

Precarious
Work and
Future
Careers



CENTRE FOR
SOCIAL DEVELOPMENT
IN AFRICA



University
of Glasgow



天津大學
Tianjin University

SUSTAINABLE
DEVELOPMENT
GOALS

The
British
Academy

THE SEMINAR



YOUNG PEOPLE'S TRANSITIONS FROM PRECARIOUS WORK IN CHINA AND SOUTH AFRICA

- Analyses the labour market trajectories of a sample of youth over time, using equivalent panel datasets
- Assesses whether assumptions that engagement in precarious work leads to later secure careers hold true.

A photograph of four delivery motorcycles parked in a row on a wet street. Each motorcycle has a large red delivery box mounted on the back. The motorcycles are parked in front of a black metal fence. In the background, there are green trees and a building. The ground is wet and reflective, suggesting it has recently rained.

THE PROJECT

- The basis of the seminar is our project on Precarious Work and Future Careers in the context of the gig economy in South Africa and China
- British Academy funded
- A comparative study of youth experiences of the labour market in South Africa and China
- Looking back to assess youth labour market trajectories since the 2008 economic crisis, the project provides an opportunity to inform policy in the context of the post-Covid-19 recovery period and the growth of the gig economy.

THE RESEARCHERS



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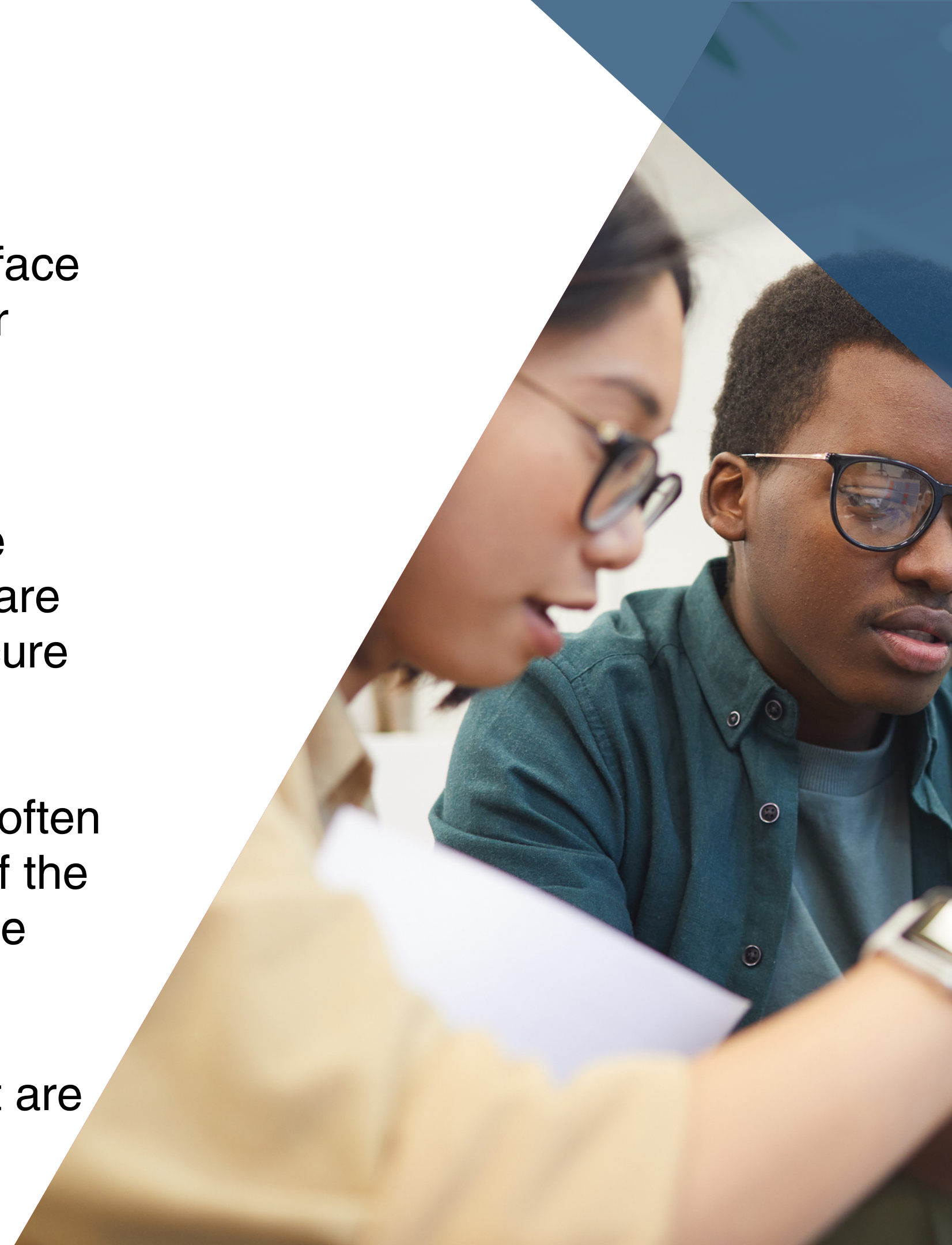
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THE RESEARCH QUESTIONS

1. Do early work experiences that are precarious in nature lead to longer-term career stability (defined as work characterised by longer-term contracts/permanency; higher wages; and access to social insurance benefits)?
2. What kinds of such work experiences offer greater benefit in terms of longer-term career stability?
3. What individual (race, gender) and household level (socioeconomic status, geographic location) demographic inequalities mediate longer-term career outcomes?
4. Are there potential connections between different outcomes and the economic, labour market, and social welfare policy environments in each country?

