



The politics of pro-outsider labour market reforms: a configurational study

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Abstract

Over the past decades, the level of regulation of fixed-term contracts has been in flux. Many reforms deregulating these contracts were followed by a regulatory counter-trend, a puzzling finding considering influential theoretical expectations like the ones developed by the dualization and liberalization literatures. This paper draws on the comparative employment relations and comparative political economy literatures to identify the drivers of pro-outsider reforms. Furthermore, it develops an innovative argument claiming that governments may rely on support from a ‘domestic coalition’ including workers in permanent contracts, *or* they can leverage the European link to support their intention of conducting a pro-outsider reform. Each of these paths relies on the assemblage of distinct pro-reform coalitions of policy actors. To test our argument, the paper uses fsQCA. We compare 38 reforms enacted in 16 European countries between 1985–2019. After the fsQCA analysis, we conduct a qualitative discussion of the different paths.

Keywords Comparative political economy · Employment protection legislation · Dualization · Fixed-term contracts · Solidarity · fsQCA

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Introduction

Over the past three decades, the level of regulation of fixed-term contracts (FTCs) has been in flux across European countries (Eichhorst and Marx 2021; Marques and Fonseca 2022). Between 1985 and 2019, 38 legislative reforms were enacted to change the regulation of FTCs, 22 of which reduced and 16 increased the level of regulation. This relatively high number of reforms increasing regulation is particularly interesting because influential research agendas like the dualization and liberalization literatures mainly study the drivers of deregulation and are therefore less attentive to reforms that go in the opposite direction (Rueda 2005; Streeck 2009; Palier and Thelen 2010).

This paper aims to fill this gap in the literature by asking: under what conditions do governments enact legislative reforms that further the regulation of FTCs? The level of regulation of these contracts is of paramount importance for the debate on labour market segmentation because their deregulation led to the expansion of atypical employment in many countries and thus to growing labour market divides between insiders and outsiders.

In the field of comparative political economy, the dualization and liberalization literatures study the drivers of deregulation. As for the drivers of increasing regulation, a prominent role is played by both the comparative employment relations literature, which studies the unions' strategies towards outsiders (Doellgast et al. 2018), and the recent literature in comparative political economy highlighting the centre-left's growing concern about the labour market position of outsiders (Iversen and Soskice 2015; Schwander 2019). This paper draws on these different literatures to identify the drivers of further FTC regulation.

The paper develops and tests an innovative argument which claims that there are two main ways of ensuring political resources in support of legislative reforms that increase the regulation of FTCs: either securing a broad 'domestic coalition' that must include workers in permanent contracts *or* leveraging the European connection in terms of legal, material, and cognitive resources. Given that outsiders are in the minority in all countries, pro-outsider reforms can hardly antagonize the majority of workers in permanent contracts by *simultaneously* deregulating the latter's position. The prospects for inclusive reforms are greater if job security for open-ended contracts (OECs) is not downgraded. The European link can work directly through European primary law, Directives and Regulations for example, or indirectly by forcing adaptive responses from the regulatory determinants of economic competitiveness. The leverage of the European connection is greatest when there is a regulatory gap between the lower national level and the higher international standard of employment protection legislation (EPL). In sum, we argue that the re-regulation of FTCs occurs when the regulation of OECs is not reduced, *or* the national level of regulation of FTCs is below the international standards.

To test our argument and the expectations drawn from the literature review, we use a configurational method, Fuzzy Set Qualitative Comparative Analysis (fsQCA), which allows us to look for the presence of combinations of factors leading to pro-outsider reforms. The paper studies all employment protection reforms that lead



to a change in the level of FTC regulation (the most representative type of atypical contract) using the OECD employment protection legislation database (OECD 2020). We analyse 38 legislative reforms enacted in 16 countries. Furthermore, as explained in detail in the ‘methods and data’ section, eight conditions are included in the analysis. The fsQCA analysis is followed by a qualitative discussion of the different paths.

The paper starts by reviewing the key literature on this topic before developing several theoretical expectations about the key drivers. The third section outlines a new argument and proposes the main hypothesis of this paper. The data and methods are then presented in section four. The next sections set out and discuss the results, and the final section concludes.

The drivers of increasing regulation of fixed-term contracts: a review

The literature explaining the drivers of further regulation of FTCs can be divided into two strands: one focused on explaining unions’ strategies on outsiders and the other on political parties’ strategies for this group.

A growing body of literature has recently emerged to explain reforms that increase the regulation of atypical contracts and the pro-outsider approach of some unions. An important strand is the comparative employment relations literature on solidarity (Doellgast et al 2018). Three points are stressed: the unions’ strategic orientation affects their position on outsiders (Benassi and Vlandas 2016; Dorigatti 2017); allowing the expansion of atypical employment negatively affects insiders (Baccaro and Benassi 2017; Eichhorst and Marx 2021); and unions are more concerned about the outsiders’ position when the latter is a significant part of their constituency, that is, when labour constituencies outside the ‘industrial core’, such as salaried employees, women, private sector low-skilled workers and atypical workers, are organized and represented by the trade union (Mosimann and Pontusson 2017; Thelen 2014).

We draw on the second point on interdependencies to explain the conditions facilitating pro-outsider reforms. Simply put, the spread of atypical employment through two-tier labour market reforms puts pressure on insiders. On the one hand, Baccaro and Benassi (2017) showed that the growing number of atypical contracts is not limited to the service sectors; indeed, such contracts are increasingly used in the industrial sector. Moreover, a high share of atypical contracts weakens unions because outsiders are much more difficult to unionize; finally, it also lessens labour’s bargaining power because the insiders’ bargaining power is undermined when a large number of workers are willing to accept low wages (Dorigatti 2017; Eichhorst and Marx 2011). In sum, the rapid growth of atypical employment affects insiders because their labour market position deteriorates when a lot of jobseekers are willing to work for low wages and poorer working conditions (low-cost competition) or when faced with the prospect of liberalization across the board, reducing their level of ‘insiderness’ through increased employment vulnerability (downward regulatory adjustment).



In comparative political economy, scholars have also documented changes in the position of political parties, with a special focus on centre-left, social-democratic parties. These parties are more likely to enact inclusive reforms in the following circumstances. In proportional electoral systems, especially when facing a strong right-wing opposition, because governments are often party coalitions including the left (Iversen and Soskice 2015). With weak governments, namely ideologically united minority coalitions and ideologically divided majority coalitions. According to Rathgeb (2018: 25–27), these governments have incentives to negotiate their policies with trade unions to gain social support. This is because ideologically united minority coalitions have a weak capacity to pass their preferred policies in parliament, and ideologically divided majority coalitions have a weak capacity to formulate a common reform agenda. According to Rathgeb's argument, unions are pro-outsiders but it is only when governments are weak that they have the capacity to influence the direction of reforms. Finally, the electoral importance of outsiders rises when their number increases in the labour market, thus triggering a change in centre-left parties' strategic political calculus (Schwander 2019). Burgisser and Kurer (2021) agree with this latter point but argue that this is not sufficient for centre-left parties to pass pro-outsider reforms. In their view, this needs to be combined with two other conditions: outsiders' participation rates need to be high and there must be a strong probability that outsiders will vote for the centre-left.

