Frustrated Expectations: Firm-Based Origins of Anti-System Politics*

Matias Giannoni

October 1, 2022

Abstract

I develop a firm-level theory for the rise of anti-system politics. I argue that explanations proposing economic changes as causes of anti-system politics, like globalization, trade, or skill-biased technological change, are incomplete if firms are ignored. In particular, I sustain that low-road employers (firms that offer low-quality jobs relative to their industry) create a disjunction between realized economic experiences and expectations among their workers, which feeds into feelings of unfairness and political dissatisfaction. To test this argument I triangulate three different empirical strategies: two survey experiments from an original survey (n=1340) of full-time private sector employees in Italy, a battery of observational questions regarding employment characteristics, and a differences-in-differences design that exploits rules regulating the entry of large retailers (a notorious case of low-road firms) in Italian provinces. In the survey experiments, I find that low-road employment characteristics, within-firm inequality, and out-group ("extracommunitarians") access to workplace opportunities have large effects on the probability of expressing anti-system attitudes and favoring anti-system behaviors. In the DiD I find that large low-road retailers' entry into a local labor market leads to large effects on the electoral vote share of radical right populists.

*Job market paper. The latest version is available at www.matiasgiannoni.com/files/jmp_september.pdf

1 Introduction

Firms are central to the organization of markets, production and social life, and therefore key actors in understanding electoral politics. As argued long ago by Charles Tilly in *Durable Inquality* (1999), workplaces are a primary space in society where hierarchies are established and inequalities reproduced. This paper develops a firm-level theory for the rise of anti-system politics that centers on workplace dynamics and firm-level effects. I relate recent findings from labor economics and economic sociology showing that firms have large independent effects on the relative well-being and the structure of opportunities of their workers with anti-system politics. I show that firm-level strategies and employment practices have large effects on workers' anti-system political attitudes.

Given the enormous amounts of variation across workplaces, and the vast evidence that economic sociologists and labor economists have presented for firm-level effects, it is surprising that firms understood individually and not as a class or through their industry are missing from politics, except for their role as lobbyists. Firms are politically consequential in other ways. They develop strategies that affect the economic fate, material and subjective well-being, and life trajectory of their workers and the communities in which they are inscribed, which can be independent of the trends of capitalism in general or the sectoral dynamics of specific industries.

I argue that explanations proposing economic changes as causes of anti-system politics, like globalization, trade, or skill-biased technological change, are incomplete if firms are ignored. Most theories of populism begin with macro shocks or secular processes that span some form of individual reaction, moving from an unavoidable macro-level cause to a micro-level effect. As explained by Mudde (2007), both economic and cultural explanations of populism conduct a similar analysis in which there is a macro-level cause (on the former, trade and SBTC, on the latter, a cultural and demographic transition, or globalization on both) that leads to populist reactions among certain types of voters. The theory presented in this paper instead argues that we need to look at firms to know how changes are processed

at the firm level to understand how anti-system politics are produced.

The turn towards the firm level can shed light on the political dynamics that give rise to anti-system politics, by focusing on local place-based interactions (Ansell & McNamara, 2018). This is also a more adequate level for exploring several of the missing parts of existing theories: How do economic changes translate into actual material conditions? Through what mechanisms could they lead to feelings of frustration and political de-attachment? Do relative position, expectations and status matter for explaining anti-system politics?

Starting from the idea that workplaces matter, I relate recent findings in labor economics showing that firms have strong and increasing independent effects on the structure of opportunities, wages and benefits in geographically bounded labor markets with anti-system political reactions. Recent evidence shows that similar firms provide different opportunities for comparable workers, even after accounting for individual-level characteristics, sectors and products. This heterogeneity has been growing in recent decades as a result of processes of segregation and sorting across workplaces (Song et al., 2019).

The consequences of these processes are reflected in relative declines in the structure of opportunities, in the increase of unsatisfied expectations (Burgoon et al., 2018), and in the rising workplace exploitation which goes in parallel to diminishing opportunities for promotion (Tomaskovic-Devey & Avent-Holt, 2019). In that context, standard social policies are unable to solve the dilemma faced by large segments of the electorate that are "stuck" in sub-optimal workplaces and local labor markets. Welfare transfers, unemployment protection or even active labor market policies are unable to "bring back" that familial social order (Rodrik & Sabel, 2019).

I sustain that to connect the path going from economic changes to anti-system politics we need to study how the former are translated into workplaces. Until now, we know that where trade shocks were larger politics changed into more polarized and anti-system directions. But we still know little about what happened exactly in terms of the actual employment situation of the workers who are allegedly affected by these shocks (Choi et al.,

2021). Economic changes can take many forms and affect workers through many channels, many of which are not necessary nor given, and dependent on pre-existing competitive and managerial strategies, production profiles, regulatory environments and, more importantly, policy decisions.

A large part of the above is related to the specific conditions that are experienced within the workplace, which go beyond just compensation policies and wages. In economic sociology, firms that offer low-quality jobs relative to their industry, in terms of compensation, benefits, career paths, stability, and working hours are called "low road" firms (Osterman, 2018), and contrast with outstanding employers in terms of their approach to their human resources.[1] As shown by Burgoon et al. (2018) and Kurer (2020), relative wages among groups are more important than actual material deprivation. And beyond that, benefits, career opportunities, stability, and status are all characteristics that are central to the economic life of both workers and local communities.

The standard economic take on populism would argue that these all go down in tandem in the face of shocks. Globalization, for example, should affect workers' employment conditions because all exposed firms react in the same way. But if they do not, then we have to look beyond globalization to see its effects on workers. Instead, I argue that these are not given and depend on firm strategies and local policies. In particular, I expect low-road firms to be key to the development of anti-system political attitudes.

To test this argument I triangulate three different empirical strategies: two survey experiments from a large original survey (n=1340) of full-time private sector employees in Italy designed for this project, a battery of observational questions regarding both employment characteristics and political attitudes embedded in the same survey, and a natural experiment with a differences-in-differences design that exploits the introduction of rules regulating the entry of large retailers (a notorious case of low-road firms) in Italian provinces (Dube et al., 2022; Schivardi & Viviano, 2011).

[1] In the US, the typical example of low-road vs. high-road firms would be Walmart vs. Costco.

The main empirical challenge to estimating the effects proposed in the theory is that it ideally would require either randomization of workers into low and high road firms or of high and low road firms into local labor markets. The research designs attempt to approximate the ideal experiment and combined present a strong case supporting the theory. The results from the three strategies show that low road workplace and contract characteristics, within and between workplace inequality and, importantly, out-group access to employment opportunities, all seem to have important effects on perceptions of unfairness in the distribution of opportunities and on the probability of expressing anti-system political attitudes, including voting for radical right populist parties.

In addition to its theoretical innovation, this paper has important consequences for policies aimed at the mitigation of anti-system politics and for the strategies that pro-system and democratic parties should deploy to contain dissatisfaction, as it shows that rather than unemployment insurance, transfers or employment protection, policies addressing job quality within workplaces could better address the sources of dissatisfaction with democracy. This idea shifts the focus toward regulatory policies, industrial and innovation policies, labor regulations, and policies targeted towards upgrading the employment practices of firms.

This paper also innovates empirically by presenting a dataset produced with an instrument that measures both detailed working conditions and job quality characteristics and political attitudes, in a large sample of full-time private sector employees in a crucial case like Italy. By doing so it allows studying detailed relationships between the economic life of workers in actual workplaces and political attitudes. While there are very detailed surveys measuring job quality (like the European Working Conditions Survey), they do not include political questions that allow for exploring in detail the relationship between workplace characteristics and political attitudes.

The first part presents the theory, mechanisms and key hypotheses, and reviews the growing literature on firm effects from labor economics and economic sociology. The empirical sections are split into three parts: the first section describes the original survey conducted

for this paper and presents the observational results, the second section explains the experimental setup and presents the experimental results, and the third section describes the design and presents the results from the differences-in-differences that exploits the timing of the regulatory change that allowed the entry of large low-road retailers in Italy.

2 Theory: The Case for Firm Effects

Firms are central to the organization of social life. As argued by Tilly (1999), within them, hierarchies are established, categorical boundaries between people are drawn and, along with households and public organizations, they are primary places where inequalities are constructed and reproduced. The organization of workplaces determines and reinforces relationships of inequality among categorical groups. As a consequence, changes in production alter relationships of exploitation, opportunities and claims that different groups have over organizational resources. Yet, despite this centrality in social relations, firms understood in this sense are surprisingly absent in most social science analyses.

This paper proposes a firm-level theory that explains the role that firms have in the production of anti-system political attitudes. Most material explanations for the large changes in political preferences observed across advanced economies in the last couple of decades emphasize the role of shocks to employment and income and the shrinking employment opportunities due to skill-biased technological change, automation and trade competition (Anelli et al., 2019; Autor et al., 2016; Colantone & Stanig, 2018). But little attention is paid to the dramatic changes occurring within national economies across firms, which are in many cases orthogonal to those broader changes.

Unlike macro-level economic explanations, the theory I propose does not seek the cause in secular trends or general shocks but firm-level decisions and trajectories. In particular, it argues that diverging strategies can create a disjunction between realized economic experiences among workers exposed to certain firms, independently of their characteristics or

skill endowments, and the expectations they could have based on statutory or contractual definitions of good jobs, observed market salaries and their personal history and that of their local labor market.

That disjunction in turn feeds dissatisfaction, anomie and anti-system political attitudes, especially because political competition seldom addresses these sources of dissatisfaction. The policies that could redirect firm strategies are either in the domain of regulatory policies, usually obscure and outside of political debates, industrial and innovation policies, which have generally fallen out of fashion, or labor legislation, which has consistently tended towards offering more flexibility. In turn, this approach also provides an avenue that translates that dissatisfaction into the peculiar policy programs that radical right populist parties tend to espouse.

Tilly (1999) suggested long ago that in-group and out-group distinctions in workplaces and their access to opportunities were central to the production of inequality. Low-road firms tend to prefer recruiting immigrants or some disadvantaged group with lower reservation wages and a propensity to accept less-than-ideal contracts, which can activate a channel leading from firm-level practices to political attitudes related to opportunity hoarding and perceptions of unfairness. This creates a second path leading to dissatisfaction in which low-road strategies can interact with pre-existing ideas of who is entitled to certain job opportunities. Paradoxically, affirmative action policies, arguably a virtuous policy that high road firms adopt, could also activate this workplace-specific path.

The process by which firms are increasingly splitting between the so-called "high" and the "low" road has been called the "great separation", a phenomenon akin to a new industrial divide but without the virtuous characteristics that Piore and Sabel's (1984) assigned to small production. The "great separation" between firms and workers is not an argument about trade, industry, technology or globalization, but rather about the differences that managerial strategies and policies create. These processes are not necessary or given.

At a minimum, the low road describes firms that pay salaries that are below the expected

salary (generally defined as the market median) for a given position and industry (Osterman, 2018), but richer definitions also define the low road as jobs that are of lower quality due to contractual conditions beyond compensation, like benefits, working hours and job security. Even in the minimum definition of the low road, there is a qualitatively relevant difference with arguments that focus on overall compensation and economic deprivation since this theory emphasizes the distance between a worker's retribution and their expected compensation given their characteristics.

In the last decades, dramatic changes have occurred in production, across both advanced and developing economies. Workplaces have been "fissured" (Weil, 2014), contracts have been "broken" (Rahman & Thelen, 2018), longstanding hierarchies have been shattered, and firms everywhere have diverged in their responses to secular economic changes. At the same time, established economic models describing labor market dynamics have seen their predictions undercut by newly available evidence. Despite the strong emphasis placed on skills and workers' characteristics, this evidence has shown that wages and benefits are widely heterogeneous across comparable workers in similar firms, even when unions are in decline (Kristal et al., 2020; Song et al., 2019).

Some of these changes are the consequences of market-wide transformations that span from regulatory and managerial orientations, like the focus on core competencies and consolidation by industry. But the large variation in employment outcomes across similar firms shows that these effects are conditional rather than generalized. In other words, "where you work" (Barth et al., 2016) is more important than ever before for explaining what your job looks like.

Differences between high and low road firms are responsible for a large share of the increase in inequality of income, benefits, insurance, job security, mobility and opportunities across comparable workers (Babecký et al., 2012; Guiso et al., 2005; Kristal et al., 2020; Song et al., 2019). While the reasons behind this divergence are beyond the scope of this paper, the existing literature indicates that the divergence is not due to the fundamentals of

any given industry or product market.

