The “Transitional Labour Markets” Approach: Theory, History and Future Research Agenda

Bernard Gazier, professeur de Sciences Economiques à l'université Paris 1 et Institut Universitaire de France

Jérôme Gautie, professeur de Sciences Economiques à l'université Paris

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Abstract
This contribution presents a synthetic and critical overview of research done since 1995 under the aegis of the “Transitional Labour Markets” (TLM) current. The first part focuses on the current’s positive theoretical bases. These come from diverse theories of the labour market and of organisations and are integrated into a systemic perspective. The second part deals with the normative consequences stemming from this approach. It highlights the similarities and differences between TLM, “activation” and “asset-based welfare”. The third part presents policy applications and recent developments. Discussing the main criticisms of the approach, it identifies some of its current limits and unresolved problems, addressing which may help orient future research.

Keywords
Transitional labour markets, employment, labour market policies

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Introduction

Launched in the mid-1990s by Günther Schmid and Peter Auer (Schmid 1995; Schmid and Auer 1997), the “Transitional Labour Markets” approach (TLM) comprises analytical and political propositions aimed at understanding and reforming labour market policies and, further, improving how the labour market functions by increasing its capacity for integration and adaptation (Schmid and Gazier (eds) 2002). Yet the scope of the TLM approach appears to be even wider; it is becoming integral to a new social model based upon the quest for a dynamic process of long-term career security (Gazier 2003; Gautié 2003). As such, TLM is a programme of research and policy elaboration belonging to the “institutional” current. Since its inception, TLM has undergone a number of changes and been further elaborated. This contribution thus has two aims. The first is to present in a concise way TLM’s theoretical basis and development, focusing on its main positive and normative achievements and results (Parts I and II respectively). The two first sections rely heavily on previous work (Gautié and Gazier 2006; written in 2004) but integrate subsequent developments (from 2004 to 2010). The second aim is to present a short assessment of the current situation, including concrete policy applications and major discussions of TLMs before identifying some components of a possible future research agenda (Part III).

I. Positive foundations and developments

The TLM approach relies on a dynamic representation of the labour market. It focuses on the “transitions” analysis, which understands the market not as an adjustment process of supply and demand – tantamount to a “stock” approach – but as a mobility space, itself part of a wider space which includes periods of unpaid work and periods of inactivity, in a flow approach. From the perspective of firms, this conception predicts continuity, rather than opposition, between markets and organisations. Furthermore, the TLM analytical perception of labour markets puts the emphasis on the important role played by public policies and the plurality of existing institutional arrangements. From a more micro-economic standpoint, the TLM perspective has been enriched and has deepened the analysis of worker behaviour.

a) “Transitions”

In the TLM approach the key word is of course “transitions”. In German, the term is “übergänge”, which means footbridge, gangway or link1. The first

1 This is the term used in initial studies by Schmid and Auer, as well as in subsequent German publications (Schmid 2002d).
Definition of a “transition” was any departure from the reference point of a full-time, long-term job. The departure may exist inside employment, e.g. short or long periods of part-time work, or include various periods of activity or inactivity, such as unemployment or parental or training leave. This definition emphasises not only a dynamic view of career development, but also of career stability in a way which sees beyond the mere availability of “stable” jobs. However, there is a second definition. It sees a “transition” as any sequence in a career which leads to a change from one stable middle-term position to another. In an asymptotic view, briefly explored below, one may even conceive of every sequence of a personal and occupational career as constituting a “transition”. The drawback of such an all-encompassing definition is of course that everything in a career trajectory then becomes a “transition”. The second definition predominates today, but it is complemented by the idea of “stability cores” (Auer and Gazier 2006). In other words, to be a “transition”, a sequence or change should lead somewhere, and this “somewhere” should be defined as well.

The research programme stemming from this dynamic perception of the labour market is easy to connect to the empirical works done exploiting longitudinal data, and especially to the comparative analysis of “transitions matrixes”. Of course, the time span of available data may differ widely, from year-to-year analysis (and sometimes intra-annual analysis) to long and very long-term analysis. Observation shows that “transitions” may be left to each individual or organised in a more or less compelling or enabling way through collective decisions and arrangements. The “transitions” may ensure career progression, provide access to better jobs (as regards pay, guarantees, work conditions, promotion) or lead to regression, e.g. dead end and precarious circuits of low paid and short-term jobs eventually ending in job exclusion.

Observation also suggests that “transitions” are becoming more and more complex. For example, a parental leave taken by a mother may be connected to another one to be taken by the father, all of which may include a further sequence combining a part-time back-to-work position and a re-training programme. Thus the boundaries between the (supposedly) stable departure and return positions may become blurred. In particular, the traditional distinction between three basic positions, or “states” (employment, unemployment, and inactivity), is weakened by the development of a complex set of intermediate positions arising through public schemes and programmes such as short-time working, progressive early retirement or subsidised employment. The deliberate and concerted management of these intermediary

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2 For a good example, explicitly connected to TLMs, see the contribution of Calandrino and Gagliarducci, European Commission 2004 ch. 4.
positions is at the heart of the TLM approach, but the frontiers of firms are also becoming blurred. From an abstract and general point of view, the widely accepted (among economists) distinction between market and organisation tends to lose its relevance.