THE CONTEXT

- Youth in both South Africa and China increasingly face precarious work, such as internships and zero-hour contracts, as their first work experience.
- The growing “gig economy” has contributed to this precarious work.
- In upper and lower-middle income countries, where youth unemployment rates are growing, such jobs are seen as a panacea, fostering pathways to later secure work.
- In developing countries in particular, many young people’s first experiences of the labour market are often in the informal economy, particularly with the rise of the “gig economy”, which is driving growth of jobs in the informal labour market.
- China and SA – two countries with growing “gig economies”, with contrasting political systems, that are viewed as possibly addressing rising youth unemployment rates.





THE GAP

- Little is known about whether progression towards more stable careers does in fact occur in developing country contexts following precarious early work experiences, or whether precarity is a more persistent feature of young people's labour market trajectories.
- The study aims to assess what the longer-term outcomes for young people who are involved in precarious forms of work are, and what policy recommendations can be made as a result.

THE METHOD

- A retrospective view to consider what has occurred in young people's labour market trajectories in the context of economic decline and recovery (in the decade following 2008) to inform thinking about what needs to be done to better support young people in the recovery years post-Covid-19 and in the context of the rise of the "gig economy".
- We analysed the labour market trajectories of a sample of youth over time, using equivalent panel datasets
- We assessed whether assumptions that engagement in precarious work leads to later secure careers hold true



THE LITERATURE

PRECARITY AND THE “GIG” ECONOMY

- Rise in precarity within the labour market in many countries, including developed country contexts, following the 2008 financial crisis (Furlong et al. 2017)
- Expansion of unpaid and precarious work amongst young people (Grant-Smith & McDonald 2017).
- Covid-19 pandemic has intensified the conditions as economies contract.
- Rise of the “gig economy” – a sector that attracts large numbers of young people – contributing to growing precarious work that operates outside of the traditional social contract (MacDonald & Giazitzoglu 2019).



THE LITERATURE

PRECARITY AND DEVELOPING COUNTRIES

- In developing contexts, in the absence of growing economies and social welfare systems, many young people are forced to pursue work in the informal labour market (ILO 2020).
- Precarious working conditions have become more pronounced since the emergence of the “gig economy” (MacDonald & Giazitzoglu 2019) but viewed as a panacea for youth unemployment in developing countries.
- Longer-term effects of internships and other low paying and precarious training opportunities has received research attention in developed contexts (D’Abate, 2010; Satikoff 2017) but far less is known about their longer-term career effects in developing country contexts.



PRECARITY AND PRECARIOUS WORK

We define precarious work as any form of work, whether in the formal or informal labour market, that:

- a) does not involve a permanent employment contract or
- b) a fixed-term contract that does not include recourse to public or private benefits such as medical insurance or pension contributions or
- c) pays or generates income that is below the national minimum wage

This definition includes all elements that speak to the experience of workers themselves, but also importantly points to forms of work in which employers and the state have opted out of the social contract they should have with employees.





THE RESEARCH DESIGN

The study will involve two phases.

- First, within each country we documented the labour market and social policy context via a review of statistical, academic, and policy documents that provide an overview of the labour market context in the ten years following the 2008 global economic crisis as well as policy responses.
- Second, we conducted secondary analysis of panel data to track youth labour market trajectories. Panel data is unique in that it allows analysis of groups of individuals to assess who is “making progress in society and who is not, and importantly, what factors are driving these dynamics” (Leibbrandt, Woolard & de Villiers 2009: 2).

THE SAMPLE

- In South Africa the National Income Dynamics Study (NIDS) Aged 15-34
- The China Family Panel Studies (CFPS) Aged 16-30
- Young people engaged in any form of precarious work in the earliest waves of data were selected for tracking over subsequent waves of data
- The datasets were equivalent allowing us to assess similar themes, including the nature of work experiences over time, changes in earnings, and demographic variables that could shape these labour market trajectories over the same timeframes (post-2008 to 2018).
- We assessed employment trajectories, setting up ideal-typical employment outcomes, as the outcomes of interest (Witteveen 2017).



