Labour market specific institutions and the working conditions of labour migrants: The case of Polish migrant labour in the Danish labour market

ANALYSIS

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Abstract

Based on a respondent driven sampling survey with 500 Polish migrant workers in Denmark, this article argues that specific labour market institutions and sector differences need to be taken into account when explaining the working conditions of migrant workers. Comparing the working conditions of Polish and Danish workers, it is shown that labour market institutional arrangements provide a better explanation for the differences found between the two groups than differences in individual characteristics of the migrants and the Danish workforce. In addition, the article argues that factors such as institutionalized wage variability within sectors and the decentralized regulation of working conditions are important when assessing the potential implication of migrant workers in the labour market.

Introduction

Labour migration has become a central theme in European labour market research since the EU enlargements in 2004 and 2007. As large numbers of Eastern European workers travelled west to work, labour market studies have been forced to revitalize classical theories of labour migration (McGovern, 2007) and rethink traditional dilemmas raised by the presence of authorized migrant workers (Pennix and Roosblad, 2000). Huge differences in wage levels between the
old and new member states appear the classical recipe for promoting the spatial mobility of workers (Tilly, 2011). Adding an economic situation with growing demand for labour in a number of old member states and high levels of unemployment in the new member states it is hardly surprising that Eastern Europeans had moved in large numbers from east to west before the financial crisis (Bonifazi et al., 2008: 12). In Denmark, authorities have registered more than 78,000 Eastern European workers entering the country since the enlargement in May 2004, with Poles being far the largest group. The official figures show that not all of these workers have stayed. From the beginning of 2008 and onwards, 22,000–33,000 Eastern Europeans have been working in Denmark constantly, amounting to roughly 1% of the workforce. In addition, we may find a number of unregistered workers – such as posted workers and self-employed. Still the figures may seem modest, but as we shall see these migrant workers are highly concentrated in construction, low skilled service and manufacturing jobs, where their presence may pose challenges to the Danish mode of labour market regulation and to the trade unions trying to uphold labour standards.

The challenges raised by this new group of labour migrants originate from the combination of the total liberalization of labour mobility among the EU countries and large socioeconomic differences between old and new member states. For example, a 2006 study revealed how Danish wage levels were on average seven times higher than Polish wage levels, while unemployment was 18.5% in Poland compared to a mere 4.9% in Denmark (Eurofound, 2007). While there have been some developments, differences like these persist, and they have raised concerns that migration will start a ‘race to the bottom’ (Krings, 2009). Most studies relying on aggregate data have disputed this. They have found that the migratory flow after the enlargements have had no negative impact on host country labour markets in general (Barrell et al., 2010; EU Commission, 2008; Kahanec and Zimmermann, 2009). Nevertheless, studies using more qualitative data have found plenty of reasons to fear such developments. They have highlighted the poor conditions offered to the new migrants, and have argued that this may challenge labour market institutions in host countries (Andersen and Arnholtz Hansen, 2008; Dundon et al., 2007; Fitzgerald and Hardy, 2010; Lillie and Greer, 2007; Woolfson and Sommers, 2006).

These findings are not necessarily in conflict. Drawing on classical segmentation theories of labour migration (Piore, 1980) it may be argued that the Eastern European workers are segmented into specific jobs and sectors. According to this theory, they can be exposed to relatively poor conditions in these jobs without affecting the overall host country labour market or the condition of native workers. However, in order to determine the possible threat to the host country labour market we need to understand why migrant workers come to suffer from such poor conditions. Is it the ‘migrants’ or the ‘jobs’ that cause it? Is it the individual characteristics of the Eastern European migrant workers or the institutional arrangements regulating their jobs that explain their poor work-
ing conditions? The purpose of this article is to answer these questions. To do so the article discusses different strands of segmentation theory in the light of results from a comparative analysis of wage and working conditions among Polish migrants and the Danish workforce. The analysis is based on data from a survey among 500 Polish migrant workers in Denmark collected via respondent driven sampling that can access groups of the population not found in official registers. Furthermore, data on the Danish workforce are provided through official registers and surveys. By demonstrating that institutional factors are vital for understanding the position of labour migrants in host country labour markets, the article contributes to our understanding of the interplay between labour migrants from low wage countries and labour market institutions in high wage countries.

The article proceeds in the following manner. First we outline the segmentation theoretical framework elaborating the research question and discussing the implications of different segmentation theoretical contributions in understanding the new labour migration within the EU. Second we present the method used to generate survey data on a ‘hidden population’ like the Polish migrant workers. Third, we briefly present the institutional levels of collective bargaining in the Danish labour market. We then report the findings of the survey, showing that the Poles suffer from relatively poor wages and working conditions compared to Danes. Fifth, we compare the explanatory power of individual characteristics and institutional settings with regard to understanding the conditions of the migrant workers. Finally, we discuss these findings in relation to the ongoing debates about the potential threat migrant workers from low wage countries pose for labour market institutions in host countries.

**Segmentation theoretical explanations for the wage and working conditions of labour migrants**

Segmentation theory has dealt extensively with the specific mechanisms structuring the movement of labour migrants between national labour markets and within the labour markets they enter; mechanisms that can explain why and how migrants are often placed in precarious positions in the labour markets of the countries they enter. In Piore’s (1980) classical analysis, it is clear that the socioeconomic differences between the receiving and sending countries initially make it attractive for labour migrants to move. Nonetheless, argues Piore, these socioeconomic differences alone cannot explain the movement, as this would entail a far larger flow of people between rich and poor countries than is actually observed. Rather, Piore’s argument is that we must focus on the demand for migrant workers produced by the dual labour market structure of advanced economies.