b) Markets and organisations

By its focus on mobility spaces and on the institutional supports for “transitions”, the TLM approach follows in the line of the American institutionalist works of the 1970s by Doeringer and Piore as elaborated by thinkers like Osterman (Osterman 1999). In these works, the idea of “market” is tightly connected to a “flow” (and possibly “matching”) analysis rather than to “stocks” as supports for a supply and demand interaction. However the TLM perspective aims at going beyond the traditional opposition between “internal” and “external” labour markets. As we already saw, such frontiers appear to be blurring. Internal labour markets seem to be shrinking and weakening (Gautié 2004) while the external labour market is becoming more and more “institutionalised” with the intervention of an increasing number of intermediaries and labour market policy schemes. In a certain sense, contrary to the “dual” or “segmentation” analysis initiated by Doeringer and Piore (1971), the TLM approach tries to include “internal” and “external” labour markets in the same analysis.

The dichotomy between “internal” and “external” labour markets largely reflects the opposition between market and organisation going back to Coase (1990 [1937]). Here again the TLM approach integrates in a critical way the contribution of “neo-institutionalist” theories in the line of Simon (1991) and Williamson (1985). These theories have both developed and questioned this opposition. TLM integrated the recent interest for “hybrid” forms of governance as applied to the labour market. They consider neither one-off encounters nor life-time attachments, but a series of agreements and more or less durable arrangements (perhaps better regarded as “treaties” rather than contracts). These arrangements allow firms to organise the evolution of workers over time in order to improve and update their competencies while controlling employee opportunism. The arrangements give employees access to a series of organised opportunities, limit predation and segmentation

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3 Let us recall that “internal” labour markets are the set of long-term career paths organised by firms aimed at stabilising their workforce. “External” labour markets are all the processes which allow firms to recruit workers, either for their “internal” labour markets (here, the external labour market is termed the “primary” labour market), or, where firms do not have an internal labour market, which allow them to operate with a less stabilised workforce (here, the external labour market is termed the “secondary” labour market, and its functioning appears to be closer to the traditional functioning of standard markets).
behaviour, and dampen the shocks stemming from employment interruptions. However, the TLM approach does not rely on the unified and restrictive “transaction costs” hypothesis as elaborated by Coase and refined by Williamson. Their underlying conception of exchanges and transactions (not made explicit as such) is closer to the wider theory proposed by J.R. Commons (Commons 1931).

Finally, there is the mainstream flow analysis known as “matching” theory. This approach relies on inter-temporal expectations made by both firm and worker on the profit/utility flows which can stem from filling a job, or in other words, making a “match” between firm and worker. TLM analysis appears to clarify the perhaps obscure mechanics of these agreements and expectations as well as their possible substance and counterparts; it enriches and diversifies the ways by which matching agreements may occur. TLM analysis also integrates the idea of matching externalities (e.g. club and congestion effects). Here again, however, these common interests coexist with a quite different emphasis. The “matching” perspective seems to remain limited to individualistic behaviours and agreements. Its main authors deal with bilateral agreements between one employer and one employee, such agreements seeming to be symmetrical and balanced. Crucial to the TLM perspective are the collective dimension and the unbalanced power relationships between firms and their workforces.

c) The plurality of institutional arrangements

Markets always depend on institutional arrangements. Here, the state and public policy play a very important role, notably through labour market policy, but also through employment protection rules and practices and the rules governing the certification and transferability of skills and qualifications. These arrangements are often plural since they are connected with points of social cohesion. In this area the approach of Maurice, Sellier and Silvestre (1982), furthered by Marsden (1999), constitutes another important legacy inherited by the TLM approach. The structures of transition sets are shaped by national or social specificities, which may evolve over time. At a more micro- or meso-level, the transitions may combine or reconcile several different methods of functioning. Here one finds a link with the “Ecole des Conventions” (Boltanski and Thévenot 1991): TLMs combine “market”, “industrial”, “civic” and “domestic” spheres and principles in the allocation and movement of workers.

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4 Among the main authors in this area are Jovanovic, Pissarides and Mortensen. For a short overview in French, see Cahuc and Zylberberg (2001).
5 Another sphere has been introduced in Boltanski and Chiapello (1999), the network or project oriented” sphere. For a discussion of the connections between these spheres and
Beyond the labour market and its connection with the education/training system and the production system as it is considered in the societal approach, the TLM perspective makes it necessary to take into account the whole employment and social protection regime. TLMs depend on the ties connecting the economic (employment), social (social protection in a wide sense) and domestic (family) spheres. These ties are combined in a variety of ways, as it is clear from the well-known typology developed by Esping-Andersen (1990) of different “welfare regimes”.

d) Towards a “life course” approach

A systemic tone was present in the first elaborations of the TLM approach. This fit well with the emphasis on the global interplay of transitions and the coupling or decoupling of economic and social spheres. The idea of “transitional markets” in this context was a complement to the “internal” labour market intuition, where “market” meant a socially organised process of allocation of, and payment for, labour. This complementary aspect was deemed as necessary to opening up new ways of understanding how labour markets functioned. The idea that firms’ strategies were the primary shapers of workers’ career trajectories (the “demand side” orientation typical of “dualist” and “segmentation” analyses of the labour market) remained central in these early developments, with the addition that public policy worked to shape those trajectories by interfering with firms.