THE METHOD OF ANALYSIS

We used several analysis methods, including transition matrices and logistic regression, to determine whether and how employment experiences were associated with the outcomes as well as how demographic and household level factors shaped these outcomes

THE COMPARISONS

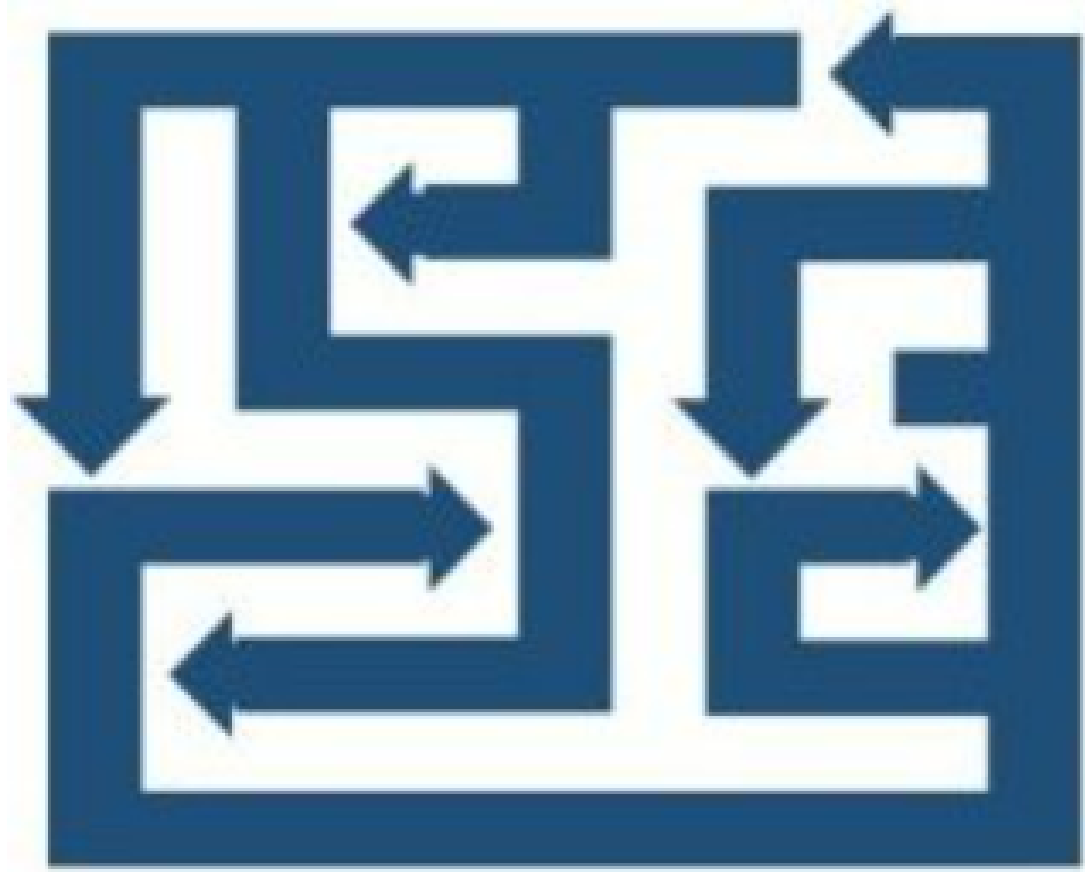
- In both China and SA small proportions of precarious workers manage to gain stable work over time (22% in SA and 27% in China)
 - For those who do transition:
 - Education is a critical factor in explaining positive transitions in both contexts
 - Social protections do play a role too (Hukou status protections in China and social grants in SA)



DISCUSSION



- In human capital theory there is strong emphasis on individual responsibility
 - Less often discussed is government responsibility for making employers responsible
- What are employers' responsibilities in terms of reducing precarious work and short-term contracts?
- What are the policy implications for addressing the question of employer responsibility?
- Little evidence of organised labour taking on this issue so there's a message there as well for labour.



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**YOUNG PEOPLE'S
TRANSITIONS FROM
PRECARIOUS WORK IN
CHINA AND SOUTH AFRICA
(CASE STUDY: CHINA)
GENG WANG, ZHONGHAN
WANG**



NEOLIBERALISM AND CHINESE SOCIETY

- Sweeping neoliberal economic reform worldwide from the 1970s as a way out of crisis, including for China (Reform Era).
- The market has been playing a significant role in Chinese society (Lee and Zhu, 2006)
- Debate about whether China has embraced neoliberalism (Harvey, 2005), China has become one of the most unequal societies during its rapid economic growth since the Reform Era (Weber, 2018)



PRECARIOUS WORK IN THE CHINESE CONTEXT

- Attributed to **global capitalism** (Hu and Zhao, 2006; Park and Cai, 2001)? **A long history** and is not just the product of China's entrance into the global economy (Swider, 2017; Lee, 2018; Walder, 1986).
- A relatively **new concept** that was first introduced by the labour authority of Shanghai in 1996, **it has been gaining increasing attention since the late 1990s** as a result of the massive downsizing in the state sector, the rapid expansion of the private economy, and the migration of surplus rural labour to urban areas (Huang, 2009; Cooke, 2011; Park and Cai, 2011).
- Over **60%** of the Chinese workforce was engaged in precarious employment (e.g., contingent, part-time, hourly-paid). (Wu and Fang, 2006; Zhou, 2013). Precarious workers have been facing **low level of job security, extremely low wage (often delays in wage payment), poor working conditions, long working hours with few or no rest days, lack of training opportunities, and lack of labour rights and social security protection** (Chan, 1998; Lee, 2007; Cooke, 2011).

