we have 2837 companies that one way or another use CEE-workers.

These studies are cross sectional and some of the companies may be part of one, two or all three surveys, we have however no way to control for that.

The use of CEE-workers in construction, manufacturing and hotels and restaurants

During a period of 11 years, Fafo-Institute for Labour and Social Research has measured the Norwegian companies' use and experience with employees from the CEE-countries in construction, manufacturing and hotels and restaurants. In figure 1 below, the proportions of companies that have used CEE-workers, during the last 12 months at the time of the surveys, are showed. "Use" refers to permanent or temporary employment, hiring through an agency or that the workers are employed by subcontractors from these countries. The proportion does not tell anything about the number of employees in each company, i.e. a company might have one or several hundred employees from these countries working in their business.

Figure 1. The share of companies that have used employees from CEE-countries in three industries, and total, in 2006, 2009 and 2017. Percent. N.



In total for the three industries, 30 per cent of the companies had employed CEE-workers in 2017. The proportion of "user companies" decreased from the peak-year 2009 to 2017, from 35 to 30 per cent. As we can see, the proportion of companies in manufacturing is reduced from 39 to 25 per cent from 2009 to 2017. In spite of a certain decline, the picture is quite stable from 2009 to 2017: around 1 of 3 companies had employed or hired CEE-workers in this period. Compared to the first survey, conducted in 2006, the total proportion has been doubled. At that time, two years after the first EU-enlargement, 15 per cent of the companies had some kind of experience with workers from the CEE-countries.

The explanation is probably that the period from 2005 to 2008 were "all time high" for the shipyards in the Western coast of Norway. In the years after, the production has stabilized after a turndown in the aftermath of the international financial crises (2008-2009) and the downturn in key parts of the oil industry due to reduction of the oil-prizes in the following years.

In construction, the picture is stable from 2009 to 2017. Despite some lower activity due to the financial crises, the production was quite soon on the same level as in the years before.

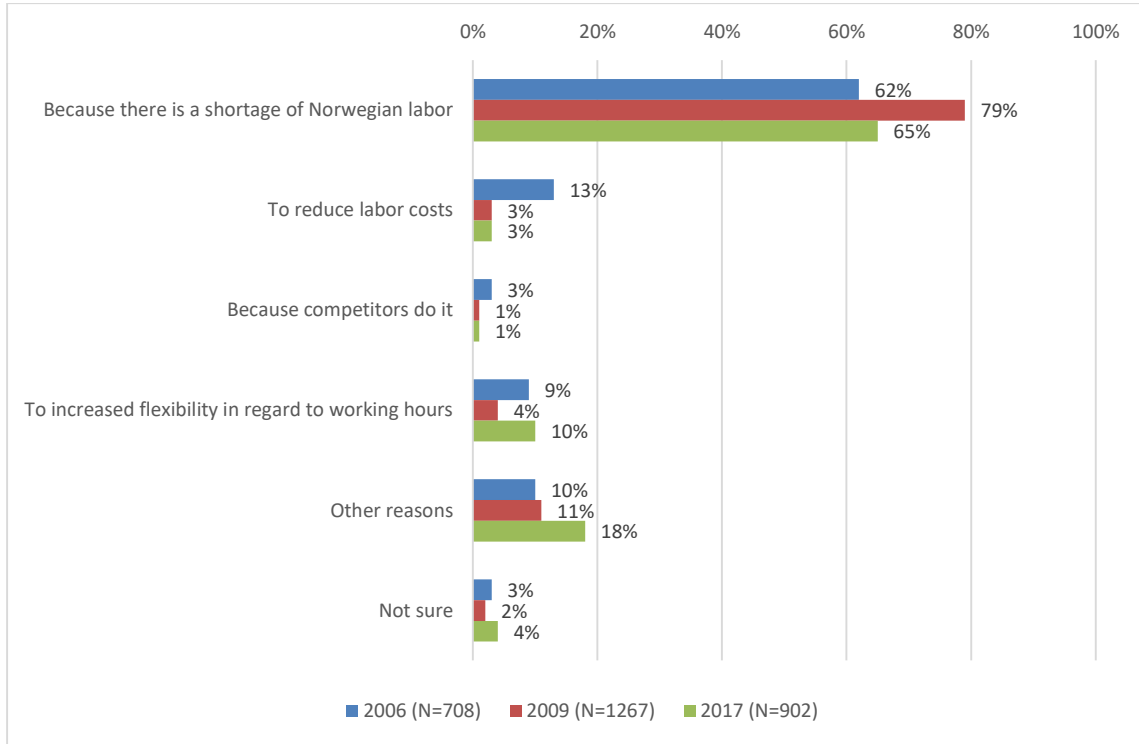
When it comes to the reduced proportion of "user companies" in hotels and restaurants from 2009 to 2017, from 32 to 25 percent of the companies, we don't have any definite conclusions on how to explain this. But in parts of Norway there will have been a decline in demand for hotel rooms and restaurants due to the downturn in the oil industry.