The rise in wage inequality, as evidenced in fine-grained matched firm-worker datasets, does not only come from the rising skill premia, skill-biased technological change, industry or workers' characteristics. Firms are having a large independent effect on the rise of wage inequality in all countries for which this data exists (Song et al., 2019; Tomaskovic-Devey & Avent-Holt, 2019). These are phenomena that are happening globally, and evidence in this direction has been found in Germany (Card et al., 2013), Portugal (Cardoso, 1999), Italy (Battisti, 2017), Sweden (Håkanson et al., 2015), the UK (Faggio et al., 2010; Van Reenen, 1996) and Brazil (Helpman et al., 2017). Recently, the way that large low-road employers in the retail sector treat employees in terms of their relationship with supervisors and other non-wage amenities has been related to the concept of "dignity" and associated with different firm strategies in the same labor market and industry (Dube et al., 2022).

It is important to note that this is not just a story about industrial workers and manufacturing, nor about the transition from industry to services, as the evidence from several countries shows that firm effects are large regardless of sector, and might even be larger in services (Cardoso, 1997; Faggio et al., 2010; Manasse et al., 2004). These effects have been related to idiosyncratic firm-specific factors like size, financial exposure, buyer-supplier relationships, managerial styles, the role of private equity, innovation, geographical location and networks (Bernard et al., 2019; Bloom et al., 2017; Davis et al., 2014; Sebastian et al., 2018; Tintelnot et al., 2018; Van Reenen, 1996; Wilmers, 2018).

Because of the same processes, what Tilly has called the "mobility map" is also diverging across workplaces and categorical groups. That is, the dynamic employment history of workers over several years is becoming dramatically different even when the short-term "X-ray" of jobs might appear unchanged. This map that represents the story of "promotions, demotions and transfers, firings, layoffs, retirements and departures" (Tilly, 1999) is diverging across firms. According to Tilly, the "greatest differences in fate" among workers stem from differences in mobility systems. For some workers, a recognizable map of opportunities

are vanishing and becoming less exclusive, while others are exposed to more dynamic and "mobile" job structures.

I sustain that workers exposed to low-road firms experience a mismatch between expectations and their employment reality, which feeds feelings of frustration and anti-system attitudes. The standard economic explanations for the rise of populism emphasize macro-level shocks, like trade, automation or skill-biased technological change (Autor et al., 2016; Colantone & Stanig, 2018; Rodrik, 2017). Their predictions work well in aggregated ecological data but often fail to find a relationship between actual economic deprivation (that follows a macro-shock) and populist support in micro-level individual data. Instead, I argue that these changes are processed at the workplace level and it is there where we need to seek the immediate causes of anti-system politics.

Most of the literature in political science that studies anti-system attitudes or anomie outside its connection with anti-system parties does so either in terms of failures of representation, focusing on the problems created by political "silence", or falls in the domain of security studies and political violence (Gest, 2015; Muller et al., 1982).

Empirically, a relationship between de-attachment and right populist support has also been established, showing that politically alienated voters create a latent demand for populist candidates (Guiso et al., 2017). For politically de-attached voters the dominant strategy seems to be passive anti-system behavior. Voting for populist parties is in a way a low-cost intermediate activity that manifests publicly the dissatisfaction without engaging in the more committed actions that Gest (2015) describes as active anti-system political behaviors.

The absence of a strong empirical link between economic deprivation and individual-level anti-system attitudes has led to arguments emphasizing other phenomena determined by economic changes but that do not necessarily lead to observable material deprivation: relative decline, status, access to opportunities and expectations have been proposed as alternative causal paths. More recently, expectations, nostalgia and aspirations (Gest et al., 2018; Häusermann et al., n.d.) have been proposed as explanations that link both psychological

predispositions with economic trends. These contributions emphasize the fact that it is not the material conditions that we observe but something else that feeds political dissatisfaction.

Other approaches have also tried to bring in the meso-level, proposing explanations linked to trends in certain social places that are not reflected in pocketbook experiences (Ansell & McNamara, 2018). The decline of spaces as different as churches and pubs (Bolet, 2021) have been proposed as meso-level explanations, trends that are often motivated by broader economic changes like out-migration from predominantly white communities. Like explanations based on group-level perceptions, these arguments are important because they help move the debate away from individual pocketbook and micro-level explanations that have limited empirical traction, and raise the relevance of communities and meso-level social environments in which economic factors can play different roles. But while these places are important, they are not as central as workplaces to economic life nor as determinant for the opportunities and expectations of workers.

In my argument, workers develop frustration with a system that produces a disjunction between their perceived reality and their expectations. At a basic level, this frustration spans anti-system political attitudes that can translate into more "active" forms of anti-system political behavior. Given the large impact that firms have on life trajectories and the sunk investments that individuals tend to have in them, it is natural to assume that they are a key *locus* around which expectations are developed.

The main outcome in which I expect a direct impact of firm strategies is anti-system attitudes. Primarily, I focus on passive anti-system attitudes, which have been related to the concept of "silence", non-participation, rejection of the democratic system and de-attachment (Gest, 2015; Muller et al., 1982). I also consider active anti-system behaviors and populist support as outcomes, though there is likely a more complex causal chain from passive anti-systemness to the latter two that requires some level of political activation (Gest, 2015).

I propose a first mechanism connecting workplace experiences with political attitudes by which workers' expectations about having a "good job", when frustrated, span anti-

system attitudes. A "good job" is the kind of job that high road firms would offer, a multi-dimensional concept capturing several aspects of the employment relationship that are not limited to compensation. These comprise opportunities for training and promotion, stability and job security, working hours, autonomy, job satisfaction and the quality of the physical environment of work (Green et al., 2013; Holman, 2013).

I posit that perceived injustice in workplaces is a second mechanism leading to anti-system attitudes. While the first channel refers to a material disjunction within the individual with respect to their expectations, the second refers to what individuals perceive as unfair after observing the outcomes for others. This mechanism is also related to the literature on social comparison which in the management literature is proposed as a driver of workers' productivity. In Tilly's terms, this mechanism would imply a decline in opportunity hoarding among certain groups. Since local labor markets and firms tended to develop tight, familiar "communities of fate", this second path predicts that the perception of out-groups doing better could lead to anti-system attitudes.

In the second mechanism, attitudes are caused by perceptions of unfairness in the assignment of opportunities and resources, which tends to differ between high and low-road firms. It depends on in-group and out-group distinctions, which are always contextual, as individuals can think the distribution of opportunities is unfair if out-groups are not excluded from them, which can explain the recurrent link between nativism and populist politics. It also opens a path by which high road policies (like affirmative action within workplaces) could nevertheless span anti-system attitudes.

In addition to in-group/out-group distinctions that can be related to xenophobic perceptions of who should access job opportunities, the incorporation of immigrants into workplaces could signal their workers that the firm is taking the low road and further opportunities are only advantageous to immigrants, who have lower expectations in terms of the employment conditions they are willing to accept.

Some points in this argument make a clear distinction with narratives related to material

hardship or economic decline. First, this is a story about insiders, understood as formal employees in contexts with significant employment protection policies. In other words, it is not a story about economic hardship or material deprivation. Second, it does not constrain the consequences of the changes to a specific industry, occupational group or geography. Firms and workers in all kinds of sectors and with different skills can adopt different employment strategies, which are conditional on several factors, including managerial decisions and local public policies. Third, it is not a theory of partisan selection even though it recognizes that certain policy paths become more salient under this argument than in traditional explanations for the rise of far-right populist parties.

Both mechanisms are important in the production of anti-system political attitudes and are caused by changes in firm strategies. When firms switch to the low road, the number of high-quality jobs in their local labor market decreases, but the distribution of high-quality jobs also becomes more uneven. While some firms thrive in pursuit of the high road, there are also consequences in terms of fairness. First, within-firm inequality increases as compensation for top management grows faster than the rest. Second, between-firm inequality increases as similar workers employed by firms on the high road fare significantly better. Third, low-road firms disproportionately recruit outsiders, in the European context primarily migrants, with lower employment expectations, deepening perceptions of unfairness. Firms adopt these strategies for reasons that are often independent of broader industry conditions (as consistently shown in the labor economics literature) and affect workers independently of their characteristics like skill level, especially those with low geographical or between-firm mobility.

This argument suggests the following general hypotheses that should hold independently of industry and worker characteristics:

H1: "Low road" employment conditions should be associated with a higher likelihood of expressing anti-system political attitudes (individual-level).

H2: "Low road" firm entry into local labor markets should lead to higher levels of anti-

system political attitudes (community-level).

The second mechanism suggests that low road strategies can operate not only through a mismatch between a worker and a quality job but also through the perceived unfairness in the distribution of opportunities that low road employment strategies create, which leads to the specific hypotheses below. Note that H3 and H4 are specifications of H1 as within and between firm inequality are dimensions of low road employment in thicker definitions of the concept. Instead, H5 brings forward a separate channel in which cultural perceptions (in-group / out-group boundaries) interact with access to employment opportunities.

H3: Within-firm inequality should be associated with (a) perceptions of unfairness and (b) a higher likelihood of expressing anti-system political attitudes.

H4: Between-firm inequality should be associated with (a) perceptions of unfairness and (b) a higher likelihood of expressing anti-system political attitudes.

H5: Out-group access to better employment opportunities should be associated with (a) perceptions of unfairness and (b) a higher likelihood of expressing anti-system political attitudes.

The applicability of this argument depends on two rather general scope conditions: first, it refers to contexts in which there are historical or institutional reasons leading to high expectations for job quality; second, it requires low mobility, both in terms of geographical mobility and in the capacity of workers to move across low and high road firms. The first condition is likely to be granted in contexts where there are legal benchmarks as to what entails a good job, as in countries with strong corporatist legacies, but also in local labor markets with a history of good employment opportunities. Concerning the second condition, the empirical literature in labor economics has shown that lack of mobility is far more common than usually thought. The mobility of workers across local labor markets is low even in countries thought to be high-mobility like the United States. The relational approach in this theory, therefore, means that the argument has high generalizability and could apply to both coordinated and liberal economies, as well as developed and developing ones, depending

on pre-existing labor market expectations and propensities to geographical mobility.

3 Data & Methods

The ideal experiment to test the relationship between firm employment strategies and anti-system attitudes would be to randomly assign workers to firms, or less ideally, firms to local labor markets. Neither of these approaches is of course realistic. I present two survey experiments from an original online survey of full-time employees that I conducted in Italy, in which I manipulate scenarios and information to approximate the "worker randomized into firms" experiment. I complement this experimental survey design with an observational design with data from the same original survey using rich batteries of employment characteristics, along with individual, firm and industry questions, allowing for controls that can partial out most of the characteristics that can be related to political attitudes that are not due to firm-effects. In the final empirical section, I present a differences-in-differences design exploiting changes in retail regulation in Italy in the early 2000s approximates the "firms into local labor markets" research design.

Several substantive reasons justify focusing on Italy as a key case for evaluating the hypotheses. Italy is a neo-corporatist case that combines high employment protection with markedly low levels of geographical mobility among its workforce. It is also a case that has some of the most productive regions in Europe, which were noted for developing their own competitive strategy through a model that political economists have defined as "flexible specialization". Yet, some have argued that the low road is not new among small and medium-sized firms in Italy and that the advantages identified by Piore and Sabel (1984) were in fact due to productivity gains based on keeping labor costs low (Amin, 1989), a strategy that extends to date (Del Gatto et al., 2019). Finally, it presents high levels of anti-system politics that have also achieved significant political representation.

Anti-system politics on the right outside the "fascist" flavor offered by the MSI (now

Fratelli d'Italia) has existed in Italy at least since the 1960s, and perhaps paradoxically they have been successful precisely in the most productive and competitive regions in the country (which are amongst the most productive regions in Europe). The precursors of the multiple Legas can be traced back to this period, which gave rise to movements like the Movimento Autonomista Bergamasco in Bergamo, the Movimento Autonomista Regionale Piemontese in Turin and the Movimento Autonomista Padano in Lombardia (Gold, 1999; Newth, 2019). Thriving anti-system politics in high productivity and competitive regions, therefore, presents a paradox for standard economic explanations and a good context to explore whether firms' strategies could be behind political attitudes.

3.1 Survey Data

To test the theory and the mechanisms at the individual level, I conducted an online survey (n=1340) of full-time private sector employees in Italy. The survey included two experiments: a conjoint and an information experiment testing the hypotheses by exposing respondents to firms with different characteristics (conjoint) and to information on wages for employees comparable to themselves (information experiment).[2] The survey also included a large battery of items describing perceptions of employment quality within the firm, career opportunities, employment stability, benefits and compensation. To measure the outcomes there was a battery of attitudinal and behavioral questions related to perceptions of unfairness, anti-system politics and populist beliefs. This first section describes the observational strategy and results, and the following section presents the experimental design and results.

The purpose of this empirical section is to assess the association between low road employment characteristics and anti-system politics exploiting a rich dataset with multi-dimensional measurements of the variables of interest composed exclusively of full-time private sector employees. In other words, it evaluates H1 in general, trying to capture observationally every dimension of the high road. Unlike nationally representative surveys, it is significantly

[2]Pre-registration: https://osf.io/68vj7

more powered to make inferences specifically within the population of interest (full-time employees) and includes many items capturing different dimensions both of job quality and anti-system politics.