The increasing electoral relevance of outsiders presents the centre-left parties with realignment challenges. If their focus remains solely on insiders, as per Rueda's dualization perspective, radical left political parties may attract this electorate. In the words of Picot and Menéndez, '[i]n Spain, the incidence of temporary employment was so high that the PSOE had little choice but to make it a core issue' (Picot and Menéndez, 2019: 16). Indeed, the centre-left was obviously worried by the challenge from radical and left-libertarian parties which rose in national elections in some countries due to the articulation of these workers' interests (Hall 2007). This clearly happened in Southern Europe during the austerity years, with PODEMOS in Spain, Left Block in Portugal, and SYRIZA in Greece. Not surprisingly, this made some centrist parties increase the regulation of outsiders as in the 2019 reform in Portugal (Marques and Fonseca 2022). On the other hand, a few populist parties have also tried to gain the support of these workers. For example, when Italy's Five Star Movement formed a coalition with the LEGA NORD, it passed a law substantially increasing the regulation of atypical employment (Eichhorst and Marx 2021).

In addition to the factors mentioned in the scope of these two strands of literature, the literature studying the drivers of deregulation frequently notes that bad economic conditions tend to foster the adoption of reforms liberalizing EPL. This is because neoliberal ideas have greatly influenced policymakers over the past decades. Faced with negative economic conditions of high unemployment and low GDP growth, governments tended to deregulate FTCs (Simoni and Vlandas 2021). Ever since the turn to the neoclassic economic paradigm in the late 1970s, governments have heeded experts' advice to liberalize the labour market when faced with bouts of unemployment and poor economic growth (Howell 2005). This policy assumes that high unemployment results from a set of rigid institutions which hinder the efficient working of market mechanisms (Lindbeck 1994). Cross-pressured by economic



globalization and European integration, neoliberal state regulatory action has shifted since the 1990s from a mostly protective stance to being the enforcer of liberalization, greatly influencing parties and cabinets from both centre-right and centre-left ideological hues. In our view, the opposite circumstances—that is, the occurrence of favourable economic conditions—can foster the adoption of pro-outsider reforms since governments will be less afraid of adverse effects on economic growth or job creation.

Based on the literature review conducted in this section, we put forward four theoretical expectations to be tested in the empirical part of the paper.¹

1. *Macroeconomic context.* We expect favourable economic conditions (growth) and labour market performance (low unemployment) to facilitate the re-regulation of FTCs. In conjunction with other conditions, this is a facilitating factor because governments will be more willing to enact legal changes improving the position of outsiders if they are less afraid of adverse effects on economic growth or job creation.
2. *Interdependence and outsiders' electoral importance.* We expect that, in conjunction with other conditions, the greater the share of FTCs in the workforce, the greater the interdependence will be between insiders and outsiders (Eichhorst and Marx 2011) which, in turn, makes inclusive reforms more feasible because they tend to be favoured by insiders. The same logic applies to their electoral importance (Schwander 2019; Burgisser and Kurer 2021); the greater the share of FTCs, the greater their electoral importance, and thus, political parties tend to be more concerned about the labour market position of outsiders.
3. *Weak government.* In line with Rathgeb's argument (Rathgeb 2018), we conjecture that, in conjunction with other conditions, weak governments—'ideologically united minority coalitions' and 'ideologically divided majority coalitions'—are more prone to conduct pro-outsider policies because they have incentives to negotiate their policies with trade unions to gain social support.
4. *Union strength.* Building upon Thelen's insight that unions develop a solidaristic (Thelen 2014) pro-outsider approach when atypical workers are a sizeable part of their constituency, we conjecture that, in conjunction with other conditions, high union strength is conducive to legislative changes that improve the position of FTCs.

¹ No theoretical expectations are formulated on the type of electoral system because most cases in our sample are countries with proportional electoral systems (34 out of 38). There is not enough variation in our sample to test the importance of this factor.



How to secure political support: domestic coalition or European linkage?

The enactment of pro-outsider reforms, we argue, crucially depends on the capacity to build political support by securing a ‘domestic coalition’ that includes workers in OECs *or* by leveraging the European connection in terms of material, institutional and cognitive resources. After examining each of these dimensions, the section concludes with a synthesis of the main argument of this paper, which will be tested in the empirical part.

Securing domestic political support

We start with the observation that outsiders are a minority in the labour markets of all advanced industrial economies and similarly in the electoral arena. It is therefore critical to expand the political support base for reforms that improve their position.

In all the 38 instances of reforms in our dataset, the share of FTCs in the dependent workforce ranges from 0.8% (Denmark, 1985) to 29% (Spain, 1994). The picture stays the same if we consider only the 16 instances of reforms increasing regulation, from 1.3% (Ireland, 2003) to 29% (Spain, 1994). This observation also holds if we include part-time work, agency work, and bogus self-employment. In all situations, the share of workers with permanent contracts outnumbers that of workers with atypical contracts.

The social policy retrenchment and labour market dualization literatures have long underlined that governments face significant electoral costs when reducing insiders’ advantages, as policies (EPL) create their own constituencies (workers in permanent contracts) invested in keeping a comparatively favourable position (dualization) (Rueda 2005). This is why two-tier reforms that protect insiders whilst deregulating nonstandard employment have faced less, or muted, opposition over the last decades.

A straightforward political arithmetic ensues: the enactment of pro-outsider reforms is greatly eased if the large majority of dependent workers in permanent contracts are either co-opted or their potential opposition de-mobilized. Insiders and trade unions can be expected to oppose reforms improving the position of FTCs if these reforms are made at the expense of further deregulating open-ended contracts. This is especially the case when unions take a class struggle approach (countering any expansion of commodification through EPL deregulation) or when they adopt a pro-insider orientation (Hyman 2001; Marques and Salavisa 2017; Marques and Fonseca 2022). To reverse Pierson’s formula, reforms delivering concentrated benefits to a minority of outsiders are less likely if they impose costs on insiders (Pierson 2001).

In sum, reforms increasing the regulation of FTCs are more likely to occur when insiders maintain their status quo, that is, the EPL position of outsiders improves but that of insiders also improves or is kept at the same level. This ‘domestic reform coalition’ offering political support for inclusive reforms would encompass the



government and its partisan support, insiders, outsiders, and trade unions of all orientations.

Leveraging the European connection

The European Union (EU) plays a complex and substantial role when it comes to labour market policies due to the constraints inherent to distinct modes of European integration, namely transnational horizontal and vertical integration.

Transnational horizontal integration works via the interconnection of cross-border market relations. The free movement of goods, capital, services, and people triggers competitive pressures which are communicated via market signals, backed up by the threat of a loss of market share (Maccarrone et al. 2023). In the case of policy paradigms (e.g. social investment), issue framing (e.g. labour market segmentation) and the diffusion of ideas (e.g. flexicurity), voluntary cooperation via soft law mechanisms, such as the open method of coordination, historically was the dominant governance regime (Streeck 1995). Examples range from the European Employment Strategy (1997) to the European Pillar of Social Rights (2017).