However, as the new millennium began, the need for a more detailed analysis of workers’ choices was felt. That workers faced a growing number of decisions was evident in light of the proliferation of opportunities and intermediate situations. The systemic representation was incomplete. Economic and social actors – individuals as well as groups – as subjects and decision makers needed to be studied. Two ways of accomplishing this have been explored. The first, policy-oriented, is the idea of “social risk management”. Already present around 2000, it was condensed in an article published by G. Schmid in 2006 (Schmid 2006a). The second, mainly stemming from research on working time transitions, has also been presented by a contribution published in 2006 (Anxo and Erhel 2006), and connects the TLM approach with the “life-course approach”\(^6\). The “life-course” approach

\(^6\) We consider the “life-course approach” here because its overall orientation is clearly positive. The “social risk management”, while rooted in positive analysis, has more normative concerns and will be presented in the second section. However, both approaches appear to be highly complementary and convergent.
(Mortimer and Shanahan 2003) has been developed as a reaction against the traditional “life cycle approach” initiated by neo-classical theoreticians like G. Becker. The idea of the life cycle is an inter-temporal extension of the standard conception of the optimising “homo economicus”. In this view, the individualistic and calculating actor simply extends the scope of its optimisation to savings, accumulation, retirement, and so on. The idea of “life course”, on the contrary, explores the consequences of “bounded”, imperfect, socially situated rationality. Accordingly, individuals’ trajectories are not the result of individual optimising choices, but the outcome of sequences of positions embedded in social structures. These largely shape, and sometimes constrain, individual decisions. For example, the decision to move or to change one’s job or partner shape one’s own future as well as that of others. These decisions are not taken in a social vacuum. The “life course” approach underlines that diverse interlocking institutions play an active role in fostering learning processes and in the evolution of preferences; life trajectories are understood as social constructions with differentiation between social groups and generations. The ways in which “transitions” are organised, and the opportunity spans they generate, become key components of this social construction.

II. Normative foundations and developments

Since their origins, TLMs have had operational concerns. They emerged as reform proposals to traditional labour market policies, motivated by persistent long-term unemployment in Europe in the 1980s and 1990s. Key to TLMs is their policy-oriented, normative ambition. From the objective of a better collective control of employment, the emphasis shifted to securing career trajectories by helping actors to cope with the “social risks” they faced. From a wider perspective, TLMs aim at promoting social citizenship and equality and participating in the debate about a new social model.

a) Promoting a new full employment

“Is full employment still possible?” This is the question asked in, and indeed the title of, G. Schmid’s first article in the TLM perspective (Schmid 1995). The idea of full employment appears in the titles of the three books written or edited by him which develop the TLM approach. The basic tenet of TLM is twofold. First, full employment remains the key target of our social model; this should motivate important policy changes. Second, the concept of full employment changes to one of “sustainable” full employment. This is understood in a

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dynamic way; it explicitly includes domestic and voluntary work and is based upon a continuous learning process.

This leads to a criticism of the old full employment norm, seen as gender-biased and indifferent to many social, and all environmental, interests. TLMs retain the project at the very origin of the norm: the political compromise underlying the birth of state social protection. Thus the aim remains “social integration”, i.e. the exchange of social security against active participation in production. But the focus on individual and collective autonomy, and on the accumulation of competencies stemming from well-organised transitions and various work experiences, gives rise to a much greater target. Social integration (and full employment) should result from the interplay of gainful employment positions and gainful TLM positions. Further, the role and coordination, especially at the local level, of social actors (social partners but also municipalities and non-profit organisations) have to be taken into account in a new way.

The “requisite variety” principle and the four classical management principles of TLMs are the main supports of this normative approach. “Always act in such a way that the number of degrees of freedom of the system increases” (Ashby 1970, p. 207). This general precept comes from the systemic analysis and is at the root of the TLM approach. The four management principles are more or less derived from it. Their formulation has changed slightly over time, but they can be summed up as: “empowerment”, “solidarity”, co-financing and management by objectives. “Empowerment” means that policy-makers should give more choice to individuals and ensure that the opportunity set they face is rich enough to make that choice meaningful. “Solidarity” takes into account the inter-dependence of various social groups in unequal positions in the labour market and, accordingly, the need for collective intervention directed at the disadvantaged. Co-financing and management by objectives aim at ensuring the active participation of all stakeholders and at creating bottom-up initiatives, mainly at a local level.