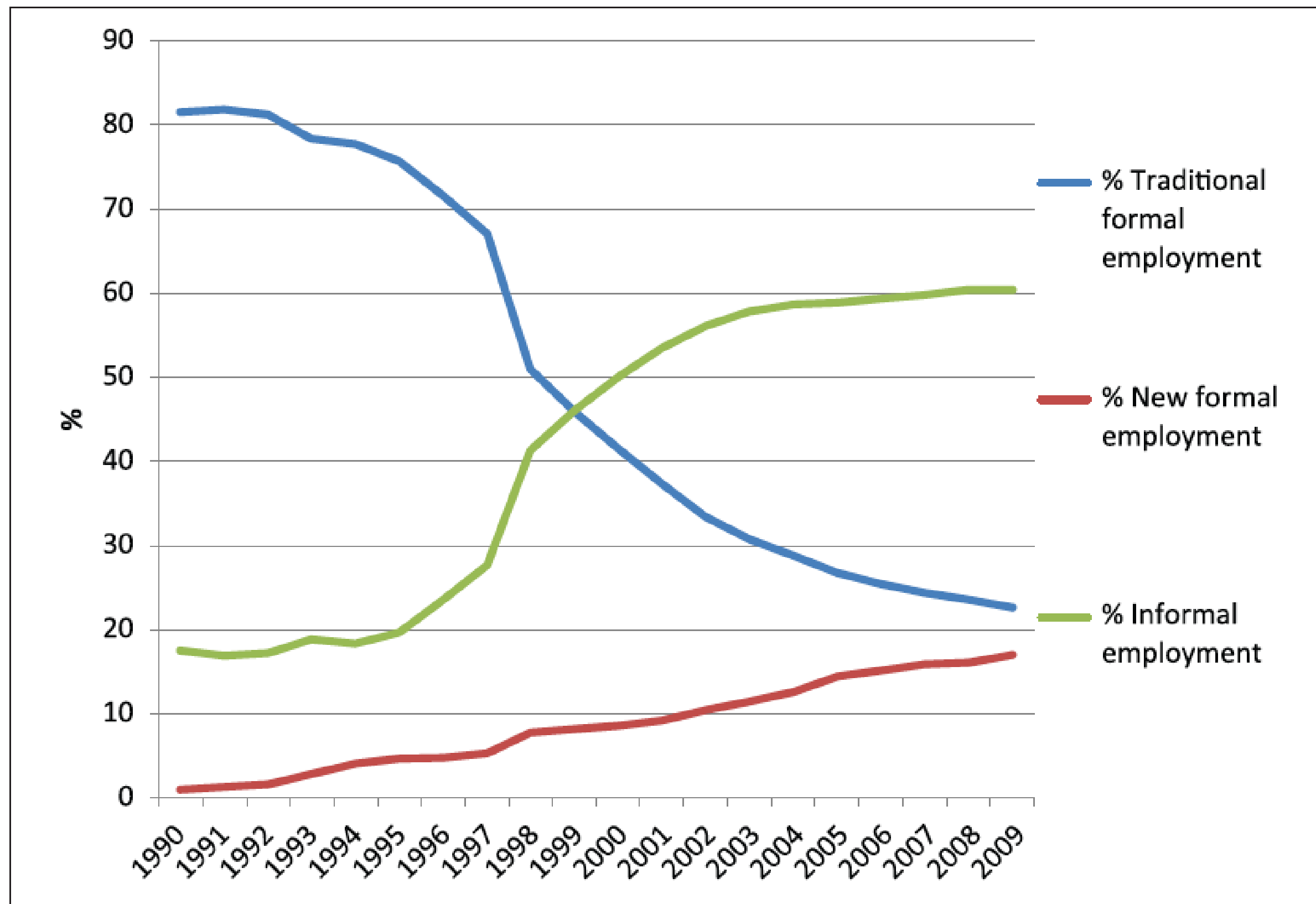


Figure 2. Trends in informal employment in China, 1990–2009

Source: Hu and Zhao (2006) and author's calculations based on Chinese Statistical Yearbooks.

PRECARIOUS WORK IN THE CHINESE CONTEXT

Standing (2017) identified three different factions of people in precarious work since the start of the Reform Era—**migrant peasant workforce in the city, the laid-off urban workers from the ‘iron rice bowl’ jobs, as well as the urbanised educated youth**, who ‘scurry between short-term income-earning activities and rely on friends and relatives to survive’ (Standing, 2017, 169).