Under the Economic and Monetary Union and the European Central Bank's restrictive policies, labour costs became a key adjustment variable for competitiveness as it was impossible to devalue national currencies, thus imposing a deflationary, downward pressure on wages and non-wage costs. Greater market integration furthered the commodification of labour by giving employers an advantage over unions in bargaining given that capital is better able to profit from the opportunities for transnational mobility than labour. The competition amongst national governments to attract foreign investment constrained public spending and provided incentives 'to shift the burden of taxation from capital to labour, [leading] governments and employers to press for labour flexibility' (Hooghe and Marks 2001: 170).

On the other hand, *vertical integration* denotes direct interventions by European supranational institutions. Constraints are transmitted through detailed policy prescriptions issued by a political authority, backed by the threat of sanction in case of non-compliance, such as legal action or stopping financial resources or funds. The mode of governance is hierarchical, fed by permanent governance cycles of comparative surveillance and reporting, deploying performance indicators to elicit national policy reforms.

The sovereign debt crisis triggered a change in the intensity and scope of vertical integration (de la Porte and Heins 2015; Theodoropoulou 2015; Jordan et al. 2021). It enhanced competitive pressures towards wage and labour market flexibility (Rathgeb and Tassinari 2022). An extreme governance regime was set up for countries in need of financial assistance, part of the European Stability Mechanism (hard law). In addition, the European Semester cycle was established, according to which country-specific recommendations combine the soft law of voluntary compliance with the hard law of penalized non-compliance in areas related to the Stability and Growth Pact. There is a hierarchy of constraints from the hardest (Memoranda of Understanding) to the softest (European Strategies) in line with the severity of sanctioning mechanisms.



Regarding labour market issues, European policy thinking argues that there is a causal link between the ‘rigidity’ of permanent contracts and the rise of labour market segmentation. The EU repeatedly claims that high job security for insiders causes ‘lethargic labour markets and precarious jobs’, making EPL reforms key for ‘reviving job creation in sclerotic labour markets whilst tackling segmentation and adjustment’ (European Commission 2012: 4). According to this view, strict dismissal constraints and/or overly flexible regimes for FTCs cause excessive use of temporary contracts and low transition rates to permanent contracts (Myant and Brandhuber 2017: 33). The OECD’s EPL Index became the EU’s ‘appropriate and accurate method’ to measure ‘the strictness of employment protection’ and advise countries on the direction of reforms. As a result, this indicator is widely accepted by ‘political and governing parties of the centre-left, centre and centre-right’ (Harcourt et al. 2021: 1213).

The prescription to tackle labour market segmentation has been to cut the regulatory gap between permanent and temporary contracts. This can be done by employing ‘flexicurity strategies’ including ‘a combination of flexible and reliable contractual arrangements and, if necessary, adapting the employment protection legislation’ (Council of European Union (EPSCC), 2011). In a Communication spelling out ‘common principles of flexicurity’, including four possible reform pathways and invoking the examples of Austria, Denmark, Netherlands, Spain and Ireland, the EC stated: ‘[w]hereas some workers experience high flexibility and low security, others are in contractual arrangements which discourage or delay transfers. This is particularly the case with strict employment protection legislation against economic dismissal. According to analytical evidence, strict EPL reduces the numbers of dismissals but decreases the entry rate from unemployment into work’ (European Commission, 2007: 6).

There are also attempts to improve outsiders’ labour market position through hard law, namely the Directives on part-time work (1997), fixed-term work (Council of the European Union, 1999) and on temporary agency work (2008). The 2019 directive on Transparent and Predictable Working conditions has also targeted atypical workers, requiring member states to take measures to prevent abusive labour market practices. This latter directive relies on the EU Court of Justice’s jurisprudence to extend protections to new categories of workers, such as ‘bogus self-employed’ (Huguenot-Noel and Corti, 2023). Finally, the *soft law* European Pillar of Social Rights promotes the same vision, stating that ‘employment relationships that lead to precarious working conditions shall be prevented, including by prohibiting abuse of atypical contracts’ (European Commission, 2017), and it has been strengthened by the 2022 directive on Adequate Minimum Wages and Support for National Collective Bargaining (Kilpatrick 2023).

The average value of the EPL index score for the OECD countries is the explicit standard for judging whether the national EPL index score is too high/low. This is so because this is the most sophisticated indicator measuring the strictness of employment protection, it provides data for all EU countries, and it also provides an average for the OECD countries. For instance, a macroeconomic imbalance procedure report for the Netherlands states: ‘[b]ased on the OECD’s Employment Protection Legislation indicators, there is a big difference in regulation between permanent



contracts and temporary contracts. [...] protection against individual dismissal is much greater than that of neighbouring countries and the OECD average (rated 2.84 versus 2.03 for the OECD average). By contrast, protection of employees on temporary contracts is weaker than that of neighbouring countries and the OECD average' (European Commission, 2016a: 47). A similar Portuguese report reads: '[a]lthough the OECD's EPL indicators suggest that Portugal's regulations on permanent contracts are still relatively restrictive, their stringency has been decreasing'. The reason is that the 2011 and 2012 reforms had cut the gap between the strictness of regulation for temporary and permanent contracts, thus helping to 'reduce labour market segmentation by making it easier to dismiss individual regular workers. A one-point decrease in the summary OECD EPL indicator for regular workers is estimated to translate into an aggregate yearly labour productivity growth effect of 0.14 percentage points' (European Commission, 2016b: 29, 40).

In sum, policy actors wishing to increase the regulation of FTCs may leverage the external dimension to secure support from EU institutions, actors and resources by leveraging the regulatory gap between the lower national level and the higher international level. Governments, outsiders and the EU, which form this 'reform coalition', can be sources of political support for inclusive reforms.

Taken as a whole, we argue that it is necessary to secure political support to pass pro-outsider reforms because outsiders are in the minority in all countries. Therefore, we argue that the non-deregulation of open-ended contracts OR FTC regulation below that of the OECD average is a necessary condition for the occurrence of reforms that increase the regulation of FTCs.

Method and data

We use fsQCA because it allows us to examine the combination of factors giving rise to reforms that further regulate the position of outsiders (Ragin 2008; Schneider and Wagemann 2012; Dusa 2019); this is important to identify the various circumstances leading to the adoption of pro-outsider reforms. In our view, the configurational nature of fsQCA is particularly useful to study our outcome because the adoption of labour market reforms frequently depends on a combination of different factors that do not work in isolation. Furthermore, fsQCA allows us to deal with a relatively high number of cases (38), which would have been difficult with a more traditional case study methodology. The analysis employs eight conditions chosen to cover the dimensions mentioned in sections two and three.