The dual labour market theory argues that the labour market is segmented into two parts: a central part characterized by capital-intensive production, stable
requirement for labour and relatively good working conditions, and a peripheral part, which is characterized by labour-intensive production, fluctuations in the demand for labour and relatively poor working conditions (Doeringer and Piore, 1971). In that sense, Piore’s model represents a macro-structural explanation with a clear emphasis on the production structure of the recipient country. According to Piore, the ‘dual’ structure of labour markets triggers the initial process of labour migration. The idea is that native workers constantly try to obtain the ‘good’ job in the central part of the labour market, which in turn encourages employers to hire migrant workers for the peripheral and labour-intensive part of the labour market (Piore, 1980). The differences in socioeconomic levels between different countries explain the willingness of migrant workers to take low status and precarious jobs, as they present themselves as attractive seen from their perspective.

Although some authors have argued that post-enlargement labour mobility is inherently different from that which was experienced in the 1960s and 1970s (Bonifazi, 2008; Favell, 2009), Piore’s analysis still seems to offer some very central insights for understanding the positions of Eastern European workers in the labour markets of the old member states (McGovern, 2007). The large socioeconomic differences between the old and new EU member states are clearly central to understanding why the Eastern Europeans (unlike Western Europeans) are moving in such large numbers. When examining which countries have received the most Eastern European workers (relative to the size of the country), however, it becomes apparent that they are countries which experienced an economic boom during or after the enlargement (Dølvik and Eldring, 2008: 28–29). Thus, the demand for labour in the receiving countries has been a crucial factor for structuring the flow of labour migration in the period after the EU enlargement. Moreover, the Eastern European workers are typically employed in very labour-intensive jobs in the peripheral part of the labour market. Construction is a classic example of an industry where market fluctuations are very important and there are large variations in labour input. Other jobs, for instance within low skilled services, do not have the same fluctuations in demand but may nevertheless be characterized as both labour-intensive and peripheral, not least in relation to working conditions. The positioning of the Eastern Europeans within such jobs can thus underline the power of Piore’s model. However, there are needs for adjustment as well.

Such adjustments can go in two very different directions. One strand of segmentation literature puts increasing emphasis on ‘individual’ characteristics – what is sometimes also referred to as human capital or labour supply approaches (Peck, 1996; Torres, 1997). They criticize dual labour market theory for perceiving labour supply as a function of demand. For this reason it has a tendency, they argue, to ignore how specific groups (e.g. young, elderly, women, migrants, unskilled) have the greatest risk of occupying precarious jobs. This strand of literature argues that ethnicity, age, gender, skills and other ‘individu-
al’ characteristics influence how people are placed in the labour market (Herrera, 2008; McLafferty and Preston, 1992; Peck, 1996). We place ‘individual’ in scare quotes here as these characteristics are in a sense not individual but rather societal, and to a large extent it is the argument that it is the social perception of these characteristics that increases the individual’s risk of occupying precarious jobs. Thus, the individual characteristics are primarily connected to other structural phenomena than the labour markets per se. This could be the reproduction of the patriarchal family structure affecting the gender division of labour, or the political marginalization of certain groups concerning for instance migrants’ inability to enter the labour market (McLafferty and Preston, 1992; Peck, 1996: 65–72). Nonetheless, they are characteristics carried by the individuals, which is why we continually refer to them as individual characteristics in this article.

Furthermore, we wish to emphasize that the increasing focus on these individual characteristics can be perceived as a gradual shift in segmentation theory whereby these kinds of group categories are increasingly seen as explanations for segmentation in themselves irrespective of their interaction with labour market institutions. Thus, important nuances in the segmentation mechanisms in terms of internal labour market variation in wage and working conditions are sometimes omitted.

For these reasons, another strand of segmentation literature focuses more on the specific institutions regulating and structuring the labour markets. Where Piore’s work is based on a very general dual labour market assumption, a more institutionalist strand of segmentation literature has focused on how labour market institutions and labour unions contribute to reproducing segmentation in labour markets, for instance by upholding the mechanisms that place labour migrants in jobs with poor wages and working conditions (Basu, 2004; Peck, 1996; Rubery, 1978, 2006). While focusing more on the efforts of labour unions to control supply and demand, these studies follow Piore in arguing that it is the jobs – not the characteristics of the migrants – that explain their poor working conditions. However, one would need to nuance this explanation by focusing more intensively on central institutions (e.g. the functioning of the national industrial relations system) in an effort to understand the labour market situation of the Eastern European workers. In an analysis of the Poles’ positioning on the Danish labour market this would include a study of the wage formation in the absence of a statutory minimum wage, wage bargaining at different institutional levels and the influence of trade unions at central as well as workplace level on the wages and working conditions of these new labour migrants. Such an analysis requires not only a thorough understanding of the institutions regulating the individual labour market, but also data on the specific terms and conditions of the Polish migrants as well as comparative data on the national workforce in order to determine differences. In the following section the method used to supply the necessary data is presented.
Method

Migrant labour is a transient phenomenon over time and space and is as such difficult to account for in official registers (Reeger and Sievers, 2009). Though register data are of high quality in most European countries, few have complete registers of Eastern European workers moving in and out of the national labour markets. In the Danish labour market specific types of Eastern European labour migrants have evaded official registering. This includes workers without a work and residence permit (during the period of the transitional regime from May 2004 till May 2009), workers not registered by the authorities (after the period of the transitional regime) either because they stay for a shorter period of time than three or six months or have chosen not to register, and workers posted by foreign service providers. The lack of a complete list of the Eastern Europeans in Denmark makes it difficult to draw a representative survey sample based on official registers. Thus, the data on Poles living and working in the Copenhagen area presented in this article are based on a survey using an alternative sampling method. The so-called ‘Polonia in Copenhagen’ (PC) survey had as its target population Poles arriving in Denmark after 1991 living and working in the Copenhagen city area (Arnholtz Hansen and Wesley Hansen, 2009). Using the respondent driven sampling (RDS) method – which can produce valid estimates of the composition of ‘hidden populations’ – 500 interview subjects were then selected within this population (Salganik and Heckathorn, 2004). RDS was originally developed in the USA for a study of HIV-infected people (Heckathorn, 1997) but has previously been applied to Polish migrant workers in a Norwegian pilot study (Friberg and Tyldum, 2007). The method is essentially a snowball method, where interviewees recruit new interviewees among their friends and acquaintances. However, the sampling technique has three special features.