This systemic tenet leads to a reconsideration of the traditional connection between macro-economic policies and labour market policies. The TLM approaches underlines that in the labour market, the three basic classes of variables interact with notable and perhaps increasing difficulties. Prices, quantities and qualities remain active and relevant, but their role, through variations in wages, hours, staffing, competences and training, appears to be

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8 cf the contributions of W. Beveridge and e.g. the analyses of R. Castel (Castel 2003).
9 cf the subtitle of Schmid and Gazier (eds) 2002.
10 cf Schmid and Schömann 1994, p. 20 for an early formulation centred on “flexible coordination”, and Schmid 2002b, p. 36 s. for a direct application to TLM.
more and more constrained. For example, the multiple functions performed by wages (pay, but also ranking, incentives, the implementation of certain social norms) do not converge in a given direction. When a given adjustment is felt as necessary in one function and implemented, it may disturb other adjustments or stability needs in other functions. This may explain the old observation that “stickiness” necessarily characterises the labour market variables. This is one important cause of the particular dependency of the labour market on macro conditions. Deliberate TLM interventions may be seen as new tools at the disposal of policy-makers to ease labour market adjustments. With a set of secured temporary positions and their principles, new adjustment spaces are introduced. They are not simplistic (and economically/socially disputable) work sharing devices, but dynamic adjustment processes with more goals and more variables. So they do not aim at replacing shaky macro-economic policies. Rather the interventions represent new complements for those policies. If we consider the political dimension, the development of such improved control processes becomes a compromise, a new “employment compact” which should be elaborated and implemented by social actors (Schmid 2002c).

b) Securing career trajectories

In addition to redefining and promoting sustainable full employment, the TLM approach rejects a static, one-size-fits-all perception of careers in favour of a dynamic, individualised one. The former gives priority to protecting set “states” obtainable at a given point in a career\(^{11}\) (which sometimes congeal into a status set by law). The latter focuses on accompanying, in a concerted way, individual transitions.

In order to implement such a concerted process, the coordination of all concerned actors at a relatively localised level is needed. The TLM approach looks in detail at the modalities of this coordination and the institutions which might result from it and thus constitute the TLM infrastructure. These institutional forms may be multiple, such as employers’ networks, job pools or job foundations. Beyond particular devices, this leads us to consider, in a wider perspective, the global connection between labour markets and social protection. Seen from such a viewpoint, TLMs appear as the economic and organisational counterpart of the proposals made by Alain Supiot (1999). He introduced the idea of “social drawing rights” and of rules setting up a “professional state of persons”, i.e. a set of transferable rights which should be kept when one goes from one work group to another\(^{12}\). These rights should be

\(^{11}\) An example would be the traditional “fordist” employment position.

\(^{12}\) The TLM proposals explicitly acknowledge the legacy of the Swedish economist Gösta Rehn, who elaborated, together with Rudolf Meidner, the so-called “Rehn - Meidner model”
associated not only with salaried work, but with every form of professional activity. As mentioned above, TLMs intend to organise new connections between the economic (employment), social (social protection in a wide sense) and domestic (family) spheres. This amounts to establishing the interconnection and compatibility of the different spheres of human activity: life and citizenship activities; non-market useful social activity; discontinuous professional activity; and traditional full-time jobs.

At a more micro and meso-economic level, the TLM project puts the emphasis on the ways risk and uncertainty are treated by individuals and by social groups. Interesting results arise if we start with the basic distinctions of the economics of insurance – between “risk lovers” and “risk averters”, and between “adverse selection” and “moral hazard” – and analyse them in an imperfect rationality framework. Introducing the “social risk management” approach, Schmid (2006a op. cit.) puts the emphasis on the “framing effects” which condition individual choices. One typical result is that small risks with high probability tend to be over-estimated while big risks with subjective low probability (such as a long unemployment spell) tend to be under-estimated by most actors. Accordingly, individuals need structured opportunities and facilitating devices when faced with important choices. The canonical example given by Schmid (ibid.) may be recalled here: young individuals, especially young women, have to make five key decisions in a very short time span – almost simultaneously – when they begin to work. They have to: (1) choose an occupation, (2) find a job, (3) find a mate, (4) find a house, and (5) decide whether to have one child or several, earlier or later in their career. Taken together, these choices are crucial for their life trajectories. They are normally made in a hurry, in the middle of an urgent search for full-time employment which will ensure their independence. The main outcome of such an analysis is that, while “moral hazard” may be important in some cases, the main challenges are “adverse selection” and the choices made by ill-informed groups. Over-estimating the importance of “moral hazard” and neglecting “adverse selection” issues may lead some policy-makers to put an excessive

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implemented in Sweden since the 1950s and known as the main “Nordic model” of the twentieth century. Among the last projects presented by Rehn (in the 1970s), one remarks the idea of a “time bank” in which all individuals have an account. They may use their drawing rights to obtain training or leisure periods (cf Milner and Wadensjö (eds) 2001, and Mosley et al (eds) 2002).

13 Remember that “adverse selection” refers to a situation where setting voluntary insurance at a given price is made difficult or even impossible because it is difficult or impossible to discriminate between objective “good” and “bad” risks; then “good risks” will not enrol while “bad risks” will not be able to pay. “Moral hazard” refers to a situation where one insured agent may lower his/her personal protection effort because he/she feels insured, thereby endangering the insurance device.
burden on individual responsibility, such as is often observed in “activation”
policies.

Two recommendations stem from this analysis. First, it would be helpful to
make a less compressed, less pressurised period of time available when big
decisions are to be made by facilitating reflection or trial periods and part-time
work experience. Second, it is important to establish opportunities for
professional change over the course of a career through re-training and well-
developed re-orientation services and opportunities. The result would be less
interlocking between the (natural) irreversibility of time and the (socially
constructed) irreversibility of early career choices.

c) Which new social model?