The direct method of calibration is used to calibrate the fuzzy set scores for the outcomes and the eight conditions (fuzzy set scores and the raw data are available in the online appendix) (Ragin 2008). In addition to theoretical knowledge, we used obvious value breaks between the cases to set three qualitative anchors and ensured that no cases were classified on the cross-over point. Table 1 summarizes the qualitative anchor points for both the outcomes and conditions. Finally, our sample includes all changes to FTC regulation from 1985 to 2019, a period characterized by many reforms to FTCs. Furthermore, this is the period which is available in the database we use. Therefore, we analyse as many reforms as possible. We limit our



Table 1 Qualitative anchor points for the calibration of fuzzy sets

Outcome/condition	Qualitative anchor points		
	Fully out	Crossover point	Fully in
Presence of reforms increasing the regulation of FTCs (INC)	−2	0	1.5
Higher level of FTC regulation than OECD average (D)	−1.9	0	2
High share of FTCs (T)	2	8	14
Presence of a center-left government (L)	7.5	5	3
Strong government (S)	0	50	100
High levels of unemployment (U)	4.4	8	15
High GDP growth (G)	0	2.5	5
EPL for open-ended contracts remains the same or increases (E)	−0.5	−0.05	0.1
High union strength (US)	500	2000	3500

analysis to EU countries. The UK was included because it still belonged to the EU in the period under study but Bulgaria, Cyprus, and Romania were excluded as no systematic data is available. Focusing on EU countries allows us to better understand the influence of external factors on the adoption of pro-outsider reforms, in this case the influence of EU institutions. These cases are therefore comparable. Before proceeding to the analysis of sufficient and necessary conditions, we briefly explain how the outcomes and conditions were calculated.

Outcome: presence of reforms increasing the regulation of FTCs (INC)

We identify reforms to the level of regulation of fixed-term employment using the OECD Employment Protection Legislation Database (OECD 2020), namely the indicators related with the extent of FTC regulation. This database assigns values between 0 and 6 to indicate the level of employment protection provided by each country's legislation. The higher the score, the more regulated the labour market. We looked for the years—for each country—in which there is a change in the FTC score following a relevant revision in employment protection legislation. The outcome is calculated using the difference between the score for this year and that of the previous year. When the difference between the two years is positive, there is an increase in the regulation of FTCs. Inversely, when the regulation of FTCs decreases, the outcome is negative.

Higher level of FTC regulation than the OECD average (D)

This condition expresses the difference between each country's level of FTC regulation and the OECD average for a given year, using the OECD EPL Database (OECD 2020). Values for this condition are positive if the national level of regulation is higher than the OECD average in the same year.



High share of FTCs (T)

Data for this condition are taken from the Eurostat ‘Temporary employees by sex, age and main reason’ dataset (Eurostat 2022). The share of fixed-term contracts corresponds to the workers *involuntarily* in temporary employment as a percentage of the total number of employees.

Presence of a centre-left government (L)

The political orientation of the government is based on data provided by the ParlGov database (Döring and Manow 2021). This database classifies parties using an ordinal scale from 0, the extreme left, to 10, the extreme right. Moreover, it provides data on electoral results and the composition of governments (single or multi-party governments). The score given to the political party that enacted the legislative reform is used to compute this condition. In cases of coalition governments, the score is estimated by calculating a weighted average of the punctuation of the parties in office, considering their respective share of votes.

Presence of a strong government (S)

According to Rathgeb (2018: 25–27), the strength of a government can be assessed by considering its vote share and partisan composition. More specifically, Rathgeb distinguishes between five types of government: single-party majority government; single-party minority government; ideologically united majority coalitions; ideologically united minority coalitions; and ideologically divided majority coalitions. Rathgeb argues that the first of these is the strongest possible formation in democratic political systems. The following two are also strong, but less so than the first type. The remaining two types are the weakest. Drawing on this work, we attributed the following scores to each type of government. Single-party majority governments enacting legislative reforms are coded 100, single-party minority governments and ideologically united majority coalitions are coded 75, and ideologically united minority coalitions and ideologically divided majority coalitions are coded 0. Each government was studied to determine the type of government.

High levels of unemployment (U)

The unemployment rate denotes the number of people unemployed as a percentage of the labour force. The data were obtained from the Eurostat ‘Labour force survey’ dataset and (Eurostat 2021), prior to 1995, from the OECD ‘Main Economic Indicators Database’ (OECD 2021a).



High GDP growth (G)

GDP growth is calculated as the rate of change in GDP (expenditure approach, constant prices, constant PPPs). Data from ‘OECD National Accounts Statistics’ are used (OECD 2021b).

EPL for open-ended contracts remains the same or increases (E)

Data for this condition are taken from the OECD Employment Protection Legislation Database (OECD 2020). For the years in which reforms to FTC regulation are enacted, the changes in regulation of OECs are calculated by computing the difference between the year of the reform and the next year. Positive values imply an increase in employment protection, negative values indicate deregulation.

High union strength (US)

We measure the strength of unions, or the influence of their power resources, by using the Simoni and Vlandas proxy indicator: the multiplication of union density by collective bargaining coverage (Simoni and Vlandas 2021). To calculate this condition, we use data from the ICTWSS database (Visser 2019).

Analysis of necessary and sufficient conditions

Following Schneider and Wagemann (2010), necessary and sufficient conditions are analysed in separate analytical steps, starting with the former. Whilst a condition is considered necessary (albeit not sufficient) if the outcome cannot occur in its absence, it is sufficient if the outcome always occurs when the condition is present.

Analysis of necessary conditions

Table 2 shows the results of the analysis of necessary conditions for the “presence of reforms increasing the regulation of FTCs”, namely the consistency,² coverage and relevance of necessity measures.³

Table 2 shows that a lower level of regulation of FTCs compared to the OECD average ($\sim D$) or stable/increasing EPL for open-ended contracts (E) is a necessary condition for the outcome “presence of reforms increasing the regulation of FTCs” (0.958). This supports our main argument.⁴

² Due to space restrictions in the article, we do not provide a definition for each fsQCA measure. The online appendix contains a glossary with that information.

³ In this analysis, we use the R Package “QCA” (Dusa, 2019).

⁴ There is one additional necessary condition ($\sim D + \sim US$). Notwithstanding, according to Schneider and Wagemann (2012, 74) “[...] by combining conditions via logical OR, unions of conditions can be created that can pass the test of necessity even if none of the single conditions are necessary for the outcome on their own. This strategy ought to be used with care [...]. [T]he important caveat is that this strategy



Table 2 Analysis of necessity

Condition	Reforms increasing regulation		
	Consistency	RoN	Coverage
~D	0.745	0.846	0.767
D	0.597	0.601	0.481
~T	0.699	0.584	0.526
T	0.564	0.806	0.639
~L	0.599	0.680	0.537
L	0.673	0.724	0.613
~S	0.509	0.833	0.641
S	0.710	0.528	0.500
~U	0.509	0.844	0.658
U	0.787	0.543	0.547
~G	0.671	0.669	0.568
G	0.620	0.742	0.601
~E	0.557	0.840	0.677
E	0.866	0.611	0.623
~US	0.889	0.588	0.620
US	0.401	0.792	0.516
~D+L ¹	0.926	0.575	0.629
~D+E	0.958	0.522	0.615
~D+~US	0.931	0.542	0.613
~E+~US ¹	0.942	0.527	0.611
~D+T+~U ¹	0.954	0.504	0.605
~D+T+~E ¹	0.938	0.519	0.605
~D+~U+~E ¹	0.904	0.606	0.637

Bold: Condition passes consistency threshold of 0.9

¹No necessary condition: at least one deviant case in kind. The online appendix contains information on this, namely XY plots which show the existence of deviant cases in kind

We tested for all possible supersets of INC. Only complex necessary conditions meeting the consistency and triviality criteria are listed in the table

The analysis of necessary conditions is graphically presented through XY plots, where the *x*-axis depicts the necessary condition, and the *y*-axis depicts the outcome. These plots show whether a specific condition is necessary and if there are any deviant cases. They also offer graphical insights on whether a necessary condition might be empirically trivial. For a condition to be necessary, all cases should be located

Footnote 4 (continued)

only makes sense if there are strong and plausible theoretical or substantive arguments to support the claim that the conditions combined by logical OR operate as *functional equivalents* [...] of some higher-order concept'. From our perspective, there is not a higher-order concept that can be used to justify the combination via logical OR of these two conditions.