In economic sociology, the low road employment strategy has a minimum operationalization as that of a firm that pays salaries that are below the median for a given position in a given industry. While this measure allows for easy operationalization, it misses other important components of the low road that are related to different aspects of contractual conditions and job quality more broadly. There are many different conceptualizations of job quality, but there is a consensus in the literature that it is captured by several items that evaluate both the physical and psychological well-being of employees and their satisfaction (Hauff & Kirchner, 2014). While there are surveys that capture all these items, like the European Working Conditions Survey, they do not measure the outcomes of interest.

Compensation, working times and organization, physical environment, job security, training and opportunities for career development and engagement are the most common ones (Hauff & Kirchner, 2014; Holman, 2013). Generally, more complex measures add more detailed items and additional dimensions (like autonomy or pace of work) to this basic set. To adequately capture the consensus understanding of the components of a "good job" the operationalization used in the survey instrument I developed included the main items in the literature.

The components of job quality are usually analyzed either in their separate dimensions or through composite indexes (Hauff & Kirchner, 2014). While the former strategy can elucidate differences across dimensions, it misses the fact that there tends to be a high correlation between items as they are all targeting a latent concept related to job quality (Hauff & Kirchner, 2014). I report both the correlations between the different dimensions disaggregated into the individual items and the questions on political attitudes, as well as a composite approach. For the latter, I adopt an agnostic strategy that uses principal-component analysis, which is justified by the high correlation that exists among all job-related

items.[3] In the preferred specification, the first principal component of job quality items is regressed on the first principal component of the political attitudes items, with industry, firm and worker characteristics being partialled out through categorical effects.[4]

To assess whether a single dimension of job quality was dominating the results, items are also aggregated in the six separate dimensions that are identified in the literature: compensation and benefits, autonomy, engagement and fairness, job security, training opportunities, working times, and the physical environment of work. Except for the last two dimensions (which are captured by a single item), the other dimensions have several items and are also reduced through PCA.[5]

I draw from the literature on anti-system attitudes, behavior and populist ideas to develop the battery of political questions used in the survey. Three different concepts appear in the debates regarding populism and are often chosen as outcomes in empirical studies: populist votes, as an active political behavior, anti-system behavior, which usually entails some "active" or violent form of intervention in political spaces, and anti-system attitudes, understood as anomie, rejection of the existing political system and de-attachment from institutionalized links of representation that generally express as passive political behaviors like withdrawal. As discussed in the theoretical section the focus of this paper is primarily on the latter, but the batteries included in the survey were designed to capture the three concepts.

Survey length and declining attention required reducing the number of items and a pilot was used to detect irrelevant items through PCA. The battery that was reduced the most through this approach was the one in Akkerman et al. (2014), which proposes a battery to measure populist ideology. A PCA analysis showed that only three items from that battery were doing most of the job, as several of the items explained very little of the overall variation

[3]More recent dimension reduction methods like UMAP were considered but the highly linear and positive correlations among a relatively small number of items did not work well with methods that are suited for searching complex non-linearities in large-k data.

[4]This approach was pre-registered under the same protocol.

[5]The full list of employment and attitudinal items from this section and the next one are presented in Appendix.

due to most respondents choosing the neutral level and given the length of the survey (which included the full battery of employment quality questions and three experiments) it was preferred to include just those three. The items are then reduced through PCA to obtain measures for each of the three dimensions. In a separate specification, all items are reduced to a single component that should capture anti-systemness in general.[6]

The PCs (principal components) of anti-system attitudes items are regressed on the PCs of job quality dimensions after partialling out demographic characteristics (educational achievement, gender and citizenship), employment characteristics (position, type of contract and years in company) and firm characteristics (industry and number of employees). Dimensions are recoded such that higher values in each set of variables indicate higher job quality or higher anti-systemness. All values are then standardized for ease of interpretation. The expectation based on H1 is that job quality (aggregated and through its separate dimensions) should present a negative association with anti-system political attitudes.

3.1.1 Observational results

The results in Tables 1 through 4 show that after controlling for firm and worker characteristics there are strong associations between respondents' perceptions of their workplace and the quality of their employment relationship on anti-system political attitudes. These relationships hold both when all components of job quality and anti-systemness (attitudes, populist beliefs and behaviors) are aggregated or when the anti-system attitudes PC is regressed on the separate job quality dimensions.

Though the scales are standardized principal components (and therefore not directly interpretable) they can be interpreted in terms of explained variation and direction. For instance, in Table 2 one standard deviation increase in job quality leads to 0.28 standard deviations lower anti-system attitudes, with smaller but similar coefficients in all dimensions save job security. These relationships can also be observed in the pairwise Pearson

[6]In this approach, the second principal component clearly separates attitudes and beliefs from behaviors.

correlations between all items in their original scales (after demeaning other explanatory variables) showing that the dimensions taken as a whole but also most items related to job quality correlate with individual attitudinal items.[7] These results grant strong support for H1, showing that job quality and respondents' perceptions of workplace characteristics have a strong association with anti-system attitudes.

While employment characteristics are highly collinear, we can also analyze if when they are pooled together in a single model one dimension dominates over the others. In the model in which all dimensions are included, the dimension capturing compensation and benefits, and autonomy, engagement and fairness within the firm, as well as the item on working schedules also have large effects both on anti-system attitudes. Interestingly, in this model job security flips sign, which while counterintuitive, since in the Italian context job security and lack of mobility are tightly related (due to the legal impediments for laying off workers under permanent contracts) this could be due to these workers being less able to seek better employment opportunities and therefore more frustrated with their current workplace.

When focusing on the measure of the populist beliefs (the PC of the three items taken from Akkerman et al., 2014) the relationships are weaker but still relatively large (0.1 and 0.12 standard deviations) and significant for compensation and benefits and autonomy, engagement and fairness, but not for the other dimensions of job quality.[8] This could be due both to the lower sensitivity and higher noise the abstract items measuring populist ideology might have and because feelings of unfairness might need some political mediation to connect with items related to political representation.[9]

Note that the compensation and benefits items capture whether the respondent thinks theirs are subpar compared to those offered on the market, not economic deprivation. The controls guarantee that comparisons occur among workers in similar positions in the same industry, so that differences should be driven primarily by respondents' perceptions of dif-

[7] In Figure 5 in the Appendix I present all the pairwise correlations

[8] I present the same models using this outcome in the Appendix

[9] In particular, the item with the weakest results in the populist beliefs battery is the one that says "I would prefer to be represented by a common citizen"

Table 1: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:	
	Political Attitudes - PC 1	
	(1)	(2)
Job quality - PC 1	-0.2147^{***}	-0.1820^{***}
	(0.0317)	(0.0327)
Job quality - PC 2	-0.0977^{***}	-0.0930^{***}
	(0.0269)	(0.0261)
Constant	0.0000	-0.1377
	(0.0266)	(0.4998)
Industry & Firm Controls	No	Yes
Worker Controls	No	Yes
Observations	1,332	1,332
Residual Std. Error	0.9729 (df = 1329)	0.9465 (df = 1297)
Note:		*p<0.1; **p<0.05; ***p<0.01

ferences across firms or within their own firm in their own occupational labor markets. This dimension has a large effect both on anti-system attitudes as in populist beliefs, both when regressing it individually or together with the remaining dimensions.

The behavioral items instead fail to achieve significance and pairwise correlations are mostly zero. First, this might be due to social desirability bias, by which respondents are unlikely to reveal they would engage in anti-system behavior even if they are more likely to do so. As it will be seen in the conjoint experiment below, respondents do think, when classifying others who are similar to themselves, that subpar employment conditions can lead to anti-system behaviors. Second, the dominant strategy when experiencing frustrated labor market expectations might be passive anti-systemness. As discussed in the theoretical section, active behavior is rather uncommon and might need some political activation and mediation to go from feelings of unfairness and frustration to engagement in illegal or unacceptable behaviors.

Table 2: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:		
	Anti-System Attitudes (PC 1)		
	(1)	(2)	(3)
Compensation & Benefits	-0.28^{***}		
	(0.03)		
Autonomy, Engagement, Fairness		-0.24^{***}	
		(0.03)	
Job security			-0.10^{***}
			(0.03)
Constant	0.33	0.48	0.43
	(0.52)	(0.52)	(0.51)
Industry & Firm Controls	Yes	Yes	Yes
Worker Controls	Yes	Yes	Yes
Observations	1,332	1,332	1,332
Residual Std. Error (df = 1298)	0.93	0.94	0.96
Note:		*p<0.1; **p<0.05; ***p<0.01	

Table 3: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:		
	Anti-System Attitudes (PC 1)		
	(1)	(2)	(3)
Training opportunities	-0.22^{***}		
	(0.03)		
Working times		-0.21^{***}	
		(0.03)	
Physical environment			-0.18^{***}
			(0.03)
Constant	0.47	0.38	0.67
	(0.52)	(0.53)	(0.53)
Industry & Firm Controls	Yes	Yes	Yes
Worker Controls	Yes	Yes	Yes
Observations	1,332	1,332	1,332
Residual Std. Error (df = 1298)	0.94	0.94	0.95
Note:		*p<0.1; **p<0.05; ***p<0.01	

Table 4: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:
	Anti-System Attitudes (PC 1)
Compensation & Benefits	-0.18^{***}
	(0.03)
Autonomy, Engagement, Fairness	-0.11^{*}
	(0.06)
Job security	0.07^{**}
	(0.03)
Training opportunities	-0.02
	(0.05)
Working times	-0.10^{***}
	(0.03)
Physical environment	-0.01
	(0.04)
Constant	0.38
	(0.54)
Industry & Firm Controls	Yes
Worker Controls	Yes
Observations	1,332
Residual Std. Error	0.92 (df = 1293)
Note:	*p<0.1; **p<0.05; ***p<0.01

3.2 Experiments

While the observational strategy in the previous section can control for very detailed firm and worker characteristics (unlike the nationally representative surveys that are prevalent in the empirical analyses of the populism literature), endogeneity concerns cannot be fully resolved as many unobserved factors affect workers' selection into firms that can also affect their political views. In addition, social desirability bias can lead to large attenuation of the effects, particularly in the behavioral responses.

I address social desirability concerns through a conjoint experiment in which employment characteristics are randomized. In the setup, the respondent is presented with two hypothetical workers with similar demographic and employment characteristics to themselves: names that match their gender, position, education and monthly wage, and they are told these workers are employed in two different firms. Then a table with a series of completely randomized firm and contractual characteristics is presented.

This design attempts to hold constant all characteristics across both scenarios, and also to make them similar to the respondent in all other respects, such that any observed differences are due to the attributes being randomized rather than dependent on guesses that the respondent might make about other characteristics. For example, if education or income were not constant and equal to that of the respondent, observed differences could occur because the respondent associates a low-road employer with a low income or low education character. To mitigate this risk, the design is forcing respondents to think about "characters" that are equal to the respondent and among themselves in key characteristics.

Three attributes describe contractual characteristics (benefits, contract length and working times) that contrast high with low road components, one item varies within-firm inequality (CEO compensation vs. the average employee), and two items describe out-group access to jobs (recruitment of extra-communitarian workers) and opportunities for promotion (diversity quotas). The latter simply mentions diversity as one criterion for promotions as affirmative action policies are one of the channels that can lead to perceived unfairness due

Giulia and **Francesca** are two employees of 35 years of age that have the **same educational level (college completed)** and the same net **monthly salary** (4000 Euros).

Giulia and Francesca work in **two different companies** that have the following characteristics.

	Giulia (Company 1)	**Francesca (Company 2)**
What are the benefits?	Private healthcare packages and childcare fees	None beyond those in the national collective agreement
What is the type of contract?	Permanent	Fixed-term
How are working times organized?	Flexible times with paid leaves	Strict schedules without free time
How much does the CEO make?	10 times the average employee's salary	1000 times the average employee's salary
How are promotions decided?	Promotions based on individual productivity	Promotions based on individual productivity and diversity quotas
How is the new personnel recruited?	Training graduates from local institutes internaly	Obtaining work permits for extra-comunitarian workers
Who owns the company?	A medium-sized family firm	A large multi-national

Figure 1: Conjoint prompt with the different components for each attribute. Position, age, gender (names), education and salaries were varied to match those of respondents. Regarding positions, in Italian, *impiegato* denotes a white-collar worker, *operaio* a blue-collar worker, and *dirigente* a managerial position.

to out-group priority. A final item varies firm ownership (medium-sized family firm vs. large MNC) to proxy the potential path connecting arms-length market relationships with low-road employment conditions.[10]

The purpose of each of these attributes is to signal what respondents might perceive as a high-road vs. a low-road employment environment, as well as inequality and access to opportunities within the workplace. Unlike the observational section, in the conjoint, it would defeat the purpose of the experiment to ascribe subjective perceptions of their firm to the characters. Instead, objective attributes of their firms act as cues that respondents can associate with low-road work environments.