The proportion of user-companies increases with the number of employees in all three industries.

Flexible or permanent employees?

In the three surveys (2006, 2009 and 2017) we asked the companies to state their main reason to why they use CEE-workers (figure 2).

Figure 2. What is the company's main motive for using labor from Eastern European EU countries?



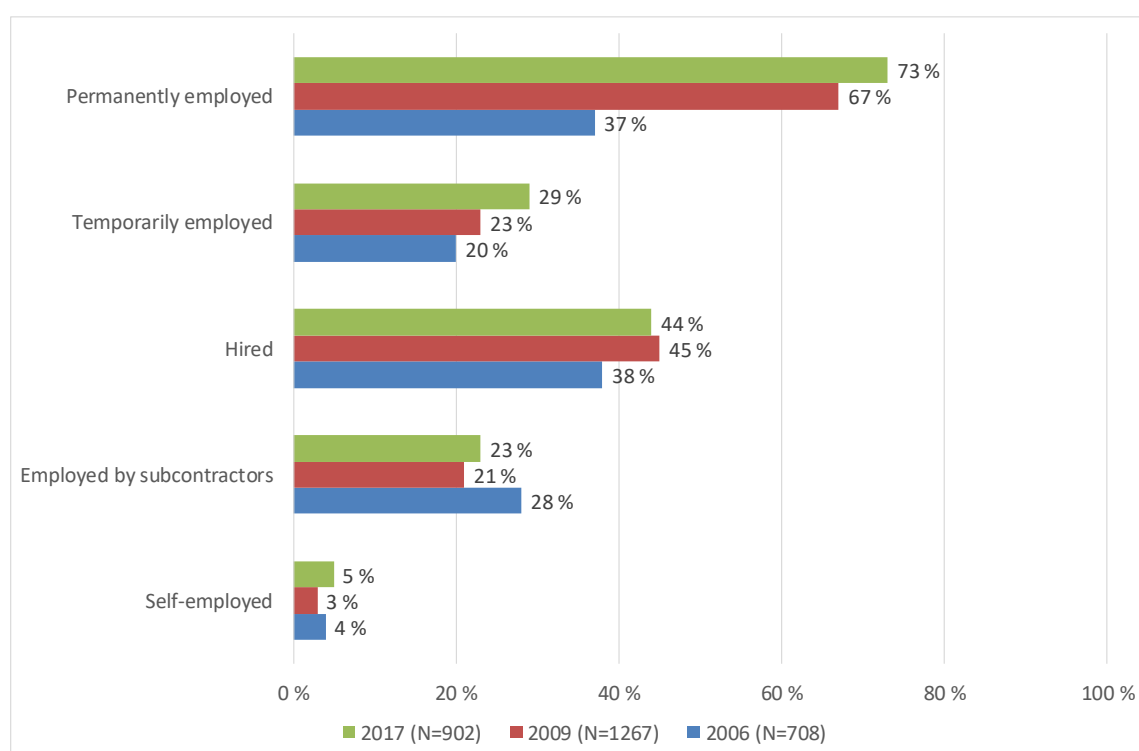
The surveys in 2006 and 2009 show that lack of labour is the most important explanation for why companies use Eastern European labor. The figures for 2017 show that this is still the case. Even though it is a decline from 79 to 65 per cent from 2009 to 2017, shortage of Norwegian labour is the main motivation for using labour from the CEE-countries. It is only a small percentage, 3 per cent in 2009 and 2017, that states that reduced wage costs are the main motivation. The decline from 2006 to 2009 that states wage cost is the main reason for using CEE-workers is most probably the result of the general application of the collective agreement in building in 2007 and ship building in 2008. Greater flexibility with regard to working hours has increased from 2009 to 2017, from a share of 4 to 10 per cent. There are quite a few (18 per cent), who respond to "other reasons". These have been prompted to write in an open field about what is the main reason. Work ethic, competence and qualifications are most often mentioned.