First, a dual system of incentives to participate is applied in order to overcome bias towards sampling of mainly cooperative and advantaged subjects. The dual incentive system includes a reward for being interviewed and a reward for recruiting others into the study. The rewards can be said to be both material (monetary) and symbolic (for instance the opportunity to improve knowledge about the group’s conditions) (Heckathorn, 1997: 178). Despite general assumptions about the economic focus of labour migrants, the symbolic rewards seem to play a very important role for the Poles participating.

Second, in order to counter tendencies towards sample bias in classical snowball sampling due to large dependency on the starting point, interviewees where allowed to recruit no more than two people each. With few starting points, this means that sampling will have to go through long recruitment chains to reach the 500 respondents. An assumption of the method is that even though the recruitment chain begins with an arbitrarily selected individual within the designated population, long recruitment chains will eventually secure an equilibrium mix of recruits (Heckathorn, 1997: 179).
Third, data are subsequently weighted using a special software program (RDS-stat) to counterbalance two other potential biases. One is network size, where having a larger network will give a higher probability of being recruited (and therefore lower weighting). The other is uneven recruitment between groups. If, for instance, construction workers over-recruit among themselves compared to other groups, they will be weighted down. This technique is based on information gathered through the recruitment process (i.e. who recruit who) and from the survey questions concerning the social network of the individual interviewees (Salganik and Heckathorn, 2004). Taking into consideration the network size of each individual included in the sample and the transition probabilities for recruitment between two groups of a certain characteristic within the sample (such as gender, i.e. male and female), population estimates (PPA) can then be calculated using the following formula (Salganik and Heckathorn, 2004: 218):

$$PP_A = \frac{D_B + C_{B,A}}{D_A \cdot C_{A,B} + D_B \cdot C_{B,A}}$$

where $D_B$ and $D_A$ are the average network size of interviewees representing two groups B and A of a certain characteristic (for instance male and female) within the relevant population (in this case Poles in a certain metropolitan area), and where $C_{A,B}$ and $C_{B,A}$ are the transition probability of recruitment from group A to B and from group B to A, respectively.

Using this procedure on multiple important characteristics, an individual weight was produced for each respondent allowing for the production of valid estimates of the composition of the Polish population in the greater Copenhagen area. Using this sampling method, the survey was performed in the form of face-to-face interviews by 10 Polish-speaking interviewers using a standardized questionnaire with no open ended questions. More than 250 main questions were asked about the living and working conditions of the interviewees both in terms of factual information as well as evaluations of experiences in the Danish labour market. Each interview took approximately 55 minutes and the total data collection period lasted about three months during the autumn of 2008. Some questions asked for precise information (number of working hours, hourly wages, etc.), others used Likert scales for assessment of satisfaction with conditions, while others again offered response categories to describe their situation. In order to be able to compare the Poles’ situation to the Danes’, some questions were derived from previous national surveys conducted on Danes regarding for instance working conditions. Having investigated these responses, question by question, and comparing them with data on Danish workers, we summarize the findings below in a way that shows the most pertinent differences between Poles and Danes. Rather than presenting all the data in tabular form, we often
just cite specific survey responses (as in ‘48% of Poles “rarely” or “almost never” . . . ’).

In the following comparative analysis it should be noted that the data on the Danish labour force are based on registers and large surveys, mainly produced by Statistics Denmark. Thus, the kinds of data compared are collected in very different ways and based on very different population sizes. Therefore, the comparisons should not be seen as an exact calculation of the differences in the terms and conditions between Danes and Poles. In that sense, the article is based on a descriptive comparison where no test of significance is made. Rather, our aim is to illustrate the tendencies in the differences between the conditions of the Poles and the terms considered normal for Danes.

The institutional levels of collective bargaining in the Danish labour market

In order to understand the labour market encountered by East Europeans working in Denmark, we briefly describe the fundamental principles of the Danish collective bargaining system before presenting the results of the analysis. The so-called Nordic model of labour market regulation is renowned for being largely based on collective agreements and only to a very limited extent on national legislation. Denmark relies on collective bargaining (as opposed to legislation) more than the other Nordic countries. It is often argued that two conditions must be present for this kind of regulatory framework to function. First, workers must be in jobs covered by collective agreements in order to benefit from the main part of labour regulation. Even though not all workers are covered, the functioning of the Danish model depends on a high coverage rate. Second, trade union density must be high in order for trade unions to be in a position of power to negotiate with employers. Both the economy of the trade unions and the effectiveness of their collective actions depend on it. Once again, not all workers are organized, but the model hinges on a high percentage being so (Salamon, 2002: 111–116).

It should be stressed that the issues of collective agreement coverage and trade union density relate to functionality as well as legitimacy. In principle, the social partners could negotiate and sign collective agreements without covering or affecting a large percentage of the workers and firms in the labour market. But without high collective agreement coverage and a significant trade union density, the legitimacy of the system would be questionable. Thus, for both reasons of functionality and legitimacy, the degree of organization and the collective agreement coverage of the Eastern European workers are important.