YOUNG PRECARIOUS WORKERS IN THE CHINESE CONTEXT

- **Young migrant workers and urbanised college graduates** are two groups of young people that are prominently affected by precarious work (Schucher, 2015).
- **Young migrant workers:** less than 40% of migrant workers signed a labour contract and only a minority are protected by social insurance (GTJ, 2015).
- **Urbanised college graduates:** ‘flexible employment’ has been recommended to these graduates as ‘a cheapest and easiest solution’ designed by the Chinese government (W. Chan, 2015).
- ‘Ant Tribe’ (Wang et al., 2017; Bregnbæk, 2015; He and Mai, 2014; W. Chan, 2015) and intern labour (Chan, 2017)



- **Hukou: household registration status (Stainback and Tang, 2019)**

Hukou formally divided the population into rural and urban citizens since the 1950s (Chan, 2010). It provides very different chances for rural and urban population by shaping access to resources such as social welfare, housing, education, and employment (Wu, 2012; Wang et al., 2010).

- **Education (Hu, 2013; Hu and Vargas, 2015; Wang and Wang, 2021).**



DATA, MEASURES & METHODOLOGY

Data

The longitudinal data from the China Family Panel Study (CFPS) provides us with information on individuals and households from 2014 to 2018. CFPS is a nationally representative, biennial longitudinal survey of Chinese communities, families, and individuals.

Measures

In this article, precarious employment was characterised by lack of job contract and the self-employed with an enterprise size of 10 people and below. We focus on precarious workers from the age of 16 to 30. In this study, we exclude those who worked in the agricultural sector, as it is difficult to determine the level of job precariousness in this sector (Zhou, 2013). We use the definition of **transition matrix** below: (1) positive transition: moving from precarious work to a stable job; (2) negative transition: moving from precarious work to unemployment; (3) no transition: remains in precarious work.

Methodology

We will use the Probit Model to examine the factors that influence workers trapped into precarious jobs. The Probit Model calculate coefficient through the Maximum Likelihood Estimation (MLE), and the model represented by Eq. (1) below:

$$\text{Probit}(P) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p \quad (1)$$

where P is the event rate relative to the base category, β_0 is the constant term, β_p is the partial regression coefficient of the variable x_p ,



DEMOGRAPHICS

Table1 The demographics of precarious workers in CFPS 2018

Precarious workers	Incidence	Distribution
Gender		
Male	56.67	60.38
Female	55.33	39.62
Age		
25 and below	11.74	29.79
25-30	47.86	70.21
Hukou		
Urban	39.84	24.30
Rural	64.61	75.70
District		
West	60.53	24.03
Middle	61.03	31.53

INCOME

Table 2 The income of precarious workers in CFPS from 2014 to 2018

Precarious workers	2014	2016	2018	
Annual income (yuan per capital)	17254.38	21615.92	34521.92	↗ <i>up</i>
Average annual growth rate of income (%)	—	11.93	26.37	
Income difference with stable employment	-14850.79	-17578.43	-17996.04	↗ <i>up</i>
Income Gini coefficient	0.55	0.53	0.45	↘ <i>down</i>



OCCUPATION TYPE

Table 3 Occupation type of precarious workers in CFPS 2018 (%)

Precarious workers	Overall	Hukou	
		urban	rural
Occupation type			
Production and transportation equipment operators	41.79	24.20	47.44
Commercial and service workers	32.08	35.91	30.86
Professional workers	7.53	12.62	5.90
Else	18.6	27.27	15.80
Industry type			
Wholesale and retail trade	18.54	21.98	17.44
Manufacturing	18.53	14.78	19.73
Construction	14.64	6.67	17.19
Accommodation and catering	9.15	8.76	9.28
Else	39.14	47.81	36.36
Unit nature			
State ownership	10.46	21.39	6.95
Private ownership	79.23	72.60	81.36
Else	10.31	6.02	11.69
Employment relationship			
Employee	68.63	66.51	69.31
Self-employment	31.37	33.49	30.69