All these developments converge towards a political philosophy clearly
different from the “social–liberal” model as presented by supporters of A.
Giddens’s conception of the “third way” (1994; 1998), which may be
associated with the “asset-based welfare” perspective. Rather, a new political
philosophy could be part of a renewed social-democratic current in the
tradition of “socialisme libéral” (Audier 2006).

The “social–liberal” model places the individual at the centre. As Giddens
underlines: “People are invited to constitute themselves as individuals, to plan,
understand, design themselves as individuals” (1998, p. 36). Each person is
endowed with “capital” or “assets” which will allow him or her to participate
fully as a true actor and not be reduced to playing a role by default. These
assets may be diverse but are all real “capital”, in the economic sense of the
term, and can be mobilised in order to realise life projects. Notably, human
capital plays a central role. This implies a focalisation on education, training
and employability understood in a market sense, made of marketable
competencies. Within this framework, the role of the state is first to deliver to
individuals a minimum set of assets and/or to help them to acquire a sufficient
amount of “capital” as a property which constitutes them as individuals. The
classical welfare state is seen as “negative” because it only brings passive
protection to persons. It must be replaced by a positive, enabling, “asset-based
welfare state”. Policy-makers could endow individuals with “accounts” to be
used, for example, to finance life-long learning.

The social model stemming from the TLM perspective is different. While the
individual is again at the centre, he or she is not conceived as independent
from the institutional supports organising society. These supports include the
aforementioned “capital”, but this is not limited to that which is “marketable” in
competitive markets. TLMs give a key role to collective negotiation and
control processes which rely not only on public intervention but also on the coordination of all actors. As has already been mentioned – notably with the example of social drawing rights (Supiot 1999, op. cit.) – trajectories can be secured through rights attached to more than simply a situation or a “status”; rights can be connected to the individual, thus becoming transferable from one firm to another. Importantly, however, they cannot be reduced to mere “assets” to be exploited at will by individuals. TLMs establish collective responsibility among all concerned actors for the constitution, accumulation and management of these rights.

Finally, TLMs depend on a conception of the individual that differs from that which underlies the “third way” advocated by Giddens (Gautié, 2005). If some authors developing the “asset-based welfare” refer themselves to John Rawls and his “property owning democracy”, then proponents of TLM refer to the priority given to equality by authors like R. Dworkin (2000) and A. Sen (see for example Sen 1992). The connection is straightforward; Sen shows that it is not enough to endow people fairly with “capital” in a wide sense (in Rawls’ terminology: with primary social goods including rights and freedoms). One also must consider the real opportunities that individuals have to use this capital in their life projects. To take the classical example, with the same endowment as a non-handicapped person, a handicapped person is not able to achieve the same result. The same applies to life-long training. Individuals differ in their capacity to make satisfactory choices and use their resources. One should consider not just “assets” but also the capacity to use them, what Sen would refer to as “capabilities”. In other words, the aim of TLMs is to take into account the real situation of individuals and to promote collective and concerted coordination of transitions. As such, TLMs rely on “citizen individualism”, which can be opposed to “patrimonial individualism”.

III. Policy applications, debates and future prospects

TLMs have been applied, questioned, criticised and re-interpreted in many ways, but the intention here is neither to gather nor to synthesise all of these. Rather, in order to demonstrate the elasticity of the TLM framework we will focus on a few elements which have clarified, enriched and developed the approach, namely certain concrete policy applications and the most important critical discussions which accompanied the development of TLM. These lead to a discussion of the priorities of a possible future research agenda.

a) “Making Transitions Pay”: “activating” and beyond, “flexicurity” and beyond.

One may distinguish two main periods in the application of TLMs up until
recently\textsuperscript{14}, each centred around large EU-financed programmes\textsuperscript{15}.


The main topic was the discussion of the “activating” policy motto, either globally or examined in several distinct fields of transitions. The three main fields explored were: working time and its connection with domestic activities\textsuperscript{16}; Active Labour Market Policies\textsuperscript{17}; and training\textsuperscript{18}. Curiously, the question of ageing workers was absent from this bundle of research and policy suggestions. Referring to Schmid’s (1995) initial, well-known diagram, it means that the main career transitions (whether inside employment, between training and employment, between domestic activities and employment or between employment and unemployment) were dealt with, while the last ones, the transitions between employment and retirement, were left out (seemingly this was the financiers’ decision\textsuperscript{19}).

Independently from this large scale, collective work, there were various global presentations of TLM with transversal/national applications and policy suggestions, for example on Germany (Schmid 2002d) and on France (Gazier 2003).

\textbf{ii. The second period (2002–2010) was mainly organised around a second, bigger collective initiative: TLM.net (2003–2006, involving more than twenty countries). This was not a research programme but a network allowing researchers to meet, discuss and coordinate their work. The main topics and goals shifted: to attempt to influence the European Employment Strategy and participate in the big, quite}

\textsuperscript{14} September 2010
\textsuperscript{15} There is, to our knowledge, no comprehensive reference list gathering the applied works written directly or indirectly in the TLM perspective. The contributions referred to here are deemed representative of the larger body of work.
\textsuperscript{17} De Koning and Mosley (eds) (2001).
\textsuperscript{18} Schömann and O’Connell (eds) (2002); the main results and the overall vision are summarised in Schmid and Gazier (eds) (2002).
\textsuperscript{19} The “last” life-course transition, however, was always present in conceptual TLM contributions. See e.g. Schmid (2002c, pp. 417-424).
confusing debate on “flexicurity”; to deepen international comparisons and integrating new European member states. What also emerged, in particular at a conference in Aalborg in October 2006, was that the global policy stake for TLM-inspired researchers was being and acting “beyond flexicurity”.