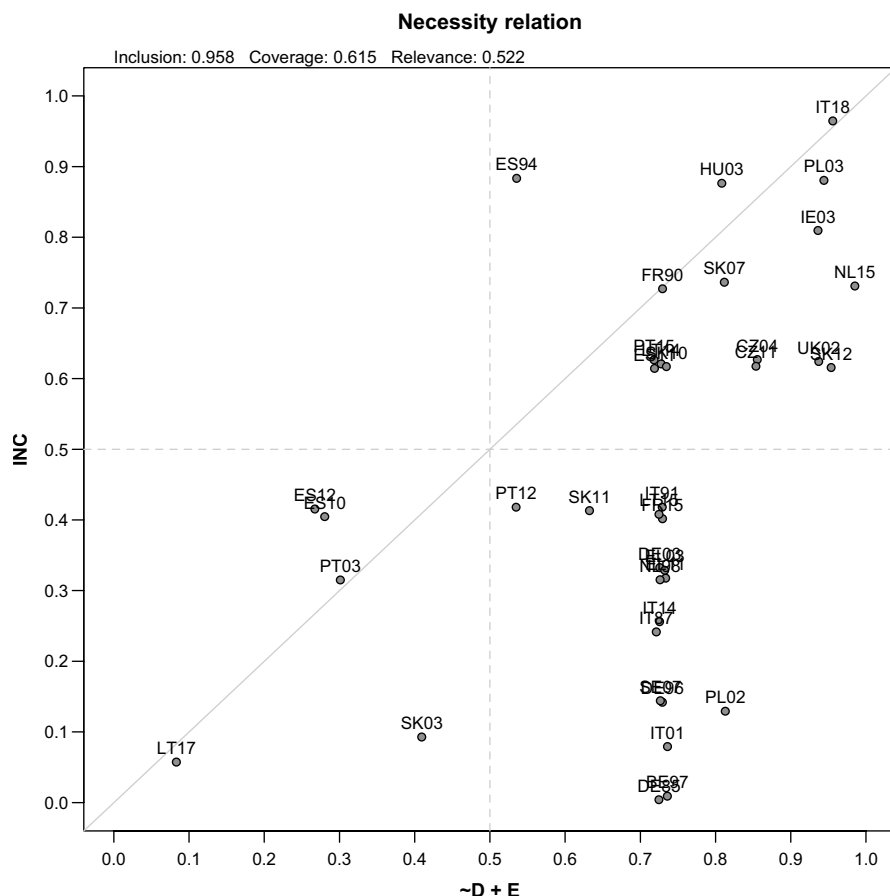


Fig. 1 Necessary conditions for the outcome “presence of reforms increasing the regulation of fixed-term contracts”

around or below the bisecting line (Ragin 2000; Schneider and Wagemann 2012). Figure 1 shows that only 6 cases (out of 38) are located above the diagonal for this condition. However, other cases are clearly below the diagonal. This means that whilst $\sim D + E$ is a necessary condition for the outcome INC, its presence is not a sufficient condition. This reveals the configurational nature of this process; to understand the occurrence of reforms that increase the regulation of FTCs, it is important to study how this complex necessary condition interacts with other conditions, something which is done in the next section.

Figure 1 also shows that there are no deviant cases in kind as all cases with the “presence of reforms increasing the regulation of FTCs” rank high on this complex necessary condition (a deviant case would be on the top left-hand side of this graph). In short, the analysis of necessary conditions supports our hypothesis: $\sim D + E$ is an important (coverage: 0.615 and RoN: 0.522) and consistently (0.958) necessary condition for the outcome.



Table 3 Sufficient conditions for the “presence of reforms increasing the regulation of FTCs”

Paths leading to the outcome	Consistency	PRI	Raw coverage	Unique coverage	Cases
1 $\sim D^*T$	0.888	0.672	0.417	0.076	<i>PT12</i> ; PT15; IT18; ES94; PL03
2 $\sim D^*\sim U$	0.840	0.659	0.416	0.107	CZ11; NL15; <i>NL98</i> , IE03; UK02; HU03
3 $T^*\sim L^*E^*\sim US$	0.950	0.740	0.305	0.057	PT15; ES11
4 $L^*G^*E^*\sim US$	0.911	0.780	0.429	0.114	HU03; SK07; CZ04; PL03; FR90; LT14

Cases separated by semicolons belong to different truth table rows. Items in italic indicate deviant case consistency in kind. We display the *parsimonious solution*. The complete solution term is as follows: $\sim D^*T + \sim D^*\sim U + T^*\sim L^*E^*\sim US + L^*G^*E^*\sim US$. The complex solution is available in the online appendix

Solution consistency, 0.842; Solution coverage, 0.805; Solution PRI, 0.681

Analysis of sufficient conditions

Table 3 (below) presents the paths leading to the “presence of reforms increasing the regulation of FTCs” (INC).⁵ It lists the cases explained by these solutions, the consistency, coverage, and PRI (proportional reduction in inconsistency) indicators for the single paths and the overall solution. Cases can display several paths. Below we discuss typical cases for each path.

The solution term for the outcome INC includes four paths, shows high consistency (0.842) and coverage (0.805), and explains 14 out of 16 cases in which the outcome occurs.

The **first path** covers cases combining a high share of temporary employment (T) and a comparatively low regulatory level ($\sim D$). A robust emerging interdependency between insiders and outsiders and the leverage of the European link from a lower regulatory position enabled pro-outsider reforms. We explore the Italian Dignity Decree (IT18), a case study that illustrates the combination of factors at work.