Regulating the labour market through collective agreements is strongly anchored in the history of the Danish labour market (Due et al., 1993), whereas it does not play a particularly prominent role in regulating the Polish labour market (Cox and Mason, 2000). The collective bargaining system and the ‘Danish
model’ of labour market regulation might therefore appear somewhat foreign to the Poles. The lack of knowledge about the Danish labour market might prove to be even more important when considering the complexity of the different institutional levels of the Danish centralized decentralization mode of collective bargaining (Due et al., 1993). Essentially, the collective bargaining system is based on a national agreement between the two main organizations (i.e. the Confederation of Danish Employers [DA] and the Danish Confederation of Trade Unions [LO]) setting the framework for the collective bargaining at sector level. The central sector level is where the actual collective bargaining takes place setting general rules of wages, working time and working conditions between the sector-specific organizations. In turn, the sector agreements may constitute the basis of decentralized wage and working time negotiations. In a large part of the private sector the specific working conditions are determined by decentralized company agreements negotiated between local shop stewards and management.

Accordingly, two of the three sectors where the majority of Poles find occupation, namely construction and manufacturing, are mainly minimum pay system sectors, with requirements that local agreements be concluded. A large share of the wages is determined during these local negotiations. As for the private part of the service sector, including cleaning and newspaper delivery, it is more diversified and applies both minimum pay and standard pay systems. Thus, due to differences in regulation of the different sectors, wage developments differ significantly as do working conditions, both of which are important to consider if we are to analyse the actual positioning of the Poles in the Danish labour market. Concurrently, it is important to stress that due to the increasing tendency for ever more regulation to be decentralized since the 1990s the role of the local shop stewards in upholding wages and working conditions and the continual renegotiation of these terms at the workplace cannot be understated. During what could be termed ‘pragmatic and ever more sophisticated dealings with employers’ (Terry, 1994) they not only secure the main part of the wage development in the private sector but also enter into negotiations over decentralized working time arrangements (Ilsoe, 2010) and play an important role in overseeing working environment and security at the workplace (Larsen et al., 2010).

Wages and working conditions of Poles in the Danish labour market

The issue of legitimacy of the Danish model has been central in the public debate with respect to the Eastern European workers. This regards the legitimacy of trade unions as negotiating partners (from the employer perspective), the legitimacy of the social partners as regulatory agents in the labour market (from the perspective of politicians and the state), as well as the legitimacy of the en-
tire Danish model (from the perspective of EU institutions that increasingly question a model that does not secure all employees). From this perspective the degree of organization and the coverage by collective agreements of these groups are very central. However, no official data exist concerning these questions. Instead, the survey provides us with estimates on the basis of the Polish workers’ self-reporting.

Regarding the degree of organization, 12% of the Poles responded that they are members of a Danish trade union. This is a very low figure compared to the 68% of working Danes organized in trade unions (Ibsen et al., 2011). There may be several explanations for this low degree of organization among the Poles. Both a lack of tradition for membership and a lack of knowledge about the benefits of membership could possibly play a role. Thus, 85% of the Poles had never been members of a trade union in Poland, and 70% had never been in contact with the Danish unions. Some Poles also find that membership fees are too high. Furthermore, if the Poles are only expecting to stay in Denmark temporarily they may not see the need for membership of an organization ensuring their wages and working conditions in the longer run.

Concerning the Poles’ coverage by collective agreements, it is much more difficult to assess their actual situation based upon their own answers, as they only seem to possess partial knowledge of the Danish system. Thirty-eight percent of the Poles indicated that they are covered by a collective agreement. This is a rather small percentage compared with the roughly 73% of the Danes working in the private sector being covered by collective agreements (DA, 2009: 165). Before drawing solid conclusions, however, it should be noted that a mere 14% of the Poles report that they know for sure they are not covered by a collective agreement. This leaves the actual coverage rate of the Poles somewhere between 38 and 86%.

These figures indicate that the Polish workers are poorly integrated into the Danish labour market system. In the public debate, however, a typical response to these low figures has been that as long as the Poles are treated the same as Danes, the lack of full integration is not a huge problem. Drawing on the EU language of ‘non-discrimination’, the Danish government introduced a temporary transitional regime after the enlargement aimed at securing ‘Danish conditions’ (rather than collective agreement standards) for Eastern European workers. In the same vein, Danish trade unions have argued that foreign workers are welcome as long as they work on ‘similar conditions’ as Danish workers. In the following section the survey results are presented on the actual wages, working time and working environments experienced by the Polish workers in Copenhagen, demonstrating that the Poles are in fact only to a certain extent working under ‘Danish conditions’ and receiving the same terms as Danes.

Compared to the average wages of Danes, Polish workers’ wages are low. While an average Danish blue-collar worker in the private sector earned approximately 22.7 euro/hour at the time of the survey, the Polish workers only
earned 15.6 euro/hour. While 15.6 euro/hour may seem a very reasonable wage in many European countries, it is still 31% less than what the Danish workers earn. The comparison, however, is somewhat misleading considering that the Poles are heavily overrepresented in some very specific types of jobs, which must be taken into consideration.

Poles typically hold labour-intensive jobs and service jobs with little or no personal contact with customers or clients. As can be seen from Table 1, the Poles in Copenhagen are highly concentrated in very particular jobs compared to the normal structure of the Danish labour market. For instance, Poles are working in cleaning, kitchen help and laundry services six times as often as Danes. These are typically parts of the labour market experiencing labour shortages and where jobs appear to hold little appeal for Danish workers.