Since shortage of labour has been the main motive during these years, a key question in this paper is whether the Eastern European workers have become a part of the companies' ordinary activity or used as a flexible labour force during periods with high activity. In other words: has the more or less permanent need for labour manifested itself in more permanent employments for the CEE-workers? Our surveys indicate that many companies use a large share of labour migrants on a permanent basis. The share of managers saying that CEE-workers have become part of the company's ordinary activity has increased from 28 to 51 per cent in the years from 2006 to 2017. This means that main parts of the day-to-day production and activities are depended on

the migrants. However, part of ordinary activities does not necessarily mean that the CEE-workers are employed on a permanent basis; they might be temporarily employed, hired, employed by subcontractors or connected to the firms through other work-arrangements.

Are they permanently or temporary employed, hired from a temporary work agency, employed by a subcontractor or self-employed? Figure 3 shows the different types of contracts for the CEE-workers. The companies can use one, several or all types of employment simultaneously.

Figure 3. Share of companies with different types of employment-contracts for CEE-workers in 2006, 2009 and 2017. Multiple answer possible. Percent.



The companies use a wide range of employment contracts. The share of companies employing East-European workers on permanent contracts have increased from 37 percent in 2006 to 73 percent in 2017. That means that almost three out of four companies using CEE-workers have employed some of them, or maybe in some cases all of them, on a permanent basis. As many CEE-workers have settled down in Norway during these years, this is not surprising. When living permanent in a country, it becomes more natural to be an integrated part of the national labour market (REF).

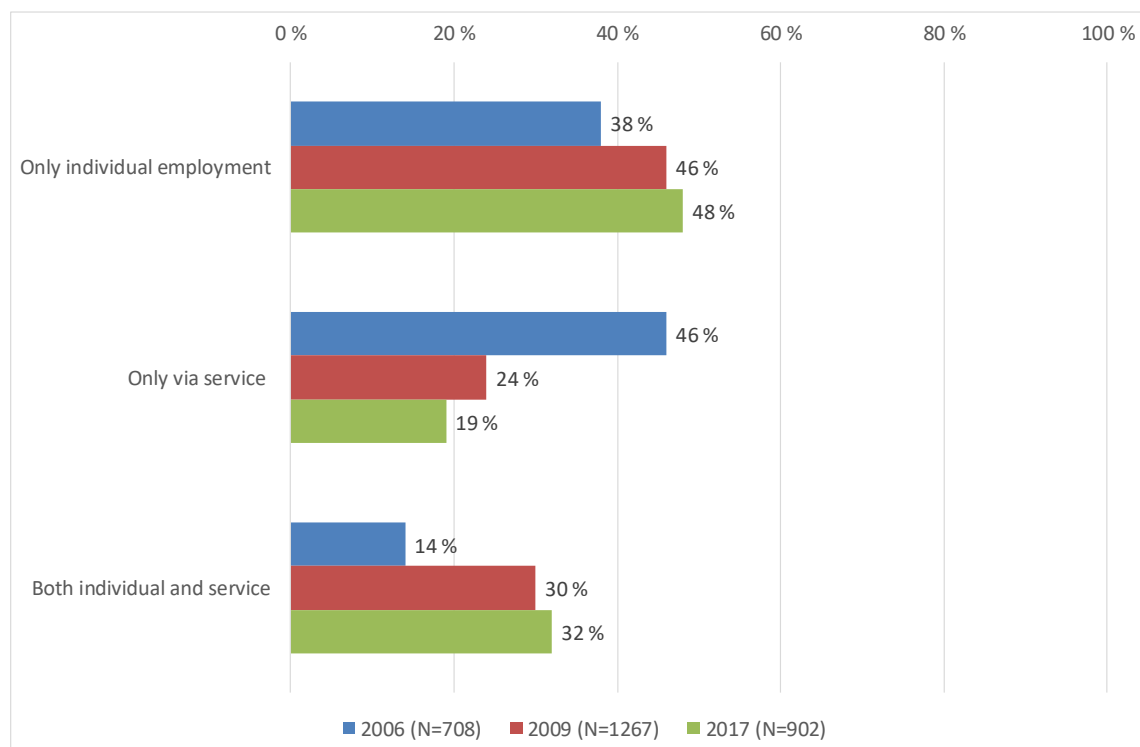
Still, the share of companies having some temporary employees have also increased, from 20 percent in 2006 to 29 percent in 2017. When it comes to hired personnel through temporary working agencies, the proportion has stabilized. The use of Eastern European workers employed by subcontractors has become slightly less common since 2006, decreasing from 28 percent in 2006, to 21 percent in 2009 and 23 percent in 2017. The use of self-employed from the CEE-countries has remained at a low level throughout the period.