Overall, the works of both periods insist on the need for institutionalised support for critical life-course transitions as an overarching objective and not only, as the OECD (recently followed, to some extent, by the EU) proposes, “making work pay”. TLM empirical applications and policy proposals do not imply that the “making work pay” principle is always unjustified; rather, it should be integrated into a wider, dominating principle of “making transitions pay”. Obtaining long-term employability through collective arrangements should be the priority, not pushing people into any job whatsoever.

However, TLMs appear to accompany recent trends towards a more explicit management of transitions in and around the labour market: public and private “transition agencies”; the shift from an emphasis on guarantees attached to the job to guarantees attached to the person; a reliance on the collective organisation of labour markets (transferability of skills; control over individual and collective employability; collective organisation of mobility options, and of training and work opportunities). It follows that the TLM approach often

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21 The conference resulted in a book edited by Danish researchers from Aalborg University (Jorgensen and Madsen (eds) (2007)). Schmid’s book also deals with the European employment and labour market reform strategies (Schmid (2008)).


23 The question of the desirable mix of public and private initiatives is an important topic, in the TLM perspective as well as in the global debate about the legitimacy and efficiency of the Public Employment Services, cf. Bruttel (2005) and Bredgaard and Larsen (2006).
focuses on “promising” emerging arrangements and tries to assess the potential and the pitfalls in order to influence or even shape the arrangements.

This leads to a rather critical perception of a well-known trend in labour market and social policies, that of “activating”, i.e. systematically easing the way back to paid work. While the overall philosophy of TLM intends to ensure autonomy by opening access to normally paid work, “activating” could be dangerous and unjustified if it leads to a distortion of free choice and to neglecting the necessary connection with domestic work. A clear example here is the emerging question of caring for the elderly. It would be costly and often inefficient (and undesirable) to put the elderly in specialised institutions. Keeping them at home as long as possible, with the help of family and part-time paid workers, is often a better and cheaper option. The burden of caring for elderly family members most often falls upon senior, pre-retirement workers (between 50 and 65 years of age). It thus becomes necessary to organise a variety of attractive part-time jobs for such workers. This would even lead to more or less durable leave periods for them. Crucially, however, the issue of gender equality must be addressed at the same time. Simply developing a system of part-time jobs will result in the pressure of caring for elderly family members being put on women. Deliberate policy to counter this inequality would ensure that men contribute equally24. So, there is a complex de-activating issue here, which must be combined with the traditional “activating” concern, i.e. increasing the employment rate of senior workers in order to finance retirement.

A similar elaboration of policy proposals – initial interest, critical appraisal, introduction of necessary complements – regards the nebulous objective of “flexicurity”. “Flexicurity” as a political agenda first appeared in the Netherlands in 1997 in relation to temporary work. Amongst the first analyses one finds an early contribution by Ton Wilthagen in the Wissenschaftszentrum Berlin für Sozialforschung (WZB) working papers (Wilthagen 1998). While TLM promoters did not adopt the “flexicurity” flag, they quickly began to develop what they saw as a fairly accurate, reasonably complete interpretation of it (Schmid 2003; Leschke, Schmid and Griga 2007). Numerous contributions showed the necessity of going “beyond flexicurity”. This enlarged version required complementary elements to make it politically acceptable and operational, notably a deliberate equilibrium and compatibility between domestic and paid work, a permanent focus on job and work quality (work conditions, work content, promotion opportunities), a clear concern

24 The problem is the same in the case of parental leaves. Ambitious policies are needed in order to make progress towards a more equal sharing of care activities. The TLM approach implies that they should be connected to policies shaping men and women’s careers inside firms.
about organising high-quality income guarantees (including minimum wages), and a combat against inequality (cf Erhel and Gazier 2007; Schmid 2008, Auer and Gazier 2008, Auer 2010).

b) Some discussions

This pragmatic stance – which accompanies emerging rather than established tendencies – may explain some of the criticisms of TLMs and why they are sometimes simply misunderstood.

Two common misunderstandings should be addressed first. TLMs do not promote more or less well compensated, unstable jobs such as seem to develop in some artists’ labour markets. Neither do they endorse the perspective of an emerging world of “portfolio workers”, with weak attachments to the firm, in which successful actors are mobile, involved in networks and make intensive use of their social capital.

As concerns the objections to the TLM approach, there are three main strands to consider. The first underlines the limits stemming from the “transition”-centred approach. The TLM view may overemphasise the mobility dimension of employment, thus neglecting the need for stable and durable jobs and exposing workers to an excessive and undesirable pressure towards mobility and moving about in the labour market. Quite often, and amusingly, these criticisms make extensive use of empirical data on the stability of job tenure as presented and discussed at the International Labour Organization (ILO) by Auer and his colleagues (cf Auer and Cazes (eds) 2003), some of the main proponents of the TLM approach. Other, related, criticisms focus on the gender dimension of transitions. As 60 per cent of the “transitions” identified in transitions matrices concern women and only 40 per cent men (this reflects the predominant role of women in parental leaves and part-time jobs), the fear is that developing transitions could adversely affect, rather than improve, women’s positions in the labour market by causing their employment to become increasingly an adjustment variable.