<table>
<thead>
<tr>
<th>Job distribution of Poles</th>
<th>Ratio compared to Danes</th>
<th>Wage difference between Poles and Danes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning, kitchen help and laundry work</td>
<td>30%</td>
<td>6:1</td>
</tr>
<tr>
<td>Newspaper delivery</td>
<td>14%</td>
<td>70:1</td>
</tr>
<tr>
<td>Manual factory and storage work</td>
<td>14%</td>
<td>3:1</td>
</tr>
<tr>
<td>Construction</td>
<td>27%</td>
<td>5:1</td>
</tr>
<tr>
<td>Other work</td>
<td>15%</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: Data from the PC survey, Statistics Denmark and relevant sector collective agreements.

Indeed, comparing the wages of Poles and Danes within the same types of jobs (Table 1, column 3), the wage gap clearly varies between the different job types. For factory and storage workers and in cleaning, kitchen help and laundry work, the difference between Poles and Danes is down to 12%. It is even lower for newspaper delivery, amounting to a mere 5%. Some of the difference might be explained in terms of the differences in seniority between Danes and Poles. Many Poles have been employed in these jobs for a short period of time while in Denmark, whereas the employed Danes represent a group with far more varied seniority in their current job. However, there are still areas where the wage levels between Poles and Danes remain significantly different – even within the same type of job. This is clear in the construction sector, where Poles earn 31% less than Danes, and in the category ‘other jobs’, which includes jobs typically requiring some skills and qualifications. Here, the difference in wages is as much as 34%.

Turning towards working time as another important parameter in measuring the working conditions of the Poles, another surprising pattern appears. It is generally accepted that labour migrants may have an interest in working long
hours while abroad – especially if their goal is a relatively brief stay with high financial gain. This is confirmed by the PC survey, as those having long hours are more satisfied with the amount of hours they have than those having few hours. On average, the Poles have a work week that is very close to the 37-hour norm in the Danish labour market. However, this average masks a somewhat different distribution of work among the Poles than among Danes; while 39% of Danes according to data from Statistics Denmark have a 37-hour work week, the same only applies to 16% of Poles. Instead, 48% of the Poles work less than 37 hours/week compared to ‘only’ 30% of Danes. But where the Danish part-time employed (typically women) work slightly less than 37 hours, many of the Poles have very short work weeks. At the other end of the spectrum, 16% of the Poles work more than 48 hours/week, which is twice as much as among Danish workers. To abide by the 48-hour average working time limit set by the EU Working Time Directive, workers sometimes take off full weeks and travel back to Poland.

Thus, the working hours of the Poles diverge from the standard 37-hour work week, and this variation seems to be determined by job type. The Poles reporting short working weeks typically work in cleaning, kitchen help, laundries, factories and warehouses, as bartenders or deliver newspapers – jobs where irregular working hours are common and employers often require employees to be flexible. Poles reporting very long working weeks are found in the construction sector commonly dominated by men – jobs where long hours and weekend work are generally not uncommon.

Another important parameter for measuring the working conditions of the Poles is their physical or psychological working environment (Gallie, 2007). In the PC study, we asked a number of questions that could serve as indicators of the working environment of the Polish labour migrants. These questions cover their experience of their job in relation to irregular working hours, the physical strain during work processes and their psychosocial well-being measured in terms of influence on one’s own work process and opportunity for development. The questions concerning psychosocial well-being were copied from a 2005 survey on Danish employees conducted by the National Research Centre for the Working Environment. Using similar questions in the survey makes it possible to compare the two groups on these measures while reporting on irregular working hours can be compared to data from Statistics Denmark.

With regard to odd working hours, 25% of the Poles work nights, which is more than twice the same figure for Danish workers. These figures are the result of the high overrepresentation of Poles in jobs such as newspaper delivery, warehouse work and nondomestic cleaning. Significantly more Poles also work weekends than Danes. Two-thirds of the Poles work Saturdays (as opposed to only one-fifth of the Danes), and 36% of the Poles work Sundays (as opposed to only 16% of the Danes). Here, overrepresentation in non-domestic cleaning, unskilled construction work and newspaper delivery are the main explanations.
In addition to the odd working hours, many of the Polish workers also perform physically demanding work. Sixty percent report that they work standing up with ‘some lifting’, while another 24% report that they have ‘hard physical work at high speed’. The latter group is found in cleaning, construction, newspaper delivery as well as factory and warehouse work. Men and women alike among the Poles find themselves faced with high demands regarding their physique and work pace.

Even with hard physical labour, one can obviously thrive well at work. Compared with Danish wage earners, however, there is also a tendency for Poles to have fewer opportunities for development and less influence over their work. Accordingly, while 37% of the Poles experience only being able to take initiative on the job to a ‘limited extent’, the same is true for a mere 9% of the Danes. Furthermore, while 48% of the Poles ‘rarely’ or ‘almost never’ have influence on the planning and structuring of their jobs, the same goes for 22% of the Danes. These numbers can be seen as indicating how Poles have less ‘job satisfaction’ than Danes in general.

Part of the explanation for this is again to be found in the type of jobs the Poles occupy. Jobs such as manual factory work, newspaper delivery and cleaning, where Poles are overrepresented, are also generally associated with below average job satisfaction among Danes (Burr and Albertsen, 2005). However, the type of jobs occupied by the Poles cannot be the whole explanation in this case. Looking at the small group of Poles who have ‘other work’ – work often requiring specialized knowledge and technical skills and normally associated with rather high job satisfaction – they also have less opportunity for development and influence than the Danes in general.

In summary, a wide range of parameters suggest that the Polish workers find themselves in quite marginal positions in the Danish labour market, even though important variations can be found between different job types. In some jobs – including cleaning, kitchen help, laundry work, newspaper delivery, manual factory and warehouse work – the wages and working conditions are not radically different from those of Danes working in similar jobs. However, this appears somewhat different when scrutinizing the wages and working conditions of the Poles working in construction and ‘other jobs’ – the latter category being an oddly assorted group of jobs characterized by requiring some sort of skill. Having concluded this, however, important issues remain concerning the reasons why Poles do not attain ‘Danish conditions’ and why they are treated differently in different sectors.