The order of attributes in the tables is fully randomized as well. To increase power and because the high and low roads had clear polar ends each attribute has only two components. During a pilot in a different context variations of the components were tested to assess whether more components were needed (recruitment from local universities instead of high schools or different levels of CEO compensation) but the results were similar.

A list of political statements and behaviors is then presented, and respondents are asked who they thought said each statement or engaged in certain conduct. The quantity of interest in this design is the average marginal component effect of each attribute on the probability of associating a character / firm with a given statement. For brevity given the length of the survey only two different tasks are presented. A factual manipulation check (remembering the names of the four hypothetical characters) was included to assess treatment uptake.

Given the cognitive complexity of the conjoint and limited survey time, the political statements are a simplified version of the larger attitudinal battery from the observational section. Statements measuring individual-level ("people like me are treated unfairly") and group-level ("the economic situation of Italian workers is unfair") were also included.

Following H1, low road contractual components should have positive AMCEs on the

[10]The direction of causality for this attribute can be ambiguous because some MNCs can be more resilient in the face of shocks and offer more stability while SMEs might do better in terms of autonomy and work environment but offer less secure positions.

You have told us that you are a manager (with a permanent contract) employed in a company in the real state sector, who lives in the Bologna province.

Below, we present information **on the median salary of a comparable employee** (by employee's origin) in a representative Italian firm.

Nationality	Median monthly salary (net)
Italian	€5,000
European	€ 6,000
Extra-communitarian	€ 6,000

According to this information, you earn €2,000 less than a median extra-communitary employee, €2,000 less than a median European employee, and €1,000 less than a median Italian employee in a representative company.

Figure 2: Example prompt of the treatment arm in which the nationality of workers in a high-wage firm were presented. In the Italian version, the wording was adapted to match the gender of the respondent.

probability of a respondent thinking that the worker expressed an anti-system political attitude or engaged in an anti-system behavior (and negative for the question on citizen's rights as the direction is flipped). Based on H3 (within-firm inequality) and H5 (out-group access), high CEO compensation, out-group access to jobs and diversity as a basis for promotions should also lead to positive AMCEs.

In a second experiment, I present information regarding wages among comparable workers in other firms to assess whether differences can affect perceptions of unfairness and anti-system attitudes. Since H3 and H4 are relational hypotheses they need to be expressed with reference to a given individual. External validity concerns of the conjoint setup also make it more reasonable to test these hypotheses using real information.

I used the responses provided by the respondent in the screening section to present the information on wage compensation for comparable workers in other firms. Unknown to respondents, whenever treated, a firm in the same sector whose median wage among workers

in the same position was ten percentiles higher than that of the respondent was chosen using data from the Veneto Workers History (adjusted for inflation). This was done to accurately represent a real distribution of wages within a given industry-position combination and to avoid deception. At the end of the survey respondents were debriefed and they were made aware of the fact that a relatively high-paying firm had been presented.

There were two versions of the treatment and a pure control (in the control respondents were only reminded of their responses in the screening section). In one of the treatments, respondents were only shown the median wage in a high-paying firm for comparable workers, without any reference to nationality. In the second treatment, instead of a firm paying high wages in general, a firm paying high wages for extra-communitarian workers was chosen, and a table showing the median wage for three nationality groups (Italians, Europeans and Extra-communitarians) was shown. After presenting this information, a factual manipulation check assessed uptake by asking respondents whether they recalled if they earned more or less than workers in the firm they saw (treatment 1) or if Italians earned more or less than extra-communitarians (treatment 2).

Questions regarding perceptions of unfairness (in the respondents' compensation and the economic situation of Italian workers in general), inequality and immigration (whether extra-communitarians took away good jobs) followed the treatment. The questions try to capture both individual and group-level perceptions of unfairness as well as nativist views of the labor market. After these questions, the larger batteries on anti-system attitudes discussed in the previous section followed. The outcomes of interest are perceptions of unfairness and aggregate anti-system attitudes.

3.2.1 Experimental results

The conjoint experiment shows that low road employment characteristics (lack of benefits, temporary contracts and strict working times), within-firm inequality (high CEO pay) and diversity components (recruitment of foreigners and affirmative action in the workplace) have

all large effects on the probability of a respondent thinking that a hypothetical character similar to themselves with respect to the baseline components expressed anti-system views, holds a perception that society is unfair or engaged in an anti-system behavior (including taking part in a group wanting to overthrow the government and participating in protests against immigration). The AMCE estimates for each component are presented in Figures 3 and 4.[11]

Lack of benefits presents some of the largest AMCEs estimates (AMCE estimates = 0.15 on stating that "people like me is treated unfairly", 0.13 on stating that democracy does not work well and 0.12 on being part of a group that wants to overthrow the government). It is important to recall that national agreements are supposed to be a relatively reasonable baseline and that in Italy healthcare is a public service provided by the state, but there is a growing demand for employers to provide some private health services and packages to support or improve over the conditions offered by public health services. Childcare, on the other hand, is a service provided by municipalities but it is charged on households and is relatively expensive and there is a demand for employers to reimburse at least part of these expenses. Both items are key components of what is called "firm welfare" (*welfare aziendale*). While there is no legal requirement or generalized expectation that firms will have a developed benefits system, offering it clearly defines a good job and signals a high-road employer.

The fact that national agreements are no longer seen as good guarantees of employment characteristics can be currently observed in the fact that the new EU-wide regulations on minimum wages will not affect Italy since it has very high levels of collective agreement coverage of its workforce, but this has nevertheless spanned a national debate around minimum wages because many collective agreements are no longer seen as a sufficient guarantee of decent living conditions.

Relatively high CEO compensation has a large effect (AMCE estimate = 0.18) on the

[11]Tables with AMCE estimates and SEs for each component and question are presented in the Appendix.

perception that differences between the elite and the people are larger than differences among the people, an item that according to Akkerman et al. (2014) is a key component of the populist ideology. Lack of benefits (AMCE estimate = 0.13), fixed-term contracts (0.10), strict working hours (0.14), as well as high CEO compensation (0.07), promotions based on diversity quotas (0.065) and the hiring of extra-communitarian workers (0.087) have all large AMCEs on the probability of thinking that "there is no real democracy" in the country.

Similar results hold for the behavioral items, and except for high CEO compensation on the AMCE for participating in strikes and protests, all the rest of the components have significant and relatively large effects: all low-road and out-group access to opportunities components have large AMCEs on the probability of participation on strikes and protests (lack of benefits has the largest AMCE estimate at 0.12), being part of a group that wants to overthrow the government (also lack of benefits and strict schedules with AMCE estimates of 0.11), and voting for parties that stand against the current political system (recruitment of extra-communitarians has an AMCE estimate of 0.10, and lack of benefits and fixed-term contracts of 0.09).

The final attribute (firm ownership) presents smaller or non-significant attitudinal effects, except for stating that interest groups have too much influence on politics (large MNC ownership increases the likelihood of this response, AMCE estimate = 0.078) but it does show relatively large AMCEs on the probability of participating in strikes and protests and in a group that wants to overthrow the government, showing that respondents do have a sense that MNC ownership leads to attitudes typically associated with populist beliefs and rethoric than medium-sized firm ownership.

In other words, all low-road employment characteristics, high within-firm inequality and out-group access to employment opportunities have large causal effects on the probability that respondents think that this hypothetical character (which is comparable to themselves on key observables) will manifest anti-democratic, populist or anti-system attitudes, and engage in anti-system behaviors.

In Table 5 I present the results from the information treatments evaluating the relational hypotheses. The ATEs estimated in Table 5 grant support to H5, showing that out-groups having better employment opportunities produce large effects on feelings of unfairness, anger and nativist perceptions of labor markets. The information treatment that does not refer to nationality has a large effect on the individual-level question only (stating that the compensation for one's own job is fair), and though the ATE seems to be non-zero in the item measuring anger, it falls short of significance at standard levels and is much smaller than the ATE for the treatment presenting nationality. This shows that between-firm inequality among comparable workers can at least produce perceptions of unfairness at an individual level and that, when interacting with in-group / out-group characteristics it can also span feelings of anger and perceptions of group-level unfairness (Italians vs. Extra-communitarians).

The relationship between the information treatments and the questions on political attitudes and political behaviors were otherwise null (both if aggregated through principal components or using individual items as outcomes) but the survey setup and timing make this result reasonable. Survey length and decreasing attention might have reduced the recall of the information once respondents reached these questions. More importantly, the jump from information on wage inequality that leads to feelings of unfairness might need some additional political mediation to develop attitudes against democracy and the political system. While respondents could have already spent long periods in a given job and might have well-formed established political attitudes, the update in beliefs when confronted with a new piece of information on wages might not happen fast enough (in the time span within a few questions in the survey) to modify political attitudes. Relatedly, this information might be a cue by which respondents become aware of the fact that theirs is a low-road firm, which might make them concerned about other aspects of their employment conditions and their expectations regarding their careers. At least, knowledge of between-firm wage inequality among comparable workers does seem to increase perceptions of both individual and group-level unfairness, which can then be a path through which political attitudes are

changed.

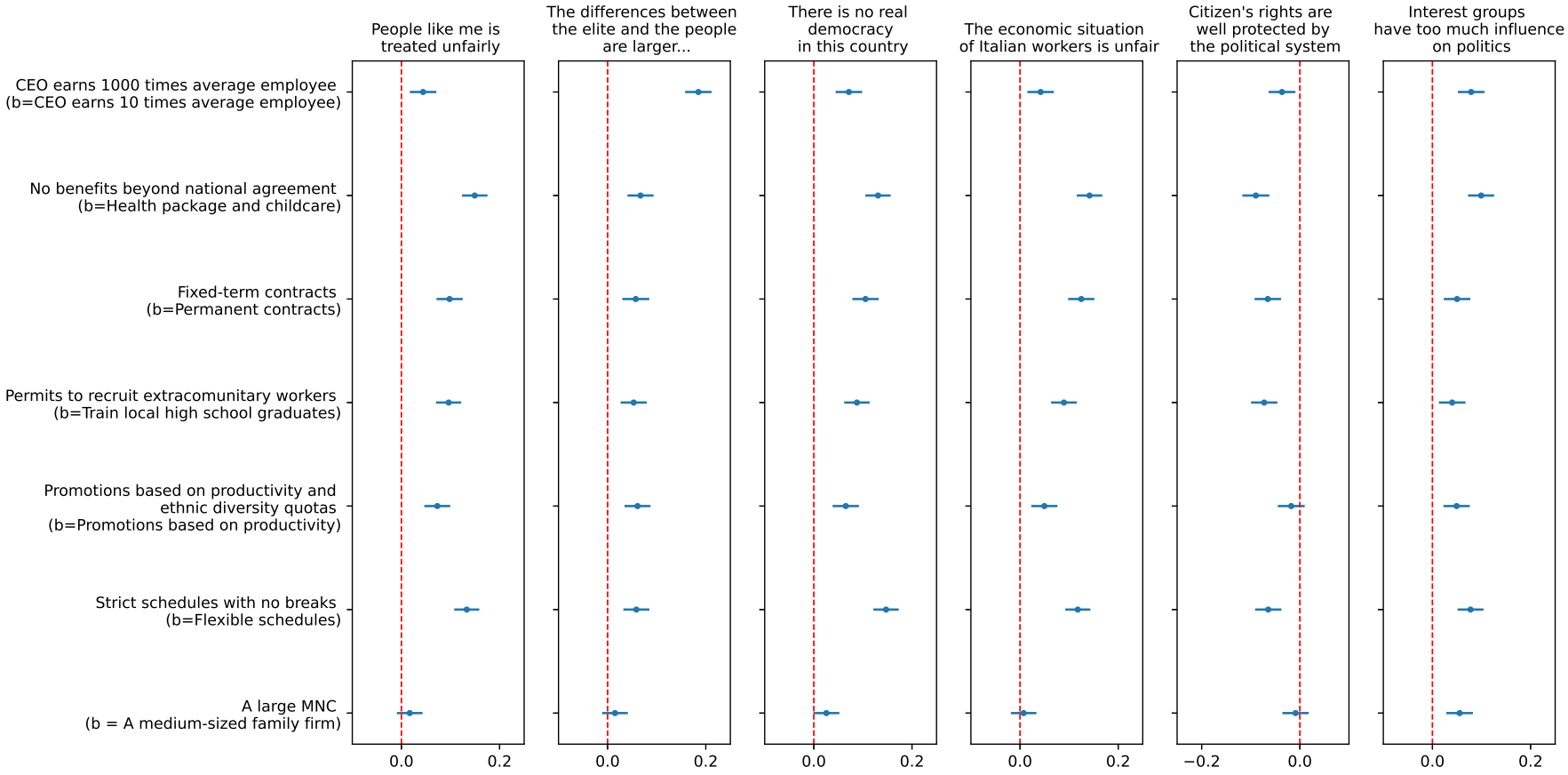

Figure 3: Average Marginal Component Effects on attitudinal items. 95% CIs.