A second line of criticism sees TLMs as a sophisticated and costly work sharing process. If so, TLMs suffer from the same limits as any other work sharing proposal: they do not create additional wealth/income, they simply try to

25 Schmid warns against this interpretation (2002b p. 163).
26 As identified in Boltanski and Chiapello (1999); cf Gautié and Gazier (2006) for a discussion of this.
27 Ramaux (2006) is a good example of such a critique.
28 Cf Jepsen (2005) and Leschke and Jepsen (2009).
29 De Koning (2002) is a good example of this.
organise transfers of work and income. Opponents suspect that their complexity and ambition could lead to heavy transaction, coordination and disincentive costs because the interaction between and free choices of individuals and firms will be perturbed. At the very least, cost-benefit analyses should be conducted before implementing TLM-oriented reforms to ensure that the expected gains outweigh the unavoidable drawbacks. This current of criticism converges with the more or less pessimistic perception of net gains stemming from large-scale labour market policies.

The third line focuses on the very name TLM and directly questions the limits of the idea of “markets”. TLMs advocate the creation or development of “markets”. As such, they introduce what are originally non-market forms of coordination and intervention (collective arrangements combining empowerment and solidarity) into existing markets, but without attacking the prevailing market logic. According to this view, in doing so TLMs weaken, reduce or even twist these arrangements (Eymard–Duvernay 2006). Even if these transitional “markets” are special, or end up in a specially “equipped” labour market, their final, maybe unintended, effect is simply to improve, or make more tolerable, the functioning of the market system, nothing more.

c) From identifying ill-explored domains to sketching a future research agenda

Too much market (the first and third lines of criticism) or not enough market (the second line)? We begin by briefly and directly discussing the way TLMs are, or are not, markets. Then we deal in more detail with the two topics of dangerous and undesired mobility and of cost-effectiveness. In both cases we can identify ill-explored domains which should be considered in a future research agenda.

The very term “TLM” may sound like a dangerous metaphor. What are the drawbacks and advantages of using the term? Are TLM promoters prisoners of a “liberal” market ideology? This has already been said regarding “internal labour markets” as organised careers inside firms. One response is that TLMs aim for a collective approach to building and organising careers both inside and outside of firms. The confrontation with market-oriented representations intensifies because we encounter “hybrid” forms of coordination. The TLM approach occasionally proposes market suppression or restriction, but most often it proposes market reform, improvement and, sometimes, creation.

Looking at Polanyi’s influential body of work (1945–1983), we might say that the target is to accentuate and confirm an already begun overall re-embedding
process of the labour market (and not its suppression). As Polanyi showed, this presupposes a coordinated effort regarding the collective control over all other markets, such as financial and products markets, and a concerted political process. TLMs alone are not able to create a new social model. Many other social and political interventions are necessary to achieve that. But they are probably a meaningful part of that process.

Let us return to the current situation of labour markets. In the context of eroding and changing “internal labour markets”, a double evolution of workers’ trajectories can be observed. A substantial minority is trapped in a precarious sphere, alternating short-term jobs and unemployment. The majority of (previously) stabilised workers is, so to speak, de-stabilised inside employment (unstable working hours, productivity pressures, increased competition). Public intervention in transitions and mobility appears to be both a necessity and an opportunity: the traditional stabilisation basis of workers is retained while being enlarged and renewed. TLMs do not make any presuppositions regarding a (supposedly) unavoidable trend towards greater mobility. Even less do they propose increasing mobility as an end in itself. A central axis in Auer’s contributions since 2000 has been an exploration of what is referred to by the ILO as “protected mobility” and “decent work”. This shifts the emphasis to the need for stability cores (Auer and Gazier 2006), and leads, for example, to the question of the optimal length of an employment contract (Auer, Berg and Coulibaly 2005). As a consequence, while the TLM departure point remains the study and organisation of transitions, it is increasingly clear that the objective is wider and more complex: to observe and improve various combinations of transitions and stable positions in everyone’s career. In particular, functional equivalents to (mobility-inducing) external flexibility such as various leave schemes (e.g. training, education, child or parental care) or internal job-rotation schemes should be considered.

Similarly, the question of cost effectiveness has been only partly addressed. One basic tenet of the TLM approach is that most of the necessary resources already exist (notably labour market policy expenditure, and big firms’ contributions to the mobility and career management of employees), they are simply poorly oriented or unduly limited to certain privileged groups. The TLM approach shows that the unilateral and isolated management of one set of transitions (e.g. a parental leave scheme) is likely to be inefficient and unjust. In the four management principles (cf section II.a), there are two

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30 Cf Gazier and Mendell 2009, for a discussion connecting TLMs and the perspective of K. Polanyi.

31 For example, facing the challenge of gender equality in the domestic sphere and increasing the father’s contribution makes it necessary to consider other elements such as re-training and the inequality between careers inside firms.
principles closely connected to efficiency requirements: ensuring that all actors have a clear interest in successful transitions (this frequently leads to a system of co-financing and co-responsibility); and setting up a project-by-project management process in order to limit bureaucracy and foster bottom-up initiatives. In chapter 6 of his 2002 book, G. Schmid (op. cit. Schmid 2002d) presents a model for cost–benefit analysis of TLMs as applied to Germany.