**Explaining the poor wage and working conditions of the Poles**

These findings question the enduring legitimacy and functionality of the Danish model, as they show that the Poles are poorly integrated into the Danish model
and that they suffer from worse wages and working conditions than Danes in general. However, in the public debate another defense for the Danish model is often offered. The model, it is argued, has a built-in flexibility that allows for individual qualifications and characteristics to matter.

Accordingly, the poor working conditions could be ascribed to Poles not being as qualified as Danes. Yet it remains to be examined whether individual differences between Poles and Danes, for example in terms of skills, can actually explain the precarious positions of the migrant workers. Furthermore, the differences found in conditions within different job types held by the Polish migrants could indicate that more subtle institutional mechanisms connected to sector-specific differences might be at play. Thus, in the following two sections we adopt the two different strands of segmentation theory presented earlier in order to determine which factors might offer the better explanation for the positioning of the Poles in the Danish labour market. We begin by analysing the ‘individual’ characteristics of the Poles by examining six specific factors often mentioned in the segmentation literature, including migrant status, gender, age, seniority, formal education and other skills including language proficiency.

Afterwards, we turn to the institutional factors of the Danish model and consider the impact of the collective agreement coverage, the presence of a shop steward at the workplace and the local wage formation.

**Individual characteristics as explanatory factors**

In the spirit of the segmentation theoretical approaches focusing on individual characteristics, there are a number of factors we might expect would be of importance in explaining the position of Poles in the Danish labour market. The most obvious factor is of course that the Poles are migrants and might face discrimination because of this. We are quite sure that there is some truth to this explanation, but there are two problems. First, simply explaining away the poor working conditions of migrants by the fact that they are migrants does not make us any wiser. We need to elaborate on the processes of discrimination and institutional settings conditioning them. Second, as we can see from the data, discrimination is not experienced equally among the group of Poles; instead, it depends on the type of job they hold – a fact that further adds to the reasoning that we must go beyond the category of ‘migrant’ in looking for an explanation.

Turning towards gender, we do actually see a very distinct segregation in the employment patterns of the Poles. The men typically work in construction and factories, while the women clean and do kitchen work. This resembles the Danish gender segregation in the labour market, and as women are not overrepresented among the Poles, gender cannot explain the differences in wages and working conditions found between Danes and Poles.

Another explanation could be age and lack of seniority. Poles in the Danish labour market are generally relatively young compared with both their homeland workforce and the Danish workforce, most of them being under 30 years of
age. One argument could be that if the Poles had been a little older and had a little more experience, they might have had better wages as employers would appreciate both general working experience and skills learned on the job. But age does not seem to be a good explanation either, as the Poles under age 30 on average earn exactly the same as Poles of 30 years or older.

A third individual factor could be education. Thus it is possible that the Poles might simply be less educated than the Danes, and that this is reflected in their lower wages. This argument is often advanced in the public debate on the issue, and arguments about ‘human capital’ in the academic literature lend support to this assumption. Looking at the general level of education, however, this does not seem to be a very good explanation, either. First of all, the Poles in the survey are fairly well educated. As a group, they are actually better educated than the general population in both Poland and Denmark. As such, low levels of education cannot explain the wage differences between Danish and Polish workers. Rather, the figures indicate that many Poles are overqualified for the jobs they hold. As already illustrated (Table 1, column 2) Poles are strongly overrepresented in jobs that, for the most part, require limited skills. In that sense, it is more a mismatch between job requirements and formal qualifications than a lack of qualifications that plays a role in relation to the working Poles.

For the Danes and Poles in the survey alike, there is a clear correlation between education level and wages; the higher the level of education, the higher the wages. However, the increases are lower for the Poles, and the difference in wage levels between Poles and Danes therefore increases with the educational level. Danes with only primary school education earn on average 28% more than the Poles with only primary school education. By comparison, Danes with a higher education earn on average 42% more than the Poles with a similar educational level. Thus, the more skills the Polish workers have, the more their skills are in danger of not being recognized and awarded by employers.

This leads to another argument often proposed by ‘human capital’ theories in relation to migration – that it is not so much the level of education or length of experience but rather the content of the skills and experiences. We do not doubt that this is true, as we see evidence of skills and education simply not being matched to or used in the specific jobs. However, there are two things to note about this argument. First, although ‘human capital’ theory often focuses on explaining wage differences with reference to individual characteristics, the non-use of education and skills can hardly be seen as an individual matter. Second, while this explanation surely holds some truth about the wage differences, it has trouble accounting for the variations we observe in the data. Thus, the Poles working in construction have the highest degree of skills match; some have education credentials, others have experience, and many have both with regard to construction work (which is seldom the case for the other groups). Nonetheless, the Poles working in construction are at the same time among
those being paid lowest compared to their Danish colleagues (see Table 1, column 3).

A more specific issue with regard to skills is the lack of language proficiency. Being unable to speak Danish is clearly a disadvantage and can be seen by employers as a problem requiring lower wages. In interviews, some employers have indicated that they do reduce the wages of their Polish employees to cover costs related to translation and interpretation. Others use it as an incentive for their Polish employees, arguing that they will receive higher wages when they have learned Danish (Arnholtz Hansen and Andersen, 2008). The survey data show that Poles speaking Danish or even English obtain higher wages than Poles speaking only Polish. Those speaking Danish earn 2.2 euro more per hour than those speaking only Polish. So this particular skill does seem to matter. Nonetheless, the wage differences between those who can and cannot speak Danish are not large enough to be able to explain the overall difference between Danes and Poles. While language may affect the Poles’ position in the labour market – both by making them more effective workers and by enabling them to find better jobs – it cannot be seen as the explanation.