SOCIAL INSURANCE PARTICIPATION

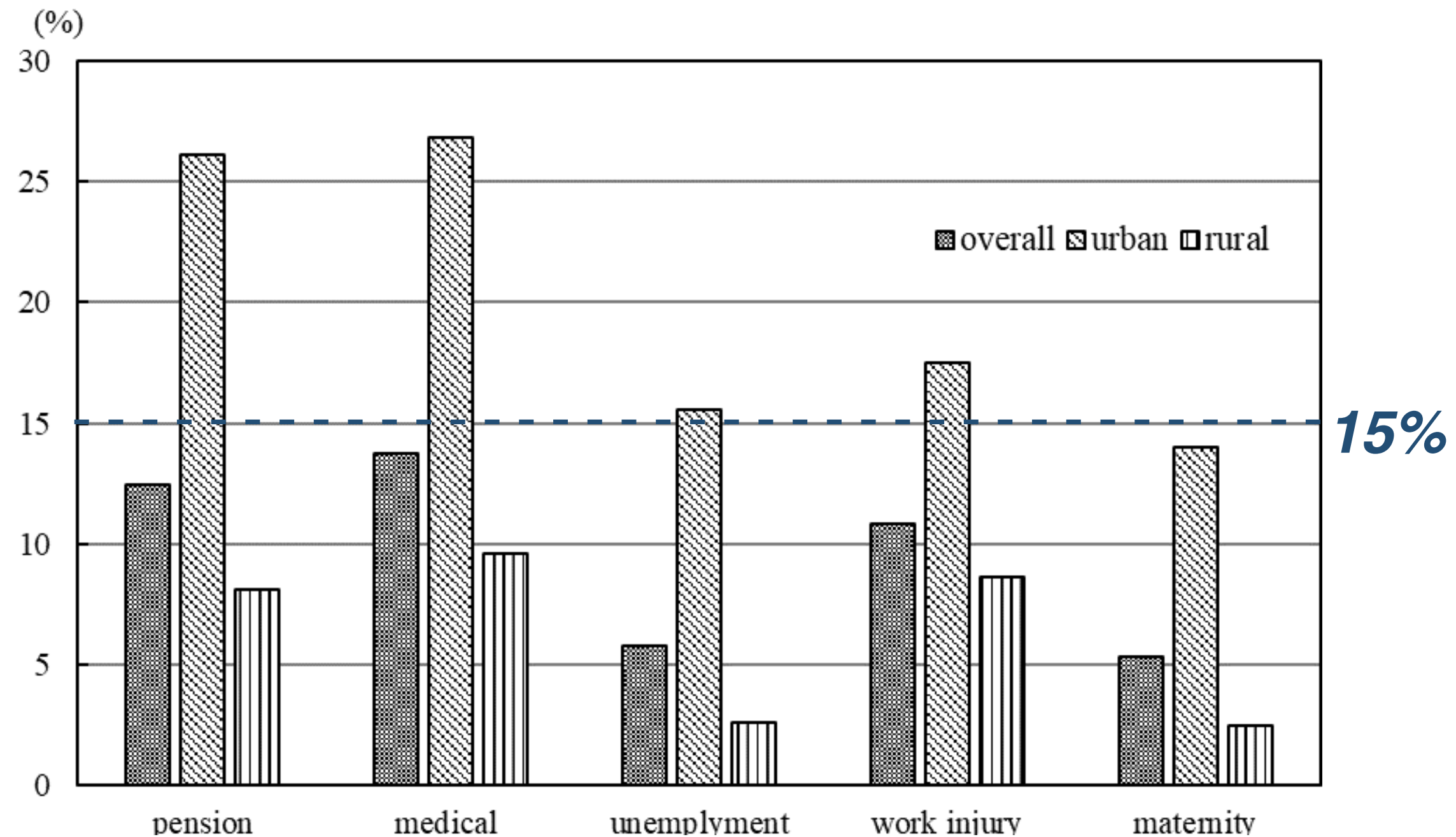


Figure 1 The rate of social insurance participation of precarious workers in CFPS 2018

EMPLOYMENT TRANSITIONS

Table 4 Employment transitions between 2016 and 2018

Employment Status (2016)	Employment Status (2018)		
	Stable Work	Unemployed	Precarious Work
Stable Work	44.59	1.28	54.13
Unemployed	33.33	11.33	55.33
Precarious Work	27.53	2.09	70.39

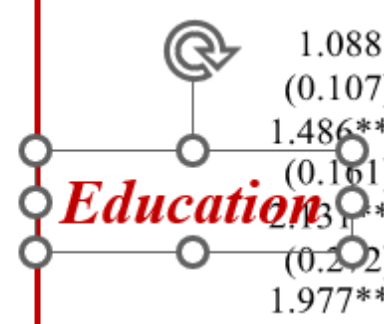
PROBIT REGRESSION RESULTS

Table 5 Probit Regression Results of employment transitions

	Employment transitions (base= Negative Transition)	
	Positive Transition	No Transition
Gender(female=0)		
Male	0.845* (0.0571)	0.971 (0.0416)
Age (15-24 =0)		
25-30	0.461***	0.902
Party (No=0)		
Yes	1.579 (0.455)	0.743 (0.188)
Hukou (farm=0)		
City	1.288** (0.101)	1.590*** (0.0773)
Region (western=0)		
Middle	1.086 (0.103)	0.911 (0.0549)
East	1.094 (0.0976)	1.285*** (0.0702)
Ethnicity (Minority=0)		
Majority	1.350 (0.210)	1.053 (0.0937)

Hukou

Education years (<6=0)		
6-9	1.088 (0.107)	1.345*** (0.0775)
9-12	1.486*** (0.161)	2.151*** (0.144)
12-14	2.31*** (0.292)	3.812*** (0.311)
15+	1.977*** (0.288)	4.462*** (0.404)
Mother's education (No=0)		
Non higher education	0.891 (0.0656)	0.947 (0.0427)
Higher education	0.624 (0.243)	0.786 (0.202)
Father's education (No=0)		
Non higher education	1.149 (0.111)	0.982 (0.0553)
Higher education	1.307 (0.320)	1.276 (0.204)
Constant	0.316*** (0.0632)	0.570*** (0.0787)
Log-likelihood		-6318.4453
Chi-squared		1271.60
Observations		8,201



Precarious workers in China are predominantly rural males with lower levels of education

Despite the improvement in their income levels, the income gap between precarious workers and stable workers is widening.