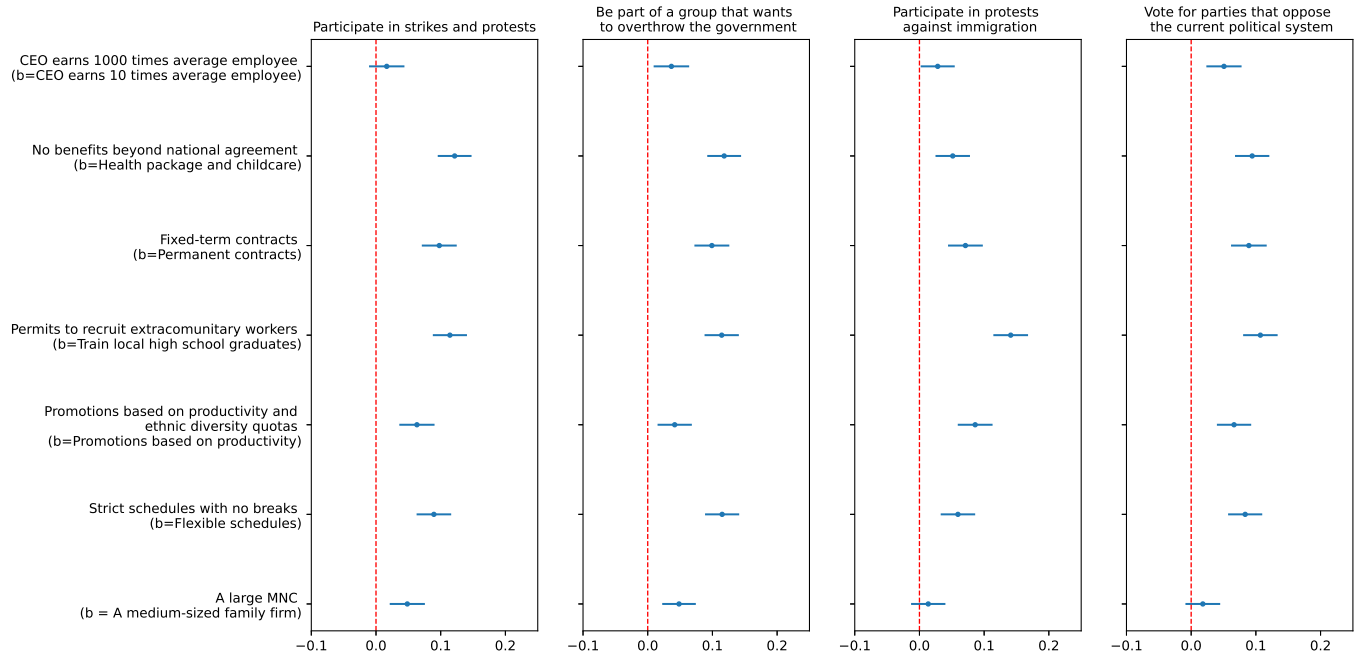

Figure 4: Average Marginal Component Effects on behavioral items. 95% CIs.

Table 5: Wage information experiment - ATEs estimated via OLS with HC2 SEs.

	Dependent variable:			
	Angry at differences among workers	Workers' situation is unfair	Compensation for my job is fair	Extra-comunitarians take away good jobs
Tr: Foreign worker	0.58^{***}	0.16^{***}	-0.19^{***}	0.15^{**}
	(0.14)	(0.06)	(0.07)	(0.07)
Tr: Italian worker	0.21	0.07	-0.26^{***}	0.02
	(0.15)	(0.06)	(0.07)	(0.08)
Constant	6.64^{***}	3.85^{***}	2.90^{***}	2.39^{***}
	(0.10)	(0.04)	(0.05)	(0.05)
Industry Controls	Yes	Yes	Yes	Yes
Worker Controls	Yes	Yes	Yes	Yes
Observations	1,277	1,277	1,277	1,277
Note:				*p<0.1; **p<0.05; ***p<0.01

3.3 Retail expansion

While it is not possible to randomize firms into labor markets, the timing of regulatory changes affecting firm entry into local labor markets can be used to identify causal effects. Schivardi and Viviano (2011) have used the heterogeneity in rules and their timing to identify the effects that large retailers' entry regulations have on productivity. I adopt a similar differences-in-differences approach using the retail liberalization scores calculated by Schivardi and Viviano (2011) at the provincial level, which are based on the maximum surface of large retailers that each region allowed within each of its provinces. The authors measure liberalization through a continuous scale calculating the ratio of the population to the admissible floor space (PAFS). Importantly, different provinces within the same region could be assigned to different "treatment" levels by their regional councils (in Italy provinces are contained within regions). The national legislation mandating regions to define these limits (the Bersani Law) was established in 1998 and the regional councils had to introduce local legislation setting the limits by April 1999.

During this period of implementation, there were three national elections (in 1996, 2001 and 2006) that can be used to measure the outcome of interest. I use Lega Nord vote shares at the municipal level to proxy anti-system political attitudes. Municipalities are clustered within provinces, which are assigned to different treatment levels. I use a continuous design with two-way fixed effects imposing linearity (using the raw measure in the original paper) and a non-parametric DiD design classifying provinces according to whether they experienced a below-above mean level of liberalization (PAFS scores are recoded such that higher values indicate higher levels of liberalization and standardized for ease of interpretation). The latter design formally recovers an ATT, at the cost of assuming that the treatment is dichotomic (which is not an unreasonable assumption given that 21 provinces were assigned no restrictions and most clustered at similar liberalization levels).

Key to the identification is the fact that even though regulation at the regional level is endogenous to local politics, Lega Nord's strength at $t-1$ should lead to a lower treatment

at t since small businesses were a key component of Lega's electoral coalition. A parallel trends violation would mean that Lega Nord was becoming stronger precisely in the places where it was weaker, independently of the treatment. While not unreasonable (since parties might dedicate more resources to districts where they expect to make gains) in the empirical section I assess the likelihood of this parallel trends assumption and show that there is no evidence of a positive pre-trend and that in fact in some of the pre-periods Lega Nord was experiencing a slightly negative trend.

In the preferred specification, vote shares at the municipality level (Y_{mprt}) are regressed on the interaction between PAFS (as a continuous or dummy variable) and a dummy for the period, municipality m and period effects, and the interaction between region r and period t (since municipality are contained within provinces p, and provinces within regions, this accounts for region-specific time-varying shocks), as well as a series of time-varying controls (X_prt) at the province level (provincial value-added, employment rate, the share of the workforce employed working in retail, and share of the workforce employed in retail that works as independent shoppers). Since there are just two periods, there are no concerns of DiD estimation with multiple time periods (Callaway & Sant'Anna, 2020). Though identification of causal effects with continuous treatments is not granted without further assumptions (Callaway et al., 2021), under the conditional parallel trends assumption in the case in which PAFS is dichotomized, the estimand τ on the interaction with the post period identifies the ATT of being above the mean liberalization level. This model is then estimated through fixed-effects regression and standard errors are clustered at the treatment assignment (province) level (Abadie et al., 2017).

$$Y_{mprt} = \alpha_{mpr} + \tau PAFS_{pr} * t + \beta' \mathbf{X_{prt}} + \lambda_t + \gamma_{rt} + \epsilon_{mprt}$$

I complement the aggregate electoral data with an individual-level panel survey con-

ducted by ITANES (Italian National Election Studies) that had three waves (in 2001, 2004 and 2006), covering the same year in which the rules were introduced (and a question on the 1996 election) as well as the period (about four years after the introduction of the rules) in which according to Schivardi and Viviano (2011) effects on local labor markets should be observed given approval times and construction of the new establishments. As before, I use Lega Nord votes as a measure of anti-system attitudes (in this case a direct behavioral question on whether the respondent voted for the Lega in each national election). Since the effects of retail entry are conditional on the local context, I consider separate models for the North and the South. In the South, labor markets are characterized by high levels of informality and precarious conditions and large retailers could be an upgrade with respect to pre-existent conditions, whereas in the North local shops could offer relatively better conditions than those that would become generalized through large retailers. I also consider a model including only economically active respondents, as people who do not participate in the labor market might be pure beneficiaries of large retail entry through their effect on prices.

A limitation of this approach is that all of the observed difference could be due to a programmatic position (opposition to large retailers) rather than by the development of anti-system political attitudes. The story of the Lega Nord nevertheless shows that both components are hard to disentangle and, especially among the working class, the latter seems to be a key factor behind Lega support. To assess whether differences could be at least partly due to higher dissatisfaction due to economic changes in treated regions I use the same design with two questions asking respondents' individual (personal and family's) and sociotropic (Italy's) perceptions of the economic situation.

Retail is a major sector in which low-road employment practices have expanded the most in the last few decades. Recently, it has been shown that low road practices among large retailers affect several aspects of the working life beyond wages, which have a large impact on workers' perception of their own "dignity" (Dube et al., 2022). While the US was an

early adopter of large retail through much-debated chains like Walmart, Europe was a late adopter in the 1990s. Back in the 1980s, as Walmart rapidly expanded in the US, political economists wondered about the persistence of the traditional sector in Italy. Even after significant reforms in the late 1990s, like the Bersani Law, small and medium-sized shops remain an important part of the local economy in Italian labor markets, in a similar fashion to SMEs in industrial sectors.

As in other places, large retail chains in Italy have been accused of precarious employment conditions and of testing the limits of what is allowed under existing labor legislation with their practices. In this context, these practices are more significant because they exploit the limited flexibilization of contracts that the national legislation has permitted to create contractual situations beyond those intended by legislators. This is the case of the so-called "vouchers" (legally the *buoni lavoro* system), a ticket book that allows employers to hire employees intermittently without a formal employment contract. While originally devised with households requiring personal services on a non-regular basis in mind, its use has expanded to large firms. Carrefour, one of the largest retail chains in Italy, has been accused of using these vouchers extensively (instead of buying physical tickets in a kiosk as households would do it acquires massive quantities through a digital system) and of replacing workers once they exceed the annual limit

The expansion of large retailers in Italy has been highly contentious, resisted both by unions (which at the same time have had a history of complex relationships with small and medium-sized shop owners' confederations), trade federations and local governments. A review of the transcripts of regional councils debates in Northern Italy shows that as recent as 2021, regional councils continued to debate approvals on a case-by-case basis, in a contentious environment with mutual accusations of transgressing competition rules (for those against) and trying to destroy local economies and community life (for those in favor).

This creates a good test case for the theory because it is both a case in which meso-level (provincial) policies (rather than national or EU-wide ones) affect local labor markets

and because these policies vary the kind of firms (traditional small shops of large low-road retailers) can enter into a labor market. Though it could be argued that liberalization was an EU mandate, in practice the national regulation shifted the responsibility to regional governments. Italy's strategy of delegating regulatory approval to regions not only avoided a clash with the EU's competition policy but also introduced a lot of variation in how much liberalization each province experienced.

3.3.1 Retail DID Results

In Table 6 I present the results from the difference-in-differences specification using retail sector liberalization. Both the continuous and dichotomic treatment variables show a strong positive effect of retail liberalization on Lega Nord vote shares. The last model including municipality, year, region by year as well as time-varying covariates (unemployment rate and local value-added, to capture time-varying local shocks) estimate an ATT of 6.3%.[12]

I present similar models for the pre-periods showing that parallel trends is likely to hold and, to the degree that there were differences in trends, they had an opposite sign to the post-period (Table 7), which is due to the fact that where the Lega was strongest it tended to vote against large retail expansion. In other words, the observed reversal is likely due to provinces where retail was liberalized shifting towards the anti-system party.

In Table 8, a similar DID specification but using individuals in the ITANES panel survey (self-reported vote in 1996 in the 2001 survey and self-reported vote in the 2006 survey) shows that specifically in the North, where large retailers entry would have forced traditional local labor markets and firms to the low road (as opposed to the South where large retailers could have brought modernization to largely informal labor markets) respondents were significantly more likely to have voted for the Lega Nord in the post-period in provinces that experienced more retail liberalization. A standard deviation increase in retail liberalization leads to a

[12] As a robustness check, in the Appendix I include ATT estimates using the DiD estimator from Callaway and Sant'Anna (2020), showing lack of positive pre-trends and an ATT estimate of 10.2% for 2006 (95% CI 3%-18%).

Table 6: OLS - Cluster robust standard errors.

	Dependent variable:			
	Lega Nord Vote Share			
	(1)	(2)	(3)	(4)
Liberalization (PAFS) * Post	0.036***	0.031*		
	(0.012)	(0.018)		
High (abv. mean) PAFS * Post			0.068***	0.063***
			(0.024)	(0.023)
Unit effects	Yes	Yes	Yes	Yes
Time effect	Yes	Yes	Yes	Yes
Region * Time effect	No	Yes	No	Yes
Controls	No	Yes	No	Yes
Observations	12,263	12,263	12,263	12,263
Note:				*p<0.1; **p<0.05; ***p<0.01

Table 7: OLS - Cluster robust standard errors.