This is close to O. Williamson’s treatment of reform proposals affecting the overall “governance structure” of the economy (the divide between market, hierarchy and “hybrid” forms of coordination) beyond marginal improvements routinely made by actors (1996). He proposed the concept of “remediableness”, meaning that while no precise measure of the compared efficiency of the existing and proposed arrangement could be computed, policy-makers should have some evidence that the reform will globally improve the situation.

However, in a context where labour market policies are often criticised for their weak or even negative contributions, especially in terms of training policies, there is a clear case for exploring the cost-effectiveness question further. There are two main points. The first relates to the conditions for efficiency of a combined set of programmes, e.g. a parental leave programme combined with career assessment and guidance, (re)training opportunities and a progressive return to paid work beginning with a part-time job and followed by full-time work. The second explicitly introduces the interplay between the labour market, social protection reforms and overall macro-economic considerations, as well as the products market and innovation and financing processes. In both cases, complementarities are key, either internal or external to the TLM domain.

Keeping in mind these transversal emphases on stability cores and on cost-effectiveness, we are now able to list some items on a possible future research agenda.

32 Put together, these concerns and suggestions lead to the need for “local–regional” negotiations organising a wide set of transitions covering all workers, and installing a clear leadership (Gazier (2002)). However in this decentralised perspective, an important problem arises: rich regions may develop and manage “rich” transitions while poor regions remain condemned to “poor” transitions. In the E.U. for example, this leaves a key place for a national and/or European transfer policy. Organising it in a democratic way supposes that each community makes regular assessments of its situation and needs regarding transitions and protected mobility (through an employment and transitions observatory) and elaborates a project to be presented to the legislative and government bodies. See also Räisäinen and Schmid (2008) who observed a “dual transitional labour market” in Finland.

33 For a discussion of the way TLMs may foster such a learning process, see Gazier 2002.
To begin with, there are areas which have already been studied but which should be revisited under this enlarged TLM perspective, in particular: training and transitions; family care and ageing; gender inequality; restructuring, and new forms of segmentation or exclusion of low-skilled workers; migrant workers and their trajectories; power structures inside firms and unions, and collective bargaining; public–private mixes in employment services; and TLMs and self-employment.

Next, there are important but poorly or unexplored questions. Examples are the connection between macro-economics and contra-cyclical macro-policies, or the connection between income and wage policies, especially the question of minimum income or minimum wage and the way they could be connected to transitions. Another is the connection between the diversity of TLMs and the “variety” of capitalism. Before the European discussion of “flexicurity” revealed that different European countries had very different priorities and means regarding its implementation, the “variety of capitalism” current showed that several varieties of national capitalism could be identified, each with different complementarities among financing and innovation structures, macro-economic regimes and competition regimes in labour and products markets. It follows that TLM-inspired reforms may vary greatly from one national context to another, either regarding content or merely feasibility. The question becomes a political one, and requires research into possible coalitions of social groups able and willing to develop TLMs. Preliminary analyses can be found in Rogowski ((ed) 2009).

Other under or unexplored areas include the emergence and management of complex transitions systems involving networks of organisations, the connection between TLMs and informal work, and TLMs and non-profit organisations. A characteristic of the TLM approach is to consider all kinds of work and activity and their interrelations. This may prove useful when focusing on developing countries and/or non-market activities (as suggested in Schmid 2009a). From this perspective, there is no (idealistic) separate non-market domain. Some people switch from non-profit activities to profit generating ones and conversely. “Bridges” between these domains should be built in order to facilitate and protect such career trajectories.

Last but not least, there is progress to be made in inter-disciplinary methodology and the connections to parallel or convergent developments. Regarding the former, one is struck by the importance of socio-economics and sociology in present formulations of TLM. The connections with labour law, political

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34 cf Amable (2003).
science and management science should be strengthened. As to the latter, recent developments in the capabilities approach provide a good example of a much needed convergence to foster mutual learning.

**Conclusion**

This short critical survey has tried to identify and assess the main contributions of the “Transitional Labour Market” approach. Deeply rooted in European experiences, challenges and initiatives, but also exploring an innovative global view of work and employment, it has proven to be a pragmatic and fruitful research and policy programme beyond Europe. TLMs were first developed in a context dominated by the rise and fall of labour market policies. They have critically accompanied the trend of those policies towards “activation”. TLMs have also clearly contributed to the diffusion of statistical analyses in terms of “transitions” and of a dynamic view of the labour market. In Europe, in the context of the enlargement of policy proposals to more encompassing labour market reforms, leading to the “flexicurity” perspective, TLM researchers have proposed their own reform package. In the current crisis, the idea of “making transitions pay” is gaining momentum, and such an orientation is converging with the ILO “decent work” agenda as well as with the promotion of work and employment quality.

However, probably because they represent an ambitious project, TLMs remain incomplete in various respects. Among the main limits are the need to deepen the theoretical basis of TLMs, implementation and evaluation challenges, and an insufficient link with macro-economic perspectives. These gaps could constitute opportunities for future research.

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