In sum, the individual factors do not seem to provide particularly good explanations for why the Poles are receiving wages and enduring working conditions far below the levels of their Danish counterparts. The individual factors might provide some part of the explanation between different groups among the Polish workers, but they can hardly explain why Poles are not enjoying ‘Danish conditions’.

Labour market institutions as explanatory factors

As an alternative to the individual characteristics, this section adopts an institutional approach. Testing whether institutional factors related to the Danish model can help explain why Poles suffer poorer conditions than Danish workers. Similar to the section above, we include three different factors: the collective agreement coverage, room for local wage formation and the presence of a shop steward in the workplace. It should be noted that we have chosen not to include union membership as an explanatory factor, as very few Poles in Denmark actually hold such membership. Furthermore, it should be noted that this analysis is a bit more complicated to perform, as institutional factors are not recorded on an individual basis. As such, our data cannot distinguish the wages of Danes covered by a collective agreement from those not covered. We must therefore start by looking at the Poles alone and evaluate if institutions seem to provide plausible explanations.

With regard to coverage by collective agreement, we find a wage difference of 12% between Poles covered by a collective agreement and Poles without such coverage. Thus, whether the Poles are covered by a collective agreement or not has a significant impact on how much they earn. It also affects how frequently they deviate from a 37-hour work week. Only 8% of the Poles covered
by a collective agreement work more than 48 hours/week, while this is the case for 20% of those not covered.

Thus, collective agreements seem to improve some aspects of the wages and working conditions of the Poles, even though most are not trade union members. However, we should recall that this conclusion is limited by the fact that only half of the Poles actually know if they are covered. It is also interesting to note that even the Poles not covered have an average wage that is fairly equal to the minimum wage of most collective agreements. While collective agreement coverage seems to improve the terms of the Poles covered, the mere existence of collective agreements in the labour market also seems to set a certain standard for uncovered Poles.

We are able to edge closer to an explanation for the wage differences when turning to the opportunity for local wage formation. In Table 2, the wage differential between the Poles and Danes in certain occupations relates to the span between the collectively agreed minimum wage and the average wage for Danes in the specific type of job. There is a clear correlation between the two columns. The largest wage differentials between Poles and Danes are found among those working within construction and in ‘other jobs’, which are the job types with the largest variation between minimum and average wages. This indicates that the variation in the wage gap between Poles and Danes across job types depends somewhat on whether the wages are negotiated at the local level. While collective agreement coverage generally promotes better wages, the flexibility of the bargaining system in some sectors results in significantly lower wages for the Poles.

Table 2. Wage differences between Poles and Danes across job types, and differences between collective minimum wage and average among Danes.

<table>
<thead>
<tr>
<th>Job Type</th>
<th>Wage differences between Poles and Danes</th>
<th>Difference between collective minimum wage and average wage among Danes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning, kitchen help and laundry work</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>Newspaper delivery</td>
<td>5%</td>
<td>23%</td>
</tr>
<tr>
<td>Manual factory and storage work</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>Construction</td>
<td>31%</td>
<td>35%</td>
</tr>
<tr>
<td>Other work</td>
<td>34%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: Data from the PC survey, Statistics Denmark and relevant sector collective agreements.
Table 3. Presence of a shop steward in the workplace seen in relation to Poles’ assessment of their experiences in terms of working time and the psychosocial working environment.a

<table>
<thead>
<tr>
<th></th>
<th>Shop steward in the workplace</th>
<th>No shop steward in the workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 48-hour week</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Unable to use qualifications</td>
<td>74%</td>
<td>60%</td>
</tr>
<tr>
<td>Rarely take initiative at work</td>
<td>42%</td>
<td>27%</td>
</tr>
<tr>
<td>Lack influence on work tasks</td>
<td>64%</td>
<td>39%</td>
</tr>
<tr>
<td>The workload is unfairly distributed</td>
<td>33%</td>
<td>23%</td>
</tr>
</tbody>
</table>

aThe percentages indicate the size of the group of Poles who have confirmed to have had the experience at least once.
Source: Data from the PC survey

As local wage bargaining becomes central, the importance of shop stewards and other forms of union representation at the workplace level increases. Results from the PC survey show that for the covered, non-covered and Poles that do not know if they are covered, the mere presence of shop stewards has a significant positive effect on wage and the effect increases if the Polish worker has actually spoken with the shop steward. The same goes for working hours, where the percentage of Poles working more than 48 hours/week is reduced from 20 to 13% if a shop steward is present. This seems to confirm the importance of the local level of bargaining, and the sector differences thus become highly significant at this level.

However, wages and working hours are not the sole indicators of working conditions. With regard to the working environment, shop stewards have an unexpected influence. Whereas collective agreements have no influence on these matters, the Poles’ assessment of their opportunity to use their skills, take initiative, have influence on their work and the fairness of the distribution of labour all become significantly more negative when a shop steward is present (Table 3).

