Labour markets

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Introduction

Sociological studies on labour markets seldom address them head on. Seminal studies in economic sociology have focused on the social outcomes of labour markets such as unemployment, job search, hiring or wage discrimination. This entry discusses the relevance of conceiving the labour markets through the lens of market sociology. Labour markets are commonly referred to in economic sociology but rarely defined. Standard labour economics models often appear as a starting point from which labour markets are considered an exception. Sociologists have drawn little from New Economic Sociology to study labour markets.

Concept

The general idea of a market, namely the exchange of something under the condition of competition, applies also to labour markets. Let us acknowledge from the start that there are many reasons to claim that labour markets are different from markets for goods. They are heavily regulated, the transactions—in this case contracting—are not repeated as often, it is location-based and hiring is typically a long-term engagement rather than a one-shot exchange. Also, perhaps most importantly, the object of trade is the labour power of human beings. For these reasons, labour markets are rightly seen as different from other markets and scholarship has largely evolved as a field on its own.

The sociology of markets is established on the premise that no market fits the textbook ideal, but rather they are always embedded and transactions always framed by social regulations and moral considerations. There is thus no reason to avoid conceiving of labour markets through this lens and consider them socially constructed, as any other market is. This entry is thus an invitation to build a sociology of labour markets. By studying the numerous efforts that are deployed to make the exchange of labour function like a market, such an approach would provide theoretical tools to understand their emergence, development and diversity.

There is no accepted definition of the labour market. For our purposes, we suggest applying the general definition of a market "as a social structure for the exchange of owners' rights, in which individuals or organizations compete with one another using offers" [1, 4]. This allows us to encompass a wide range of situations. For instance, a contemporary Western-centric lens might think of labour markets as institutions putting salaried workers in competition, with strict rules for hiring processes, anti-discrimination laws, stable, long-term em-

ployment and regulated wages. On such a market, candidates compete using resources such as their social capital or networks. But others might think of labour markets as a competition for the provision of services. On these markets, self-employed workers compete for the attribution of tasks, such as cleaning services, graphic design or temporary employees, and increasingly a wide variety of platform-based gigs such as food deliveries, rides or microtasks. The rules on these labour markets are set by organisers, such as agencies or platforms. Still, others might point out that labour markets are also operating informally. Drug sellers or illegal construction workers are engaged in a labour market. Even though they are not subjected to legally binding labour contracts, they operate on a market that functions with rules, enforced by some other forms of coercion.

What then makes all these labour markets? Following our definition, it is the consensual exchange of labour power and the competition among workers. It thus excludes work that is non-consensual such as trafficking or slavery as well as work that is not compensated such as free domestic labour or volunteering work. In other words, a market presumes some autonomy, control and choice of both sellers and buyers. As we will discuss in more detail below, organising a market for labour requires some extra effort as the thing exchanged—labour power—is reflexive.

History

Historically, labour markets are relatively recent. While goods have been traded on marketplaces for millennia, labour power has only been traded on a market with the advent of capitalism. Ancient economies have relied heavily on slave work, as have the plantation economies of the early modern era. Feudal societies have established serfdom, and subsistence economies rely on communal work. Early modern economies of Western Europe have seen markets for goods expand while labour was still heavily regulated by guilds, which prevented the emergence of a proper market by limiting competition. The suppression of guilds and the advent of the factory allowed for the emergence of a working class into which employers could tap. Since then, the market has gradually become the typical way of organising the exchange of labour power in capitalistic societies around the world.

Nowadays, the sense of being engaged on a labour market is mostly experienced through transition periods. Depending on the situation, one can be on unemployment benefits, in between education and employment or a self-employed service worker waiting for their next job. The end of the Fordist period has multiplied these moments in the average career, as temporary contracts are on the rise. The advent of globalisation as well as the internet increased access to job opportunities, thereby enhancing competition. Numerous intermediaries are contributing to the functioning of this labour market, be it job boards, employment agencies or digital platforms.

Essential works of economic sociology have addressed labour markets [2]. They have focused on precise moments of the employment process, such as the impacts of unemployment or job search. Economic sociologists have made essential contributions to the understanding of labour markets by identifying the numerous ways in which it is embedded in networks, culture or power relations. However, it has always focused on precise moments of the employment and work process, without conceptualising labour markets as a whole.

Central theses and insights

Seen through the lens of economic sociology, markets are institutions that allow trade by framing transactions through a mix of social, cultural and material infrastructure. One can distinguish three core prerequisites of any market: the commodification of the thing to be exchanged, the setting of rules and the means of valuing it [1]. Thinking of markets through this lens has several advantages. First, it allows us to account for their variety by identifying the numerous ways in which these prerequisites are met. Second, it directs the attention of researchers towards key moments of market-making, while leaving the theoretical approach open. Third, it accounts for a conceptualisation of markets as social constructs, focusing on the efforts of market organisers in achieving their goal and facilitating transactions.