The **2018 Italian reform** is worth exploring not least because it triggered the largest regulation increase in our set of observations (IT18). As with other Mediterranean countries, labour market regulation in Italy was marked by strong statutory protection against dismissals. Since the 1990s, excessive ‘rigidity’ was seen to be an impediment to economic competitiveness, and flexibilization as key for combating unemployment and fostering economic growth. The so-called *Pacchetto Treu* (Law 196/1997) and the *Legge Biagi* (Law 30/2003) are held as examples of ‘flexibilization at the margins’: easing the use of nonstandard contracts whilst leaving OECs

⁵ Due to space restrictions, the truth table is not inserted in the main document. It is however available in the online appendix. We used a consistency threshold for sufficient conditions rows of 0.91 for the outcome INC. There are two reasons for this. First, following Schneider and Wagemann (2012, 127), values below 0.75 are considered problematic as they have consequences for the subsequent analysis; moreover, there are only two true logically contradictory cases (PT12 and NL98).



untouched, particularly protection against dismissal. The EPL indicator for FTCs decreased from 5.2 in 1985 to 2 in 2014, whilst remaining stable (at 2.7) for OECs. The rapid spread and limited social security coverage of FTCs led to a strong segmentation in working conditions and social protection between insiders and outsiders (Dorigatti and Pedersini 2021).

The Renzi government Jobs Act of 2015 followed in the path of the Fornero reform of 2012 in that flexibilization at the margins was replaced by a more straightforward across-the-board deregulation, albeit with a recalibration move on the social protection side. The Jobs Act introduced a type of permanent contract for new hires, “*contratto a tutele crescenti*”, which derogated from the obligation to reinstate workers in case of unlawful dismissal (scraping Art. 18 of the Workers’ Statute) and facilitated the use of temporary contracts by eliminating prior restrictions on their use: previously, no more than 20% of a firm’s workforce could be temporary. The EPL index for temporary contracts was further reduced to below the OECD average for the first time since 1987. The Jobs Act sought primarily to reduce unemployment, favouring employers’ reliance on OECs by cutting termination costs and facilitating downward wage adjustment. Second, a rising share of temporary workers under segmented working conditions and social protection led to the salience of the term precariousness in public debate and strongly affected electoral behaviour (Picot and Menéndez 2019). This helps explain why it combined flexibilization in EPL with improved social protection for outsiders (Picot and Tassinari 2017). Few of these goals were achieved. Temporary employment rose to 18.9% in 2018 (82% of which involuntary). Some have pointed out that decades of labour market flexibilization have produced negative economic consequences, contributing to a crisis of productivity, and pushing towards low-road competition strategies based on labour cost compression (Perez and Matsaganis 2019).

During the 2018 electoral campaign, the leader of the 5-Star Movement (M5S), Luigi Di Maio, promised to ‘Abolish the Jobs Act’. Ever since 2013, the M5S political manifesto had advocated increased protections for atypical workers, along with more traditional ‘passive’ and social consumption measures such as the basic minimum income. Once in office, the M5S sponsored the ‘Decreto Dignita’ (Decree-Law 87/2018, converted into Law 96/2018) restricting the scope of the Jobs Act. The Conte cabinet, with Di Maio as Minister of Economic Development, Labour and Social Policies, enacted Law 9/2018 with the support of the M5S and Lega in parliament. The maximum duration of FCTs was cut from 36 to 24 months, and the maximum number of extensions was reduced from 5 to 4. Furthermore, the following measures were included: renewals and contracts exceeding 12 months, including extensions, must specify the reasons for using a temporary contract; each renewal implies a 0.5% increase in social contributions; the total number of FTC and agency work cannot exceed 30% of permanent employees, unless otherwise stated in a collective agreement; and the use of vouchers for casual work was extended. Also, it raised the compensation for unjustified and economic dismissals in the case of OECs to a minimum of 6 salaries and a maximum of 36 (from 4 and 24) but kept the ‘increasing protections scheme’ based on seniority from the Jobs Act. However, the Constitutional Court vetoed this provision (26/9/2018). Compensation for unlawful dismissal has since been set by the Court (Nannicini et al. 2019). Relative to the



Jobs Act and the Fornero reform, the Dignity Decree went further in the re-regulation of FTCs than in reversing the deregulation of employment protections for OECs because it did not re-introduce mandatory reinstatement in the case of economic dismissals granted by Article 18 prior to 2012. The M5S and the Lega voted against an amendment requesting the reintroduction of Article 18 for all workers proposed by the radical left. This was mainly because Lega Norte was not willing to go against the interests of business owners and shopkeepers, who opposed the reintroduction of Article 18 (Afonso and Bulfone 2019).

The **second path** includes reforms regulating FTCs in a context of low unemployment ($\sim U$) and, once again, a comparatively low regulatory level ($\sim D$). The cases present very low levels of regulation prior to reforms and small increases thereafter. Along with positive macroeconomic conditions, the influence of EU institutions can be detected.

This was the case in the **United Kingdom** in 2002 (UK02) and **Ireland** the following year (IE03), subsequent to the 1999 European Council Directive on the framework agreement on fixed-term work. Labour markets were very flexible in both countries, with very limited employment protection for permanent workers and almost none for FTCs. The latter segment remained small, especially in a context of low unemployment and an expanding economy.

However, the EU agenda to fight discrimination against atypical workers via harmonization exerted pressure to regulate the temporary segment, which in many countries displayed worrying inequalities linked to market segmentation. The European Council issued three Directives on part-time work (1997), fixed-term work (1999) and, later, temporary agency work (2008). Directive 1999/70/EC sought to prevent fixed-term workers from being discriminated in employment conditions relative to comparable permanent workers and to prevent abuse of successive fixed-term contracts by regulating objective reasons justifying renewal. It also set a maximum number and maximum total duration for such contracts.

Against this backdrop, Tony Blair's New Labour government approved the Part-time Workers (Prevention of Less Favourable Treatment) Regulations in 2000 and, two years later, the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations (Koukiadaki 2010). These provisions limited the use of successive FTCs to 4 years, after which the contract must be made permanent. Not included in the Directive, they also prevented pay and pension discrimination against fixed-term employees. Despite this additional effort, the overall increase in the regulation of fixed-term workers was small, and the level of EPL remained one of the lowest in the EU.

The Irish reform occurred under the Protection of Employees (Fixed-Term Work) Act 2003 and had a similar scope. The aggregate duration of FTCs was limited to 4 years, and less favourable treatment was also prevented. In addition, valid cases for the use of FTCs explicitly exclude employees in vocational training or apprenticeship schemes. It is interesting that the Irish went further than the British reform, notably because Ireland was governed by a liberal right-wing coalition between Fianna Fáil and the Progressive Democrats with more ideological motivations to preserve labour market flexibility than UK's New Labour. This highlights the centrality of European integration for Ireland, widely invoked in



parliamentary debates. Christian Democrat MP John Perry stated: “[t]he area of employment law illustrates that membership of the EU has been positive for the country and employees. During the Nice treaty referendum campaign, we debated the difficulties of Europe. This important legislation is one of the benefits of membership”. In the same debate, Donie Cassidy (Fianna Fáil) stated the “entry to the European Union and subsequent entry to economic and monetary union has provided us with a marvelous opportunity. Nobody thought we would be in such an advantageous position as one of the best performers in the western world and one of the top countries in the EU” (Dáil Éireann debate 2003).

The **third path** refers to minor legislative revisions, triggering small increases in regulation, enacted by centre-right governments in Iberian countries towards the end of the Great Recession reform cycle. Let us turn to the **Portuguese case** (PT15) for a closer look.