This might partly be due to union representatives primarily focusing on the most basic employee entitlements, such as wages, working hours and the physical work environment, whereas they focus less on issues regarding the use of skills and a fair distribution of tasks. Another possibility is that the Poles and their employers are better able to find agreement concerning these issues – perhaps at the expense of wages and atypical working weeks – without the involvement of a trade union representative who is unable or unwilling to compromise on the collective agreement. A third explanation could be that shop stewards and employers find a tacit compromise that makes the Poles do the ‘dirty work’ while ensuring that their presence does not pressure the wages and working conditions of native Danes – who are the core trade union members. A fourth explanation might be that the negative assessment of the working envi-
The implication of a sector-institutional approach to understanding segmentation and the challenge to national labour markets

The segmentation approach takes the dissimilar wages and working conditions between different groups in the labour market as its topic of interest and explanatory problem. In this manner, it relates to classical questions of discrimination and exploitation, taking, in a sense, the perspective of the migrant workers and asking: Are there ‘good’ reasons for them being underpaid or is a more subtle mechanism at play? From this perspective, our analysis suggests that sector-specific institutions and the local regulative processes play an important role in accounting for the poor wages and working conditions of a major group of Eastern European migrant workers. Accordingly, we agree that a better understanding of the conditions of migrant workers requires more ‘fine-grained, intensive studies of wage-setting processes among employers of migrant labour’ (McGovern, 2007: 230). However, we add that these employers act within country- and sectorspecific settings that need to be taken into account. Furthermore, we argue that taking the perspective of the migrant workers themselves more into account is of great importance. Especially for understanding the processes of local bargaining and restructuring, migrant workers must be regarded as active agents with their own strategies.

Our data show that the vast majority of Poles are actually quite satisfied with the conditions they are offered in Denmark. Moreover, the data also indicate that a deliberate trade-off is being made by the Poles: while they obtain higher wages travelling abroad, they are less likely to be able to use their skills. Here, it is noteworthy that Poles in construction form the group most likely to apply their skills. Consequently, this is the job category with the best ‘job satisfaction’ compared to Poles in any other industry when measured on psychosocial parameters such as development opportunities and influence on work processes. However, this goes hand in hand with the construction workers being discrimi-
nated the most compared to their Danish counterparts. Finally, it should be added that almost half of the Poles have worked in a foreign country before coming to Denmark. As such, they seem willing to provide the flexibility employers want to utilize in restructuring efforts. However, an open question remains of whether this is only considered acceptable in the short run, but might prove to be more problematic in the longer run if short-term stays convert into long-term settlement.

This raises the question of the potential for ‘social dumping’ created by the presence of this new group of migrant workers. This question fundamentally shifts the perspective from that of the migrant worker to that of the native worker. But while the aim of our analysis has not been to evaluate this issue, we feel that our findings have something to add to this debate. One of the most clear statements was made by Lillie (2010), who suggested that employers can use migrant workers strategically to circumvent national class compromises without fundamentally challenging them (either by local restructuring or by using posted workers). While we agree that such strategies are possible, we would argue that the wider implications for the national labour market are not easily deducible. On one hand, the local bargaining flexibility found in some sectors opens room for discrimination that may shield native workers from pressure caused by foreign labour. On the other hand, it is certainly possible that the access to relatively cheap labour in large volumes can affect the native workers’ wages and working conditions in the long term. This will depend on both the broader socioeconomic development (Krings et al., 2011) and relations between employers and workers in the labour market. More specifically, the findings of this article could be used to emphasize that in order to better understand how the presence of Eastern European migrant workers may affect labour market institutions we need to take account of the specific ways these institutions function in relation to these migrants. Assuming that migrant workers will have the same impact in all countries and sectors may make us miss crucial differences (Locke and Thelem, 1995). Thus, the presence of low paid migrants may have few effects on institutions in some sectors, but have a disruptive effect in institutions in other sectors. And both scenarios pose different challenges for labour market institutions and the actors that try to uphold them.

Conclusions

This article asked the question why East European labour migrants come to suffer poor working conditions upon entering West European labour markets. Comparing the working conditions of Polish migrants in Denmark with those of the Danish workforce, the article suggests that the differences in working conditions can mainly be ascribed to the sector-institutional context at local level.

Thus, the significant differences in wages and working conditions found between Poles and Danes are patterned according to job types which are regulated
by different sector collective agreements. While these set minimum standards, collective agreements in some sectors also leave room for significant differences and discrimination. For instance, the more the collective bargaining system and the local negotiating structure allow for differentiation between minimum and average wages, the greater the wage gap between Danes and Poles within jobs. Similarly, concerning the work environment where physical safety is rigorously regulated by law, Poles are offered significantly poorer conditions in terms of less regulated psychosocial working conditions.

In order to understand the labour market situation of Eastern European workers and its effect on national labour market institutions, the findings in this article have demonstrated the fruitfulness of adopting a segmentation theoretical approach while also suggesting amendments in terms of a stronger focus on sector-institutional factors regulating wage formation and working conditions for future studies.

However, the empirical evidence also suggested that the migrants themselves might strategically chose to make trade-offs between obtaining better wages abroad at the expense of using their qualifications. Though this might primarily be a short-term strategy holding significant risk in the longer run, it could also hold consequences for the migrants’ own preparedness to organize and make demands for better conditions. Conclusively, this finding emphasizes the need for including migrant workers as active agents with their own strategies in future studies if we are to better understand the processes of local bargaining and restructuring.

Finally, the article raised the question of the potential for ‘social dumping’ created by the presence of the East European migrant workers. In relation to the Danish model of labour regulation the actual challenge to the legitimacy and functionality continues to be unresolved. Data show that the Poles are poorly integrated into the Danish model in terms of organization and to some degree also in terms of less coverage by collective agreement. Yet, the variation between job types in terms of wages and working conditions indicates that some sectors, such as construction, are more challenged than others.

**Acknowledgements**

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**Notes**

1. Almost all Poles work in the private sector, hence the comparison with Danes in the private sector.
2. It should be noted that the seemingly high Danish wage levels can partly be explained by the Danish welfare system, where employers make almost no contribution to social security. Instead, social security is financed through high income taxes, resulting in significant differences between before- and after-tax wage levels.

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