Taking a closer look at employers use of East-European workers in 2017, there are quite large variations between the industries in terms of employment contracts. For example, hiring from temporary work agencies and use of subcontractors are most common in construction and manufacturing, while in hotel and restaurant, temporary employments are more widespread.

When asking the employers about their motives for hiring, we find that the most important factor is a temporary need for labour (92 percent fully or partly agrees with this statement). This answer is in line with the legislation (WEA), stating that hiring from temporary agencies are allowed in case of temporary need for work. At the same time, more than 60 percent of the manager agree (fully and partly) that hiring involves less risk than individual employment. Half of the companies do also agree that hiring provides greater flexibility in terms of working hours compared with individual employed.

In order to make the picture of different employment contracts clearer, we divide the companies in three different categories. Firstly, companies that employ CEE-workers only on individual employment contracts (permanently or temporarily), secondly, companies that only use CCE-workers through service-providers, for example subcontractors (posted workers) or temporary agencies, and thirdly, the companies mixing these types of contracts.

Figure 4. Share of companies divided on different employment-categories: only individual employment, only service-contracts and both individual and services. 2006-2017. Percent.



The proportion of companies that use solely individual employment has increased steadily, from 38 per cent in 2006 to 48 percent in 2017. Correspondingly, companies who only use contracts via service-providers have correspondingly been reduced from 46 per cent of the companies in

2006 to 24 percent in 2009 and to 19 per cent in 2017. Companies that use both types of contracts - both individual employment and services - have increased considerably from 2006, but the share has stabilized in the period from 2009 to 2017.

As seen above, almost half of the companies is now using *only* individual employment of CEE-workers. This includes both temporary and permanent contracts. What defined these companies; do they have any special characteristics? To answer this, we have used linear regression, where the dependent variable is 'only used individual employment'. The independent variables in the model is: whether the company is member of an employer organization, if the company is subject to a collective agreement, number of employees, year of the survey (years after enlargements), industry, and the region the company is located in. The model is presented in table 1.

Table 1. Probability of using only individual employment by whether the company is member of an employer organization, if the company is subject to a collective agreement, number of employees, year of the survey (years after enlargements), industry, and the region the company is located in Linear regression. **= $p < 0,05$ *= $p < 0,01$ (N=2837)

	Firms using only individual employment (temporarily and permanent) B-coefficients	Standardized coefficients
Member of employer-organization	-,069*	-,066
Covered by a collective agreement	-,095*	-,094
21-50 employees	-,068*	-,065
51-100 employees	-,126*	-,082
More than 100 employees	-,170*	-,100
2009	,040	,040
2017	,055**	,051
Manufacturing	-,250*	-,239
Construction	-,402*	-,403
Central Eastern part of the country (Oslo and Akershus)	-,047	-,036
Southern part	-,082	-,034
Western part	-,053**	-,051
Middle part of Norway	-,056	-,028
Northern Norway	,039	-,023
Constant: not member of employer organization, no collective agreement, 10-20 employees, year 2006, hotels and restaurants, Eastern Norway except Oslo and Akershus.	,875*	
Adjusted R2	,129	