Singularisation refers to the processes required to turn something into a commodity. It is a central tenet of market sociology that every commodity requires some form of singularisation. In this sense, K. Polanyi [3] was prescient in recognising that labour does not let itself readily commodify. Indeed, hiring labour power comes with many hurdles for employers. One must find a worker willing and capable to take the job and be confident that they will abide by the rules. Ensuring a compliant labour supply involves the alignment of numerous actors and institutions. This line of reasoning started with Marx and his identifying the enclosure movement as foundational in the creation of a class of workers. This commodification of labour away from a subsistence economy later expanded geographically, became global and, ultimately, included women. Nowadays still, one can identify multiple degrees in the commodification of labour, even though a trend towards liberalisation is well established [4]. The state plays an important role in this process of commodification, most notably through welfare reform and unemployment policies. By reducing spending on jobless benefits and promoting quick placements, government services set the base on which competition subsequently takes place.

As Callon notes, an entity is only fully commodified when "the behaviour of the thing [is] sufficiently predictable and controllable to avoid unexpected and unmanageable disturbances" [5, 80]. This is especially relevant in the case of labour. Indeed, hiring is only practicable if the employer can somewhat ensure that the worker fulfils their duties. State backing is essential here, as it will ensure that labour contracts are enforced. But organisational misbehaviour will most often happen nonetheless and require some extra effort from the employer. Organisation economists have considered this an inevitable moral hazard and suggested it be solved by setting up performance incentives. In another vein, S. A. Marglin [6] has argued that workplace surveillance has been a major driver of industrialisation. M. Burawoy [7] has also put workers' consent at the centre of his analysis of factory management. The recent development of online labour marketplaces can similarly be explained by the surveillance allowed by the ubiquitous digitisation. Platforms of the gig economy for instance can ensure workers' compliance by leveraging the affordances of mobile internet for surveillance.

Setting rules is the second condition for the establishment of a market. They can have many purposes, such as identifying the persons who are allowed to participate in the market, setting compensation or solving disputes. In the case of labour, the broad framework is defined by law. What is particular about labour however is its corporatist heritage, whereby most of the laws are negotiated by trade unions and em-

ployers' associations alongside the state. With union density declining since the 1980s, labour regulation has been steadily liberalising. This has been a major drive in the liberalisation of labour markets. In addition, it has incidentally allowed online labour marketplaces to flourish, which can set their own rules, taking the form of terms and conditions [8]. Such labour marketplaces are able to tightly organise the transactions, going so far as to automate some core functions of markets such as matching between supply and demand. Matching algorithms have indeed become central in hiring practices, which invite scholars to revise or amend their analytical grid. While analyses of structures, networks or fields might very well be relevant, the technical element of an algorithmic intermediation must be reckoned with.

Valuation is the third prerequisite for a market to function. It refers to both the price setting and the evaluation of the thing offered. In the case of labour power, compensation is only partly considered market-based. Indeed, wages are traditionally heavily regulated and seldom individualised. Wages are often the result of a longstanding social dialogue and are revised when the balance of power relations is evolving [9].

The evaluation of job candidates is a major moment of the valuation process in this market. What is needed here is some means to commensurate the worthiness of job applicants. Employers must use data to infer the worthiness of a person, which typically takes the form of a resume, but also a diploma, or references. Digitisation again is a driver of marketisation, as it provides many data points that can be used to infer the worthiness of a job candidate. Be it their social media presence, their activity on Github, LinkedIn connections, citations or customer ratings, digital profiles are increasingly setting who gets a job as well as their compensation.

Relevance

Work is for many more than a necessity to make ends meet, it is also an expression of identity and the single activity that takes up most of their time. Perhaps more importantly, work is the only means that humans have of producing value. Historically, work has been performed in many ways, but increasingly, it takes place on labour markets. These markets in turn come in many shapes and keep evolving, most obviously through the rapid technological innovations. In this entry, we have suggested a framework for the study of labour markets. By systematically unpacking labour markets as institutions relying on commodification, rules and valuation, we seek to provide tools for economic sociologists to grapple with labour markets as markets and consequently account for their contingency and variety. Market sociology has developed solid theoretical tools that have been applied to numerous markets for goods. A thorough examination of labour markets along these lines remains largely unexplored, and this entry aims to lay the groundwork for such an effort.

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