The Portuguese labour market features a large temporary segment. The share of FTC employment rose from around 10% in the mid-1990s to 20% at the turn of the century, and to 23% on the eve of the Great Recession. In 2015, the temporary segment represented 18.2% of all dependent work. This was the result of the deregulation of fixed-term work in 2003 and then again in 2012. In 2003, a right-wing government passed a two-tier reform that extended the maximum number of contract renewals from 2 to 3 and the maximum duration from 3 to 6 years. In 2012, again a right-wing government enacted a broad liberalization of the labour market including the deregulation of permanent and FTCs, this time in the context of the sovereign debt crisis and bail-out adjustment programme. The 2012 reform (Law n° 3/2012) extended the duration of FTCs. According to this special regime, FTCs could be renewed two additional times, provided that: (i) the total duration of these 2 additional renewals did not exceed 18 months; (ii) each renewal would not last less than 1/6 of the maximum possible duration of the contract or of its effective duration, whichever was shorter, and (iii) these contracts would not be in force after 31 December 2014. This was a special regime because it was a temporary measure which would expire on 21/12/2014. The Portuguese 2015 case results from the expiry of the 2012 clause, thus triggering a return to the *status quo ante* and therefore to an improvement in the labour market position of outsiders. Unlike in 2012 when both insiders and outsiders were deregulated under the pressure of external conditionality, the outsiders improved their position in 2015. This change, which occurred after the end of the economic and financial adjustment programme in May 2014, was not accompanied by a deterioration in the labour market position of insiders.

In the **fourth path**, centre-left governments (L) increase regulation when there is high economic growth (G), and permanent contracts are not deregulated (E). This illustrates the argument that the regulation of FTCs is more likely with economic growth or low unemployment. Moreover, as in the third path above, an increase in protection occurs when unions are weak (~US), demonstrating that high union strength is not necessary for pro-outsider reforms if the government is willing to step up with statutory regulation. One important historical instance is the French reform in 1990 (FR90).



In **France**, the government vowed to enact “controls on temporary work agencies and employers recruiting workers on FTCs” and to improve the rights of temporary workers soon after Mitterrand was elected president in 1981. The 1982 reforms, aimed at preventing jobs being “undertaken in a permanent fashion by workers holding precarious contracts”, established a set of justifications for such hirings. Maximum duration was set at 6 months (*none* before). For the first time, FTCs carried a severance compensation equal to 5% of total gross earnings. This equalizing drive with OECs included paid holidays, right to training, sick leave, and accident compensation. The French Socialist Party (PSF) accepted a measure of deregulation in 1984 when the break-up of the coalition with the communists was followed by deteriorating socio-economic conditions. The ensuing modest deregulation relaxed the restrictive grounds for FTC hiring and increased the maximum duration only for the previously long-term unemployed (Marx 2012).

A right-wing government took office following the 1986 legislative elections and had a deregulatory agenda that included relaxing restrictions on nonstandard employment to counter unemployment (which had risen from 4% in 1977 to 9.5% in 1985) and sluggish economic growth. The 1986 reform scrapped the list of justifications for FTC hirings, extended maximum duration to 24 months, and removed some restrictions on dismissals, such as the ‘administrative pre-approval of dismissals’ for *both* permanent and temporary contracts. Consequently, job security declined for both.

This wide-ranging liberalization triggered a political backlash that allowed Mitterrand to win a second term as president and the PSF a (relative) majority in the 1988 elections. The government soon presented a reform in parliament aimed at again restricting the use of temporary contracts. The bill met fierce opposition from employers who insisted that social partners should negotiate the issue of temporary work, to which the government acquiesced. The bill passed on 12 July 1990 (*Loi n° 90-613 favorisant la stabilité de l’emploi par l’adaptation du régime des contrats précaires*). It sought to “*faire reculer la proportion d’emplois précaires en facilitant leur transformation en emplois stables*” (Article 1). Overall, the situations in which a company could use precarious contracts were again restricted, maximum duration was cut to 18 months (from 24), and the principle of equal pay between temporary and permanent workers was reinforced by extending the provisions for interim workers to fixed-term contracts (Vlandas 2013).

In the French case, partisanship matters in that all FTC regulatory reforms, except for the 1985 PSF turn-around, follow a left–right pattern. Furthermore, deregulation occurred when there was rising pressure from unemployment, whilst increases in regulation were implemented when socio-economic conditions eased (Marx 2012). For example, when the 1990 centre-left reform was implemented, labour market conditions had improved with unemployment falling from 8.9% in 1985 to 7.9% and, more importantly, more robust GDP growth from 1985 onwards.

The 1990 reform is also an instance of a centre-left government carefully enacting pro-outsider legislation but preserving insiders’ protection. Left-wing governments in France have repeatedly tightened EPL for temporary work to assuage the fears of politically powerful workers in permanent contracts who see their interests overlapping with the relatively powerless group of temporary workers (Vlandas



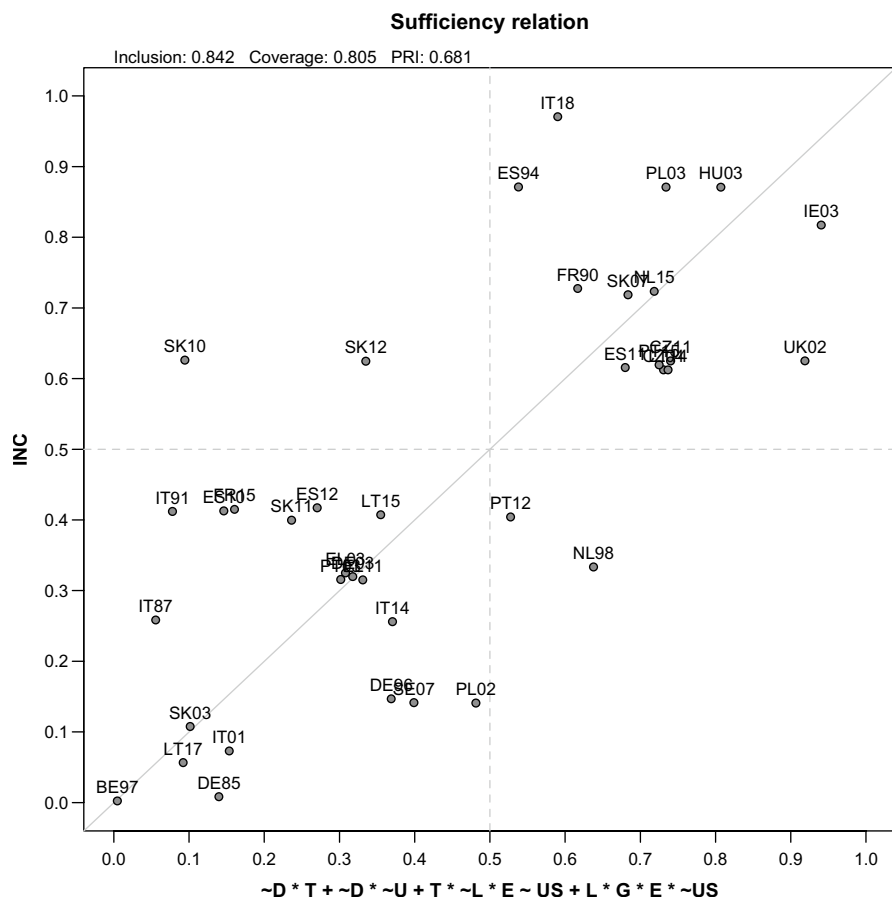


Fig. 2 Sufficient conditions for the outcome ‘presence of reforms increasing the regulation of fixed-term contracts’

2013). French trade unions developed an adversarial, ideological stance against liberalization. When temporary agency work was legalized in 1972 and the *Contrat à Durée Déterminée* (the main type of FTC) was first created in 1979 by right-wing governments, unions opposed the lowering of temporary work regulations on the grounds that it would undermine collective agreements and regulations on collective dismissals. Ever since, CGT and CFDT have opposed temporary employment and called for more regulations to prevent replaceability (Vlandas 2013).