The regression shows that to be a member of an employer organization and to have a collective agreement reduces the probability of only using individual employment contracts for CEE-workers. This is also reduced in line with company size; i.e. the largest companies have less tendencies to employ solely on individual contracts. The strongest predictor is, however, which industry the

company belong to. The probability to employ only on individual basis is lower in manufacturing than in hotels and restaurants and also lower than in construction, all else equal. We also find regional differences. Companies in Western-Norway have a lower probability to only use individual employment contracts towards these workers. On the other hand, and most central in this study, we find a positive effect of time: the probability to use individual employment contracts only is greater in 2017 than in 2006.

It is surprising that both membership of an employer organization and the coverage of a collective agreement in the company reduce the probability of solely using individual employment contracts on CEE-workers.

The negative effect of company-size on the use of individual employment contracts is less surprising, as shown in table 1, we find that 'construction' constitute the most negative effect on the probability for using only individual employment for the CEE-workers.

The reduced probability of only individual employment in one of the regions, Western Norway, might be explained by the substantial use of hired and sub-contracted employees at the shipyards. In the period from 2005 to 2012 the turnover at the shipyards in Western Norway doubled, but at the same time the number of permanent employees increased only by 23 percent (Hervik et al., 2012). One of the most distinct difference from earlier booms in the industry was the massive growth in subcontracted work with employees mainly from Poland and Romania.

The only positive effect in our model is number of years after the enlargements; in 2017 the probability of only using individual employment contracts is higher than in 2006.

Discussion

The main question in this paper is whether we can see indications that a larger share of employers uses CEE-workers in ordinary forms of employment rather than in insecure positions as external workers now, compared to right after the EU-enlargement. In the first decade after the EU-enlargement there was a high and stable inflow of workers from the CEE-countries in to Norway. From 2014 and onwards the numbers have stabilized, meaning that the inflow of work migrants has become less substantial. Still, Norwegian companies in the three industries covered by our surveys, are in shortage of labour supply.

The study show some sign that employers move towards companies hiring CEE-workers in ordinary jobs in-house. Among the companies using CEE-workers the share using permanently employment has increased substantially from 2006 to 2017, while, the proportion of companies

hiring personnel through temporary working agencies has stabilized on a quite high level, around 45 percent.⁴

We argue that our analysis might point to another, or at least, more balanced direction. As shown, the companies use a wide range of staffing strategies. To single out strategies that includes employment of CEE-workers on a more permanent basis we have analyzed companies that have only chosen to employ CEE-workers thru individual employment contracts. We found that time after the EU-enlargements is the only factor giving positive effect on companies use of individual employment contracts in these important sectors. One possible explanation might be a shift in some of the employers' attitude concerning the CEE-workers from "easy in-easy out" to be more concerned about holding on to a work force that is needed in the future. A logical response to such concerns would be to employ the worker individually and preferably on a permanent basis. Figure 2, showing employers motives for the use of CEE-workers provide some support for this view, as there is a lower share of employers whose main motives for use of such workers are to reduce labour costs, or doing what the competitors do.

During the first years after the EU-enlargement many of the employer' main concern was access to labour that could be hired easily and at the same time easily be laid off when not needed anymore.

Other factors that can affect the tendency to more inhouse, individual employment contracts, are some important regulations that have been introduced during the last decade. Firstly, the extension of collective agreements in the three industries studied. Secondly, the transposition of the EU-directive on temporary agency work, and the principle of equal treatment between hired and permanent employees. These regulations can be regarded as attempts to prevent a more profound division between "insiders" and "outsiders" in the labour market, and might have played a part in this shift. Both the extension of collective agreements, that secures a certain minimum wage and the principle of equal treatment for hired personnel have made it less attractive, when it comes saving costs, to hire people and/or to employ them through foreign sub-contractors (posting).

⁴ As mentioned earlier, based on our surveys, we cannot tell how many persons this involves; i.e. the actual number of CEE-workers that are individual employed.

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