	Dependent variable:		
	Lega Nord Vote Share		
	(1)	(2)	(3)
Liberalization (PAFS) * Post 92	−0.011*		
	(0.006)		
Liberalization (PAFS) * Post 94		−0.019*	
		(0.010)	
Liberalization (PAFS) * Post 96			0.015
			(0.009)
Unit effects	Yes	Yes	Yes
Time effect	Yes	Yes	Yes
Observations	12,169	9,362	9,484
Note:			*p<0.1; **p<0.05; ***p<0.01

probability of having voted for the Lega in the post period that is 0.044 higher (an effect that seems to double among economically active respondents). Tables A9 and A10 in the Appendix show that respondents in the North also think that their personal and Italy's economic situation is becoming worse in the post period.

If a shorter period is considered (2001 and 2006 votes) a positive and significant but smaller effect is found in the more saturated models among respondents in the North, and a 1996 versus 2001 comparison shows that by 2001 at least some share of respondents had already switched. Though the legislation was established in 1999, it takes some years for large retailers to be approved and open their stores, but it might be the case that by 2001 either the debates or the threat of entry, or at least some initial large stores opening, were already inducing a share of respondents towards the anti-system party.

Table 8: LPM - Cluster robust standard errors.

	Dependent variable:				
	Lega Vote (1996 - 2006)				
	All	North	South	North	North - Economically Active
	(1)	(2)	(3)	(4)	(5)
Liberalization (PAFS) * Post	0.006	0.041**	−0.001	0.044***	0.084*
	(0.007)	(0.018)	(0.001)	(0.016)	(0.050)
Individual effects	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes
Region * Year effects	No	No	No	Yes	Yes
Observations	3,879	2,112	1,767	2,112	1,090
Note:					*p<0.1; **p<0.05; ***p<0.01

These results provide support to the hypothesis stating that low-road firm entry into a local labor market might push the workforce in general towards low-road employment conditions, particularly if they are large employers that shatter and affect the strategies of smaller competitors as is the case of large retail chains, and this exogenous shift towards the low-road (in this case enabled by regional variations in shop floor space regulation) can

then translate into anti-system politics which in Italy's North expressed as higher electoral support for the radical right populist party.

4 Conclusion

This paper makes several contributions: first, it shows that firms should be brought into the analysis of politics in general, in particular to the development of political attitudes of their workforce and their effects on the politics of the local labor markets in which they are inscribed; second, it shows that economic explanations of the origins of anti-system politics like trade, globalization, or skill-biased technological change, are conditional on firms strategies; third, it argues that different policy bundles should be considered by pro-system parties trying to diminish political dissatisfaction, paying more attention to innovation and regulatory policies that have impacts at the firm-level; fourth, methodologically, it shows that research on anti-system political attitudes can benefit from more targeted detailed survey instruments measuring fine-grained workplace and employment characteristics, as they can help elucidating which aspects of the working life can lead to anti-system politics.

I have argued that low road firm strategies and within and between firm inequality, independently of macro-economic trends, industry and individual characteristics, can lead to perceptions of unfairness and anti-system political attitudes and behavior. I have also argued that firm strategies can extend these effects to the local labor markets in which they operate and that low-road firm entry into a local labor market increases political dissatisfaction.

Using a conjoint experiment in a large original survey of full-time employees in Italy I have shown that low road employment characteristics, within-firm inequality and out-group access to employment opportunities are associated with perceptions of unfairness, anti-system political attitudes, including thinking that democracy does not work well, and anti-system behaviors, including being part of groups that want to overthrow the government. Through an information experiment in the same survey, I have also shown that when respondents

are shown evidence that they are affected by between-firm inequality (they are paid less than similar workers in a different firm) they respond with a higher perception of individual unfairness. More importantly, the same experiment shows that when information on the nationality of respondents is added, there is also a large effect on perceptions of group-level unfairness.

To assess the external validity of these results I exploited the timing and heterogeneity of a change in rules regarding the entry of large retailers in a differences-in-differences design. The results showed that opening to the entry of large retailers, notoriously low-road employers, leads to large increases in support for the Lega Nord, both if measured by municipality-level vote shares and self-reported individual votes in a panel survey.

This argument has important policy implications for parties that are committed to democracy and concerned with addressing the sources of political dissatisfaction among large swaths of the electorate. From an economic point of view, unemployment insurance, active labor market policies and transfers have little use against firm strategies, especially when these are reinforced with other government policies that allow firms to shift towards the low road and further their market power. One of the puzzles of right populism is why workers abandon left parties that promote redistribution. If what happens in firms cannot be fixed by typical center-left policies, then workers defect, possibly first against the democratic system and later right populism.

Low-wage firms struggle to reconcile low productivity, declining demand and meager profits with the pressures from larger firms and more dynamic markets. Often, firms that enjoy local monopsonies over labor are themselves dependent on large single buyers. Even if redistributive policies had an effect on local economic activity and employment, they would not fix the declining quality of jobs.

While anti-system attitudes do not always lead to articulated political programs, to the degree that this frustration can be programmatically articulated it tends to demand the restoration of those sources of well-being, which can be hard to incorporate into the tradi-

tional dimensions of political competition. These demands generally refer to an economic and social order in which insiders had consistent and permanent access to opportunities and different sources of material and psychological well-being, including high-quality jobs, stability and status. This decline in job quality could never be compensated through redistributive policies and, instead, a pro-business agenda with a bias towards SMEs and against certain forms of state intervention is more appealing, which can explain the right-wing bias of the most successful populist parties. Among pro-system parties, instead, the alternative might be to pay more attention to regulatory issues, labor legislation and innovation policies, that can help and induce firms to opt into the high road.

References

Abadie, A., Athey, S., Imbens, G., & Wooldridge, J. (2017, October 24). *When Should You Adjust Standard Errors for Clustering?* Retrieved September 10, 2021, from http://arxiv.org/abs/1710.02926

Akkerman, A., Mudde, C., & Zaslove, A. (2014). How Populist Are the People? Measuring Populist Attitudes in Voters. *Comparative Political Studies*, *47*(9), 1324–1353. https://doi.org/10.1177/0010414013512600

Amin, A. (1989). Flexible Specialisation and Small Firms in Italy: Myths and Realities. *Antipode*, *21*(1), 13–34. https://doi.org/10.1111/j.1467-8330.1989.tb00177.x _eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/j.1467-8330.1989.tb00177.x

Anelli, M., Colantone, I., & Stanig, P. (2019, July 1). *We Were The Robots: Automation and Voting Behavior in Western Europe* (SSRN Scholarly Paper No. ID 3419966). Social Science Research Network. Rochester, NY. https://doi.org/10.2139/ssrn.3419966

Ansell, B., & McNamara, K. R. (2018). Housing, Place, and Populism, 44.

Autor, D., Dorn, D., Hanson, G., & Majlesi, K. (2016, September). *Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure* (Working Paper No. 22637). National Bureau of Economic Research. https://doi.org/10.3386/w22637

Babecký, J., Du Caju, P., Kosma, T., Lawless, M., Messina, J., & Rõõm, T. (2012). How do European firms adjust their labour costs when nominal wages are rigid? *Labour Economics*, *19*(5), 792–801. https://doi.org/10.1016/j.labeco.2012.03.010

Barth, E., Bryson, A., Davis, J. C., & Freeman, R. (2016). It's Where You Work: Increases in the Dispersion of Earnings across Establishments and Individuals in the United States. *Journal of Labor Economics*, *34*(S2), S67–S97. https://doi.org/10.1086/684045

Battisti, M. (2017). High wage workers and high wage peers. *Labour Economics*, *46*, 47–63. https://doi.org/10.1016/j.labeco.2017.02.002

Bernard, A. B., Moxnes, A., & Saito, Y. U. (2019). Production Networks, Geography, and Firm Performance. *Journal of Political Economy*, *127*(2), 639–688. https://doi.org/10.1086/700764

Bloom, N., Sadun, R., & Reenen, J. V. (2017). Management as a Technology?, 81.

Bolet, D. (2021). Drinking Alone: Local Socio-Cultural Degradation and Radical Right Support—The Case of British Pub Closures. *Comparative Political Studies*, *54*(9), 1653–1692. https://doi.org/10.1177/0010414021997158

Burgoon, B., van Noort, S., Rooduijn, M., & Underhill, G. R. D. (2018). *Radical right populism and the role of positional deprivation and inequality* (Working Paper No. 733). LIS Working Paper Series. Retrieved April 9, 2020, from https://www.econstor.eu/handle/10419/203019

Callaway, B., Goodman-Bacon, A., & Sant'Anna, P. H. C. (2021, July 9). *Difference-in-Differences with a Continuous Treatment*. Retrieved September 8, 2021, from http://arxiv.org/abs/2107.02637

Callaway, B., & Sant'Anna, P. H. C. (2020). Difference-in-Differences with multiple time periods. *Journal of Econometrics*. https://doi.org/10.1016/j.jeconom.2020.12.001

Card, D., Heining, J., & Kline, P. (2013). Workplace Heterogeneity and the Rise of West German Wage Inequality*. *The Quarterly Journal of Economics*, *128*(3), 967–1015. https://doi.org/10.1093/qje/qjt006

Cardoso, A. R. (1997). Workers or Employers: Who is Shaping Wage Inequality? *Oxford Bulletin of Economics and Statistics*, *59*(4), 523–547. https://doi.org/10.1111/1468-0084.00081

_eprint: https://onlinelibrary.wiley.com/doi/pdf/10.1111/1468-0084.00081

Cardoso, A. R. (1999). Firms' Wage Policies and the Rise in Labor Market Inequality: The Case of Portugal. *ILR Review*, *53*(1), 87–102. https://doi.org/10.1177/001979399905300105

Choi, J., Kuziemko, I., Washington, E. L., & Wright, G. (2021, November). *Local Economic and Political Effects of Trade Deals: Evidence from NAFTA* (Working Paper No. 29525). National Bureau of Economic Research. https://doi.org/10.3386/w29525

Colantone, I., & Stanig, P. (2018). The trade origins of economic nationalism: Import competition and voting behavior in Western Europe. *American Journal of Political Science*, *62*(4), 936–953.

Davis, S. J., Haltiwanger, J., Handley, K., Jarmin, R., Lerner, J., & Miranda, J. (2014). Private Equity, Jobs, and Productivity. *American Economic Review*, *104*(12), 3956–3990. https://doi.org/10.1257/aer.104.12.3956

Del Gatto, M., Hassan, F., Ottaviano, G. I., & Schivardi, F. (2019). *Company profits in Italy.* (No. 093). European Commission Directorate-General for Economic and Financial Affairs. Retrieved August 26, 2021, from https://data.europa.eu/doi/10.2765/63729

Dube, A., Naidu, S., & Reich, A. D. (2022, September). Power and Dignity in the Low-Wage Labor Market: Theory and Evidence from Wal-Mart Workers. https://doi.org/10.3386/w30441

Faggio, G., Salvanes, K. G., & Van Reenen, J. (2010). The evolution of inequality in productivity and wages: Panel data evidence. *Industrial and Corporate Change*, *19*(6), 1919–1951. https://doi.org/10.1093/icc/dtq058

Gest, J. (2015). Pro- and anti-system behavior: A complementary approach to voice and silence in studies of political behavior. *Citizenship Studies*, *19*(5), 535–552. https://doi.org/10.1080/13621025.2015.1074345
_eprint: https://doi.org/10.1080/13621025.2015.1074345

Gest, J., Reny, T., & Mayer, J. (2018). Roots of the Radical Right: Nostalgic Deprivation in the United States and Britain. *Comparative Political Studies*, *51*(13), 1694–1719. https://doi.org/10.1177/0010414017720705

Gold, T. W. (1999). *Contesting the centralized state: The Lega Nord and federalist reform in Italy* (Doctoral dissertation). New School for Social Research. United States – New

York. Retrieved June 30, 2021, from http://www.proquest.com/docview/304617666/abstract/95EFCD8F936B4BE4PQ/1

Green, F., Mostafa, T., Parent-Thirion, A., Vermeylen, G., van Houten, G., Biletta, I., & Lyly-Yrjanainen, M. (2013). Is Job Quality Becoming More Unequal? *ILR Review*, *66*(4), 753–784. https://doi.org/10.1177/001979391306600402

Guiso, L., Herrera, H., Morelli, M., & Sonno, T. (2017). Demand and supply of populism. *Unpublished manuscript, http://heliosherrera. com/, accessed*, 09–29.