FINDINGS

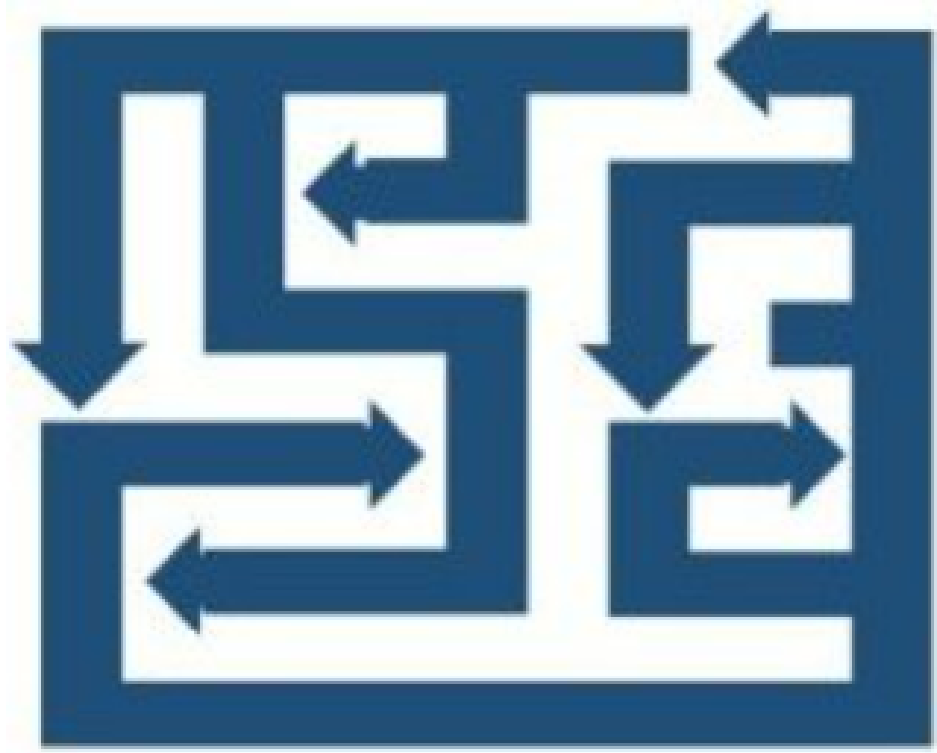
Precarious workers are mainly employed in the private sector, and their social insurance participation rate is low.

Only a small proportion of precarious workers experience positive transitions. Urban hukou and higher education are positive influencing factors in this regard.

POLICY IMPLICATIONS

- Social protection for the precarious workers
- Employer involvement
- Upskilling the workforce





**Precarious
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Young people's transitions from precarious work in South Africa

**Lauren Graham and
Viwe Dikoko**





SOUTH AFRICAN CONTEXT

- South Africa has high rates of poverty
 - 49% live in chronic poverty with expenditure below R400 per person per month (Schotte et al. 2018).
- Total unemployment stands at just under a third of the population and youth unemployment is at 62% for 15 to 24-year-olds (StatsSA 2023).
- Race, gender and geographic location continue to strongly shape labour market outcomes.
- Significant levels of labour market “churn” in the youth labour market (Mlatsheni & Ingle, 2017; Rankin & Iskander 2020)

SA LABOUR MARKET AND SOCIAL POLICY CONTEXT

- Given high rates of poverty South Africa has an extensive social protection system, primarily involving non-contributory social grants.
- Social insurance for those in formal employment includes contributory unemployment insurance and compensation for injury on the job – extended only to those in formal work.
- During Covid – introduction of Covid SRD grant. First time reaching those in working age population, including informal workers.
- Has influenced debates about some form of Basic Income Grant



sassa

SOUTH AFRICAN SOCIAL SECURITY AGENCY

SA LABOUR MARKET AND SOCIAL POLICY CONTEXT

- Unemployment is structural rather than cyclical.
- Several Active Labour Market Policy (ALMP) efforts have been put into place:
 - Skills training programmes (e.g. learnerships and internships)
 - Public employment programmes
 - Employment Tax Incentive
 - Jobs Fund programmes



SA LABOUR MARKET AND SOCIAL POLICY CONTEXT

- Where there is employment, there has been growing flexibility and casualisation of jobs (Mosoetsa et al. 2016).
- Informal sector is an important sector of employment for poor households.
- Trade Union membership tends to be from formal sector employment.
 - Alignment of largest trade union with ANC.
 - Decline in membership over time