France has a competitive pluralist labour movement in which historically divided unions have competed for membership and influence in employment relations institutions and politics; this movement has been hampered by low membership even though collective bargaining coverage is high due to government extensions. Despite this weakness, French unions can and do deploy their veto power through industrial protest and in the streets, seeking to influence policymaking. Therefore, the ‘strike farming’ approach of French unions implies that any reformist government must



“find ways to keep its plans alive through a barrage of strikes and demonstrations” (Ross 2004). Retaining insiders’ support for the pro-outsider reform coalition is key, as the 1990 reform illustrates.

Figure 2 presents the results graphically, showing whether the solution terms are sufficient and the presence of any deviant cases. For a condition to be sufficient, all cases should be located around or above the bisecting line (Ragin 2000; Schneider and Wagemann 2012). As seen in Fig. 2, there are only two deviant cases consistency in kind (PT12 and NL98). Regarding PT12, the centre-right government had been under external conditionality since 2011, thus explaining why this was not sufficient to bring about greater regulation of FTCs despite the comparatively low regulation and the high share of FTCs. Unemployment was growing at a rapid pace, and the government was pressured to increase labour market flexibility. This was particularly the case because the Portuguese Constitution makes it difficult to implement the deregulation of permanent contracts (Marques and Fonseca 2022). Regarding NL98, despite the relatively low regulation and low unemployment, the government passed a reform which eased restrictions on the renewal of FTCs. This should be understood in the light of the fact that several reforms had been implemented to deregulate the Dutch labour market since the late 1980s. In fact, unemployment decreased and employment rates increased throughout this period. For instance, the unemployment rate fell from 7.2 to 4.4% between 1995 and 1998. This reform must therefore be seen as a continuation of previous reforms that were producing good results in terms of job creation (Barrell and Genre, 1999).

As for the theoretical expectations laid out in sub-Sect. 2, our results point to the following conclusions. Expectation one is confirmed. There are several paths in which a favourable macroeconomic context is conducive to reforms that increase the regulation of FTCs. Expectation two is also confirmed in that a high share of atypical employment is part of two of the combinations leading to reforms that increase regulation. Expectation three is not confirmed because the weak governments condition does not appear in any path. Our fourth expectation is not confirmed because a strong union influence is never part of the combination of factors leading to increasing regulation. On the contrary, two paths occur in which this condition is absent.

Finally, two outliers (SK10; SK12) are not covered by any path. Notwithstanding, we claim that our model can explain reforms in most of the cases in which the outcome occurs and is therefore empirically relevant.

Conclusions

This paper analyses the drivers of further regulation of FTCs in EU countries by performing a fsQCA analysis of 38 legislative reforms to the regulation of FTCs. Our results point to the presence of one necessary condition for the occurrence of reforms that increase the regulation of FTCs, and several combinations of conditions leading to the outcome under study. Let us briefly sum up the main empirical findings.

We find that a low regulatory baseline relative to the international average ($\sim D$), or that simultaneously maintains or improves the position of open-ended contracts



(E), is a necessary condition for the occurrence of increases in regulation. This underlines the necessity, but not sufficiency, of amassing political support for inclusive reforms either by relying on a ‘domestic coalition’ including workers in permanent contracts *or* leveraging the European connection in terms of institutional resources.

We found four sufficient paths leading to the occurrence of reforms increasing the level of regulation of FTCs (INC). Regarding the occurrence of INC, our results show that various conditions mentioned in the literature play a significant role in explaining the occurrence of the outcome, namely the importance of the macroeconomic context and the occurrence of a high share of atypical employment. Notwithstanding, our study goes beyond the existing literature in several ways. The presence of several complex paths for the outcome shows the configurational nature of these processes. This paper also contributes by showing that different combinations of conditions lead to the same outcome (equifinality). On the other hand, our study reveals the relevance of two key conditions that were not previously explored in the literature on this subject, namely the complex necessary condition mentioned in the previous paragraph. In all sufficient paths identified in our study, $\sim D$ *or* E is included in the combinations of conditions leading to the outcome. Furthermore, it shows the circumstances in which each condition leads to the outcome. This is a crucial contribution of the paper because previous studies have not tested the importance of these factors to explain the occurrence of pro-outsider labour market reforms.

This study makes three additional contributions to the literature. First, unlike the conjecture of both the dualization and liberalization literatures, we show that EPL for FTCs is not as stable as predicted and, more importantly, that change does not take one single direction as there are almost as many reforms increasing regulation as there are liberalizations. This is in line with recent research that underlines the existence of many, and sometimes contradictory, reforms in this policy area (Eichhorst and Marx 2021). Second, we show the relevance of contextual factors or “windows of opportunity” in explaining government policies. That is, circumstances and conditions explain the direction of reforms more than the left or right political orientation. This finding speaks to an important controversy within the dualization literature, namely the strategies of centre-left parties (Son 2022). Whilst Rueda highlights their pro-insider inclination (Rueda 2005), others point to the fact that they tend to be pro-outsider (Emmenegger et al. 2012; Palier and Thelen 2010). According to our findings, centre-left (nine cases: CZ04, FR90, HU03, LT14, PL03, SK07, SK12, ES94 and UK02) and centre-right (six cases: CZ11, IE03, IT18, NL15, SK10 and ES11) governments further regulate FTCs. Third, we contribute to the literature on solidarity, which has been studying pro-outsider policies in recent years (Carver and Doellgast 2021; Doellgast et al 2018). We complement this literature’s focus on union strategies towards outsiders with an empirical study on the conditions for approval of legislative reforms.

The latter point deserves further elaboration and future research. Here, we argue that the alternative types of political conditions are rooted in different coalitions. Further research using documentary data and interviews with key actors could provide additional evidence on this. Process tracing methods could be very useful in this regard. The study of political coalitions supporting different kinds of solidarity is in



our view a very promising research agenda. Finally, regarding limitations, it should be noted that fsQCA is a qualitative method, not a statistical one. As explained by Berg-Schlösser et al. (2009: 12), ‘generalization is much more modest than statistical inference, which allows very broad generalizations’. Therefore, the analysis presented in this article refers to these cases and to this historical period.

Supplementary Information The online version contains supplementary material available at <https://doi.org/10.1057/s41295-024-00393-5>.

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