Guiso, L., Pistaferri, L., & Schivardi, F. (2005). Insurance within the Firm. *Journal of Political Economy*, *113*(5), 1054–1087. https://doi.org/10.1086/432136

Håkanson, C., Lindqvist, E., & Vlachos, J. (2015). *Firms and skills: The evolution of worker sorting* (Working Paper 2015:9). Working Paper. Retrieved May 6, 2020, from https://www.econstor.eu/handle/10419/129384

Hauff, S., & Kirchner, S. (2014, January). *Cross-national differences and trends in job quality* (No. 13). Unternehmensführung am Fachbereich BWL der Universität Hamburg.

Häusermann, S., Kurer, T., & Zollinger, D. (n.d.). Aspiration versus Apprehension: Economic Opportunities and Electoral Preferences, 54.

Helpman, E., Itskhoki, O., Muendler, M.-A., & Redding, S. J. (2017). Trade and Inequality: From Theory to Estimation. *The Review of Economic Studies*, *84*(1), 357–405. https://doi.org/10.1093/restud/rdw025

Holman, D. (2013). Job types and job quality in Europe. *Human Relations*, *66*(4), 475–502. https://doi.org/10.1177/0018726712456407

Kristal, T., Cohen, Y., & Navot, E. (2020). Workplace Compensation Practices and the Rise in Benefit Inequality. *American Sociological Review*, *85*(2), 271–297. https://doi.org/10.1177/0003122420912505

Kurer, T. (2020). The Declining Middle: Occupational Change, Social Status, and the Populist Right. *Comparative Political Studies*, 0010414020912283. https://doi.org/10.1177/0010414020912283

Manasse, P., Stanca, L., & Turrini, A. (2004). Wage premia and skill upgrading in Italy: Why didn't the hound bark? *Labour Economics*, *11*(1), 59–83. https://doi.org/10.1016/S0927-5371(03)00051-4

Mudde, C. (2007). *Populist Radical Right Parties in Europe*. Cambridge University Press.

Muller, E. N., Jukam, T. O., & Seligson, M. A. (1982). Diffuse Political Support and Antisystem Political Behavior: A Comparative Analysis. *American Journal of Political Science*, *26*(2), 240. https://doi.org/10.2307/2111038

Newth, G. (2019). The roots of the Lega Nord's populist regionalism. *Patterns of Prejudice*, *53*(4), 384–406. https://doi.org/10.1080/0031322X.2019.1615784

Osterman, P. (2018). In Search of the High Road: Meaning and Evidence. *ILR Review*, *71*(1), 3–34. https://doi.org/10.1177/0019793917738757

Piore, M., & Sabel, C. (1984). *The Second Industrial Divide: Prospects for Prosperity*. Basic Books.

Rahman, K. S., & Thelen, K. (2018). Broken Contract: The Rise of the Networked Firm and the Transformation of Twenty-First Century Capitalism. *Unpublished manuscript, MIT*.

Rodrik, D. (2017). *Populism and the Economics of Globalization*. National Bureau of Economic Research.

Rodrik, D., & Sabel, C. F. (2019). Building a Good Jobs Economy. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.3533430

Schivardi, F., & Viviano, E. (2011). Entry Barriers in Retail Trade. *The Economic Journal*, *121*(551), 145–170. https://doi.org/10.1111/j.1468-0297.2009.02348.x

Sebastian, D., Mehdi, R., & Ankee, W. (2018). Credit-supply shocks and firm productivity in Italy - ScienceDirect. *Journal of International Money and Finance*, *87*, 155–171. Retrieved April 20, 2020, from https://www-sciencedirect-com.libproxy.mit.edu/science/article/pii/S0261560618303280

Song, J., Price, D. J., Guvenen, F., Bloom, N., & von Wachter, T. (2019). Firming Up Inequality. *The Quarterly Journal of Economics*, *134*(1), 1–50. Retrieved April 29, 2020, from http://academic.oup.com/qje/article/134/1/1/5144785

Tilly, C. (1999). *Durable Inequality*. University of California Press.

Tintelnot, F., Kikkawa, A. K., Mogstad, M., & Dhyne, E. (2018, October). *Trade and Domestic Production Networks* (Working Paper No. 25120). National Bureau of Economic Research. https://doi.org/10.3386/w25120

Tomaskovic-Devey, D., & Avent-Holt, D. R. (2019). *Relational inequalities: An organizational approach*. Oxford University Press.

Van Reenen, J. (1996). The Creation and Capture of Rents: Wages and Innovation in a Panel of U. K. Companies. *The Quarterly Journal of Economics*, *111*(1), 195–226. https://doi.org/10.2307/2946662

Weil, D. (2014, February 17). *The Fissured Workplace: Why Work Became so Bad for so Many and What Can Be Done to Improve It*. Harvard University Press.

Wilmers, N. (2018). Wage Stagnation and Buyer Power: How Buyer-Supplier Relations Affect U.S. Workers' Wages, 1978 to 2014. *American Sociological Review*, *83*(2), 213–242. https://doi.org/10.1177/0003122418762441

Appendix

Questionnaires

Dimension	Item
Pay & Benefits	The compensation that I receive for my work is fair
	My compensation (including benefits) is adequate based on what is paid on the market
	My compensation adequately matches my performance
Opportunities & Training	I am satisfied with the training I received in this company
	I have good opportunities for learning and developing in this company
	In general, I think I can achieve my career objectives in this company
	I have good career opportunities in this company
Engagement & Fairness	I have the opportunity of being involved in decisions that affect me
	This job gives me a sense of self-realization
	This company values my contributions
	This company gives equal opportunities to all its employees
	I would recommend this company to others as a great place to work
Job security	My position is stable and I don't think there is a risk of being laid off
	This is a succesful company
	This is a company in decline
Working times / Work-life balance	Working times are adequate and allow for a good work-life balance
Physical environment	I am satisfied by the physical environment of work

Table A1: Battery of employment-related questions.

Dimension	Item
Anti-system attitudes	Democracy works well in this country
	This country's system of government is the best possible one
	Fundamental rights of citizens are well protected by the political system
	I and my friends are well represented by the political system
	I have respect for the political institutions of this country
	Participating in elections guarantees that my interests are well-represented
Anti-system behaviors	Take part in protests and blockades
	Take part in a group that wants to overthrow the government
	Vote for parties that oppose the current political system
	Refuse to pay taxes
	Participate in protests against immigration
	Participate in social media groups that oppose the political system
Populist beliefs	Difference between citizens and the elite are larger than among citizens
	I would prefer to be represented by a common citizen than a professional politician
	Elected candidates talk much and achieve little

Table A2: Battery of political attitudes.

Conjoint statements
There is no real democracy in this country
Fundamental rights of citizens are well protected by the political system
Differences between citizens and the elite are larger than among citizens
People like me are treated unfairly in this country's economy
The economic situation of Italian workers is unfair
Interest groups have too much influence on politics
Take part in blockades and protests
Be part of a group that wants to overthrow the government
Participate in protests against immigration
Vote for parties that oppose the current political system

Table A3: Statements in the conjoint experiment.

Survey results

Table A4: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:		
	Populist Beliefs (PC 1)		
	(1)	(2)	(3)
Compensation & Benefits	-0.10^{***}		
	(0.03)		
Autonomy, Engagement, Fairness		-0.07^{**}	
		(0.03)	
Job security			0.01
			(0.03)
Constant	-0.13	-0.07	-0.08
	(0.72)	(0.72)	(0.73)
Industry & Firm Controls	Yes	Yes	Yes
Worker Controls	Yes	Yes	Yes
Observations	1,332	1,332	1,332
Residual Std. Error (df = 1298)	0.99	0.99	0.99
Note:	*p<0.1; **p<0.05; ***p<0.01		

Table A5: OLS estimates of std. PC of political items on PC of employment items

	Dependent variable:		
	Populist Beliefs (PC 1)		
	(1)	(2)	(3)
Training opportunities	−0.05		
	(0.03)		
Working times		−0.01	
		(0.03)	
Physical environment			−0.03
			(0.03)
Constant	−0.08	−0.08	−0.04
	(0.72)	(0.72)	(0.72)
Industry & Firm Controls	Yes	Yes	Yes
Worker Controls	Yes	Yes	Yes
Observations	1,332	1,332	1,332
Residual Std. Error (df = 1298)	0.99	0.99	0.99
Note:	*p<0.1; **p<0.05; ***p<0.01		

Table A6: OLS estimates of std. PC of attitudinal items on PC of employment items

	Dependent variable:
	Populist Beliefs (PC 1)
Compensation & Benefits	-0.10^{***}
	(0.04)
Autonomy, Engagement, Fairness	-0.12^{*}
	(0.06)
Job security	0.08^{**}
	(0.04)
Training opportunities	0.04
	(0.05)
Working times	0.03
	(0.03)
Physical environment	0.01
	(0.04)
Constant	-0.10
	(0.72)
Industry & Firm Controls	Yes
Worker Controls	Yes
Observations	1,332
Residual Std. Error	0.99 (df = 1293)
Note:	*p<0.1; **p<0.05; ***p<0.01

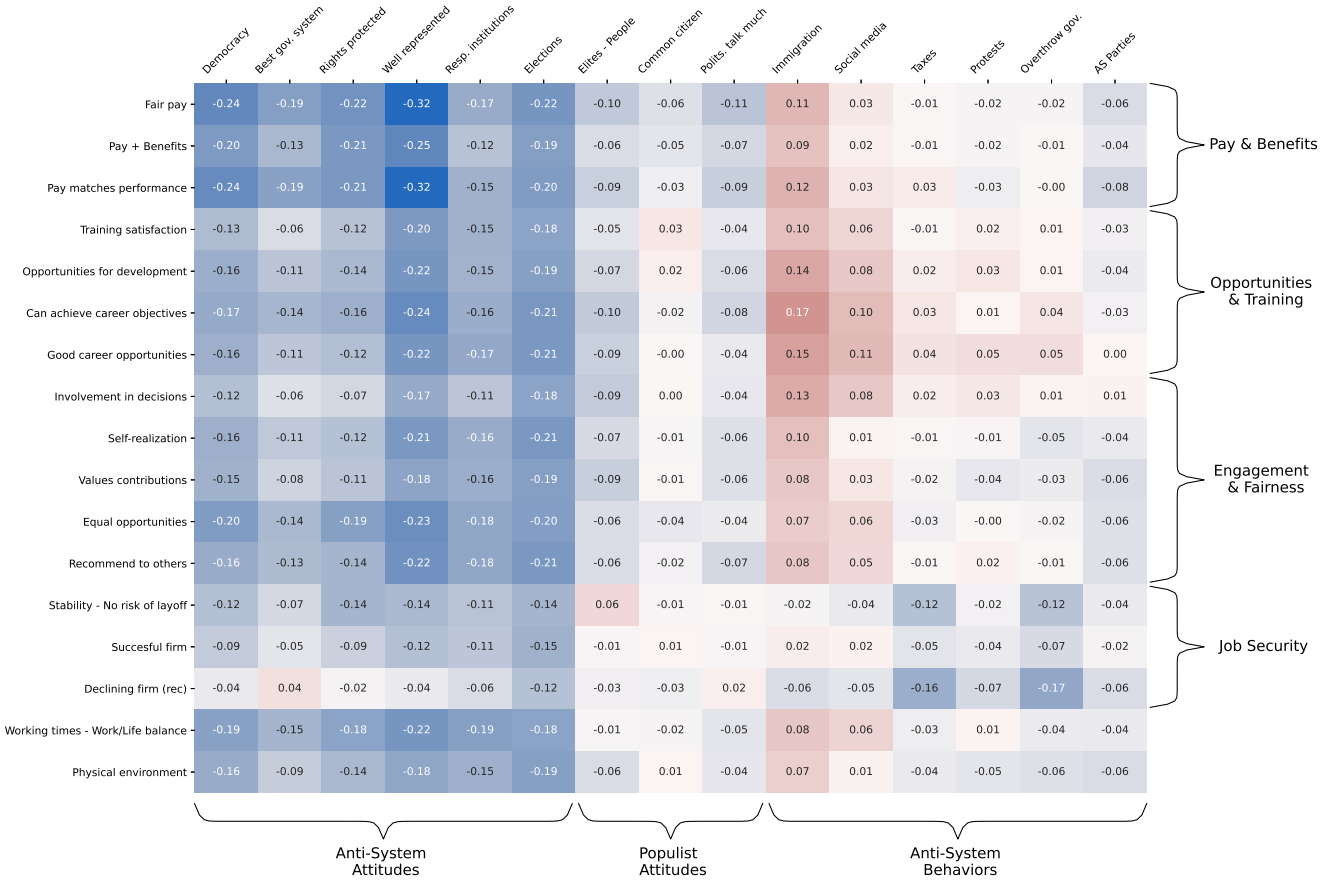

Figure 5: Pearson correlations between employment and political items after demeaning educational achievement.