- Analysis of panel data -> allows us to track the same individuals over time
- National Income Dynamic Study (NIDS) balanced panel of people who were 15 to 34-year-olds in Wave 1
- Followed the sample over five waves (2008 – 2017)

Aim 1: Assess whether precarious work opportunities lead to longer-term employment stability
Transition matrix

METHODOLOGY

Aim 2: Assess what factors shape transitions to more stable forms of employment

Logistic regression with lagged variables

Operationalisation of precarious work: employed AND without a permanent contract) OR (employed AND earning below the minimum wage) OR (self-employed AND earning below the minimum wage)

SAMPLE DESCRIPTION

- Sample skewed towards females (58% female after weights applied)
- 88% of the sample are African; very small samples of White and Indian population groups.
- Evidence of migration over time:
 - 57.64% in urban areas in W1 compared to 66.6% in W5.

	W1	W2	W3	W4	W5
Mean age	23.2	26.6	28.4	30.7	32.8
Employment status (%)					
NEA	41.19	40.71	27.04	21.23	19.91
Unemployed	27.02	21.51	23.70	17.89	16.94
Employed	31.79	37.77	49.26	60.89	63.15
Employment types (%)					
Stable	30.40	33.86	37.25	45.05	47.04
Precarious	69.60	66.14	62.75	54.95	52.96
Household grant receipt (%)					
Yes	58.51	54.36	51.99	51.43	49.62

WORK TRANSITIONS

Employment Status (t)	Employment Status (t+1)			
	Stable Work	Precarious Work	Unemployment	Total
Stable Work				
N	616	35	45	696
%	88.51 %	5.03%	6.47%	100%
		Negative transition		
Precarious Work				
N	104	379	220	703
%	14.79%	53.91%	31.29%	100%
Unemployment				
N	163	571	2964	3698
%	4.41%	15.44%	80.15%	100%
	Positive transition			

Y=1 if individual experiences a positive work transition (precarious work at t-1 and stable work at t), 0 if otherwise						
Independent Variables (t-1)	Odds Ratio	Robust St. Err.	p-value	[95% CI]		
Age	.989	.03	.719	.931	1.05	
Race(African)						
Coloured	1.386	.845	.592	.42	4.576	
White	3.513	4.679	.346	.258	47.798	
Female	.269	.103	.001	.127	.571	***
Education(0-9 years)						
10-11 years	2.424	1.323	.105	.831	7.068	
12 years (Matric)	5.311	3.057	.004	1.719	16.409	***
Tertiary	8.694	6.181	.002	2.158	35.023	***
Dependency Ratio	1.216	.263	.366	.795	1.859	
No. employed in HH	1.456	.388	.159	.863	2.456	
HH received grant(Yes)	2.125	.839	.056	.98	4.608	*
Geography Type(Traditional)						
Urban	1.86	.82	.159	.784	4.414	
Farms	.627	.464	.528	.147	2.674	
Province	1.036	.083	.656	.886	1.212	
Mother's Occupation(Never Worked)						
Non-elementary	3.178	1.669	.028	1.135	8.895	**
Elementary	1.024	.436	.956	.444	2.361	
Father's Occupation(Never Worked)						
Non-elementary	.54	.226	.14	.239	1.224	
Elementary	.515	.268	.203	.186	1.429	
Constant	.09	.114	.058	.008	1.082	*
N	526					
Mean dependent var	0.221		SD dependent var	0.415		
Pseudo r-squared	0.167		Prob > chi2	0.000		
Chi-square	45.013		Bayesian crit. (BIC)	14054		
Akaike crit. (AIC)	1405384.135			60.911		
*** p<.01, ** p<.05, * p<.1						
Author's own calculation using NIDS dataset. Panel weights applied. Robust standard errors reported.						

FACTORS ASSOCIATED WITH POSITIVE TRANSITIONS

- Those with matric are and those with some tertiary education are more likely to make a positive transition
- Those living in households receiving a grant are more likely to make a positive transition
- Those whose mothers have a non-elementary job are 3X more likely to make a positive transition than those whose mother has never worked

IMPLICATIONS



- Precarious work is “sticky” and will likely remain so with continued trends in casualisation, flexibilisation and gig work.
- Precarious workers particularly vulnerable to unemployment.
- Generational precarity
- So, what helps?
 - Education is key to improving pathways out of precarious work – there is a need to focus on school completion and access to PSET
 - Grants also seem to play a role. How can we leverage these gains for improved outcomes?

IMPLICATIONS



- State-led job creation is crucial in a time of structural unemployment BUT this is often by design precarious work. It has a role to play but these kinds of interventions alone cannot foster pathways out of unemployment and precarious employment.
 - Exit strategies as meaningless without jobs to connect to.
- In the context of widespread unemployment, the state has been taking on more of the responsibility:
 - Public works
 - PES
 - Social grants
- What is the role and responsibility of the private sector in creating decent work?
- What role do labour movements play in creating solidarity with precarious workers?