Inequality Decomposition in Veneto

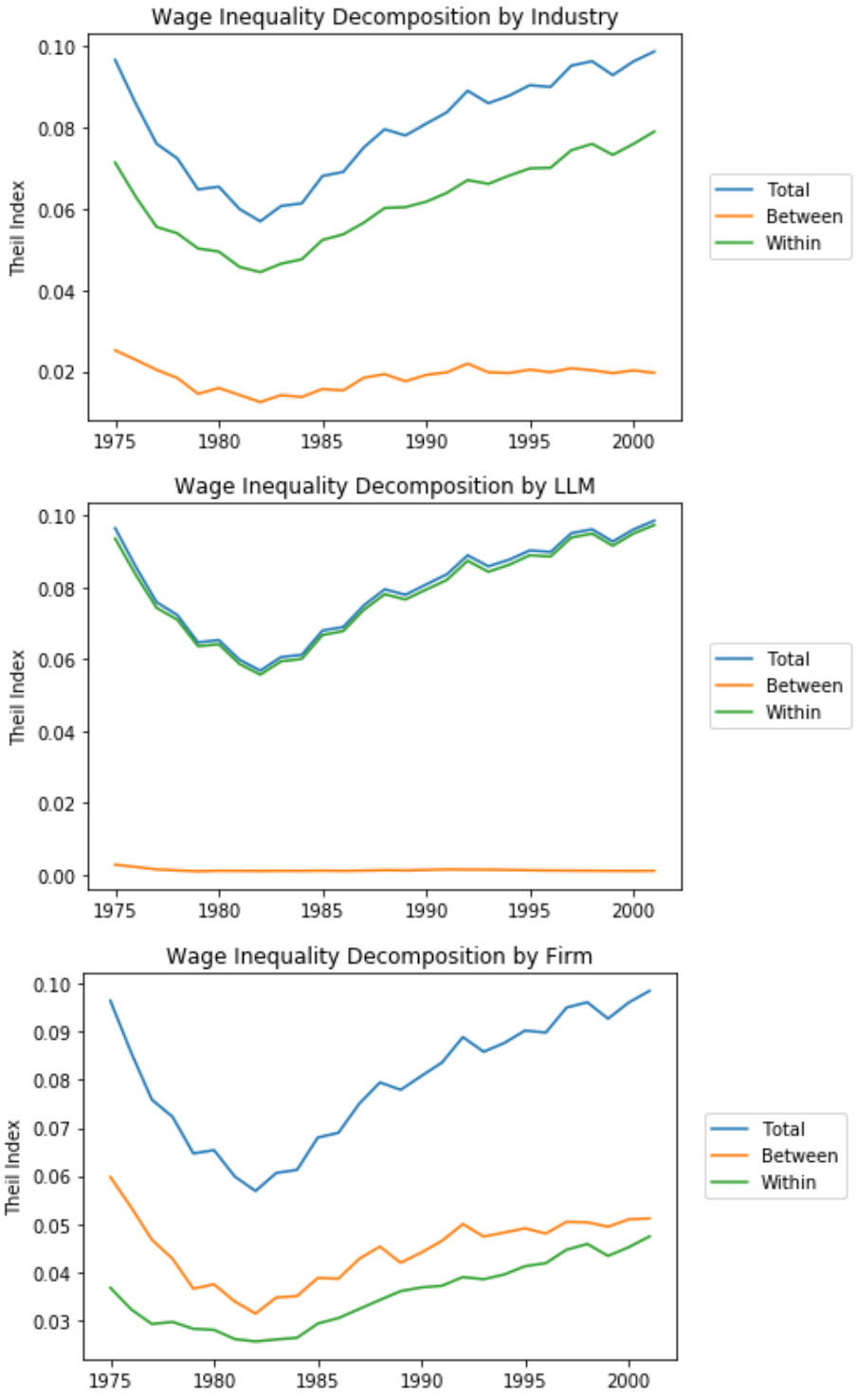

Figure 6: Author's elaboration with data from the Veneto Workers History

Retail

Table A7: LPM - Cluster robust standard errors.

	Dependent variable:				
	Lega Vote (2001 - 2006)				
	All	North	South	North	North - Economically Active
	(1)	(2)	(3)	(4)	(5)
Liberalization (PAFS) * Post	0.001	0.004	0.0003	0.025**	0.034***
	(0.003)	(0.011)	(0.001)	(0.011)	(0.012)
Individual effects	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes
Region * Year effects	No	No	No	Yes	Yes
Observations	3,866	2,102	1,764	2,102	1,089

Note: *p<0.1; **p<0.05; ***p<0.01

Table A8: LPM - Cluster robust standard errors.

	Dependent variable:				
	Lega Vote (1996 - 2001)				
	All	North	South	North	North - Economically Active
	(1)	(2)	(3)	(4)	(5)
Liberalization (PAFS) * Post	0.005	0.021**	0.000	0.014	0.017
	(0.005)	(0.009)	(0.000)	(0.014)	(0.020)
Individual effects	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes
Region * Year effects	No	No	No	Yes	Yes
Observations	5,853	3,210	2,643	3,210	1,631
Note:					*p<0.1; **p<0.05; ***p<0.01

Table A9: OLS - Cluster robust standard errors.

	Dependent variable:				
	Personal and family's economic situation				
	All	North	South	North	North - Economically Active
	(1)	(2)	(3)	(4)	(5)
Liberalization (PAFS) * Post	−0.046	0.120	−0.094***	0.309***	0.299***
	(0.034)	(0.085)	(0.026)	(0.072)	(0.083)
Individual effects	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes
Region * Year effects	No	No	No	Yes	Yes
Observations	4,054	2,172	1,882	2,172	1,110
Note:					*p<0.1; **p<0.05; ***p<0.01

Table A10: OLS - Cluster robust standard errors.

	Dependent variable:				
	Italy's economic situation				
	All	North	South	North	North - Economically Active
	(1)	(2)	(3)	(4)	(5)
Liberalization (PAFS) * Post	−0.022	0.029	−0.014	0.215**	0.247**
	(0.037)	(0.080)	(0.031)	(0.093)	(0.119)
Individual effects	Yes	Yes	Yes	Yes	Yes
Year effects	Yes	Yes	Yes	Yes	Yes
Region * Year effects	No	No	No	Yes	Yes
Observations	4,079	2,186	1,893	2,186	1,113
Note:					*p<0.1; **p<0.05; ***p<0.01

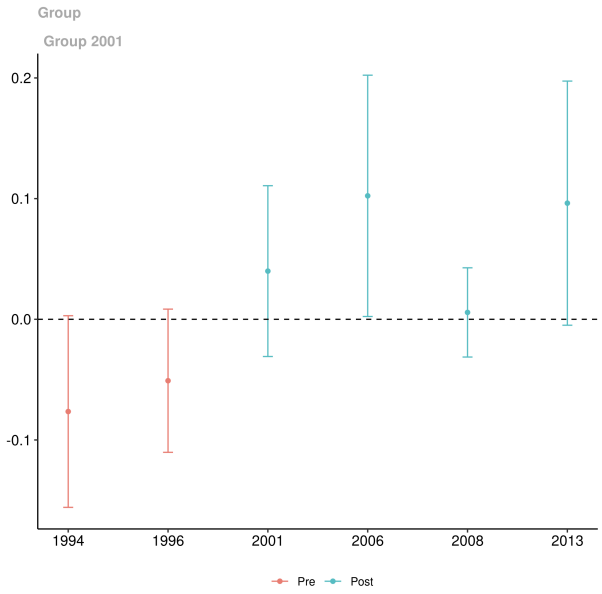

Figure 7: Doubly-robust difference-in-differences ATT estimates of the municipality-level effect of an above-the-mean retail liberalization. Cluster bootstrapped confidence intervals.

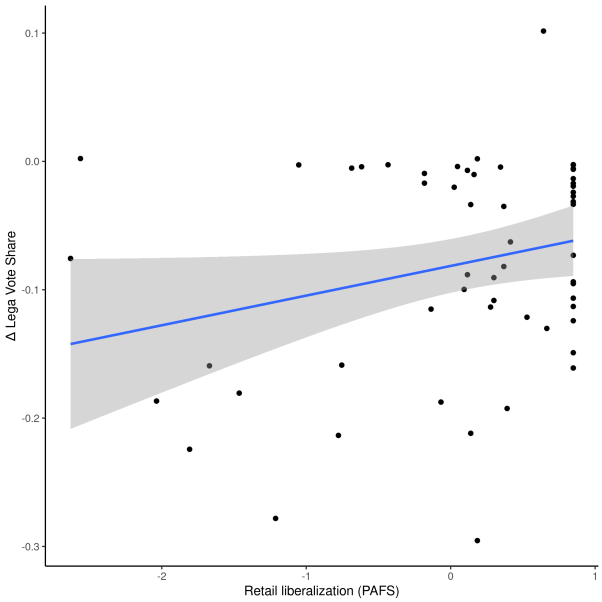

Figure 8: Lega vote share change (1996-2006) on retail liberalization by Italian province.

Conjoint: Estimates and RRP support

Table A11: AMCEs estimated via OLS with respondent clustered SEs.

	Dependent variable:		
	RRP (Lega | FdI)	Lega	FdI
A large MNC	−0.02	−0.01	−0.003
(b = A medium-sized family firm)	(0.01)	(0.01)	(0.01)
Strict schedules with no breaks	0.03**	0.03***	0.0002
(b=Flexible schedules)	(0.01)	(0.01)	(0.01)
Promotions on prod. and eth. div. quotas	0.04***	0.02**	0.02**
(b=Promotions on prod.)	(0.01)	(0.01)	(0.01)
Permits to recruit extracomunitary workers	0.05***	0.05***	0.002
(b=Train local high school graduates)	(0.01)	(0.01)	(0.01)
Fixed-term contracts	−0.01	0.003	−0.01
(b=Permanent contracts)	(0.01)	(0.01)	(0.01)
No benefits beyond national agreement	−0.02	−0.01	−0.01
(b=Health package and childcare)	(0.01)	(0.01)	(0.01)
CEO earns 1000 times average employee	0.03**	0.02	0.01
(b=CEO earns 10 times average employee)	(0.01)	(0.01)	(0.01)
Constant	0.24***	0.15***	0.09***
	(0.02)	(0.01)	(0.01)
Observations	5,344	5,344	5,344
Residual Std. Error (df = 5336)	0.45	0.40	0.29
Note:			*p<0.1; **p<0.05; ***p<0.01

attribute	persone	se_persone	differenze	se_differenze	democrazia	se_democrazia	italiani	se_italiani	diritti	se_diritti	immigrati	se_immigrati
ownership	0.0170	0.0134	0.0150	0.0134	0.0256	0.0135	0.0074	0.0133	-0.0087	0.0136	-0.0039	0.0137
working_times	0.1331	0.0130	0.0586	0.0135	0.1472	0.0132	0.1177	0.0130	-0.0644	0.0137	0.0701	0.0136
promotions	0.0731	0.0135	0.0609	0.0135	0.0651	0.0137	0.0496	0.0136	-0.0176	0.0140	0.1017	0.0138
recruitment	0.0963	0.0131	0.0531	0.0136	0.0878	0.0132	0.0894	0.0134	-0.0726	0.0137	0.1565	0.0135
contracts	0.0981	0.0136	0.0574	0.0140	0.1053	0.0137	0.1248	0.0137	-0.0653	0.0138	0.0618	0.0137
benefits	0.1493	0.0133	0.0670	0.0136	0.1308	0.0132	0.1416	0.0133	-0.0897	0.0140	0.0611	0.0133
ceo	0.0441	0.0138	0.1849	0.0138	0.0714	0.0138	0.0420	0.0138	-0.0364	0.0139	0.0223	0.0138

Table A12: AMCE estimates and SEs from the conjoint experiment.

attribute	gruppi	se_gruppi	minacia	se_minacia	proteste	se_proteste	rovesciare	se_rovesciare	proteste_imm	se_proteste_imm	partiti	se_partiti
ownership	0.0554	0.0138	-0.0127	0.0141	0.0484	0.0139	0.0484	0.0133	0.0136	0.0135	0.0180	0.0137
working_times	0.0777	0.0135	0.0627	0.0136	0.0895	0.0136	0.1150	0.0135	0.0595	0.0136	0.0835	0.0135
promotions	0.0493	0.0137	0.0931	0.0141	0.0633	0.0139	0.0417	0.0135	0.0861	0.0137	0.0663	0.0135
recruitment	0.0402	0.0139	0.1628	0.0137	0.1142	0.0135	0.1144	0.0135	0.1411	0.0137	0.1070	0.0136
contracts	0.0502	0.0138	0.0584	0.0138	0.0978	0.0138	0.0991	0.0138	0.0711	0.0137	0.0892	0.0141
benefits	0.0993	0.0136	0.0435	0.0134	0.1216	0.0133	0.1182	0.0133	0.0515	0.0136	0.0943	0.0135
ceo	0.0789	0.0138	0.0131	0.0138	0.0166	0.0140	0.0366	0.0140	0.0282	0.0134	0.0507	0.0139

Table A13: AMCE estimates and SEs from the conjoint experiment.