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CHANGES IN EMPLOYMENT PRACTICES IN SERVICE ACTIVITIES

Findings from five sectors and ten countries

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Changes in employment practices in service activities

Findings from five sectors and ten countries

The rise to prominence of the service sector – heralded more than 50 years ago as the ‘great hope of the 20th century’ – has long become reality. In most EU member states, the majority of workers are now employed in service activities and the employment potential of services seems far from exhausted. Considerable expectations are being placed in the continued growth of the service sector, particularly in those countries with relatively high unemployment rates. And yet it is here that the disputes begin. Is long-term growth in the service sector possible without an expanding and innovative manufacturing sector? How great is the need for low-skill, low-paid jobs in the provision of services to private households? What will be the cost of meeting the growing need for social services to individuals and what role should the public purse play?

Underlying many of these disputes is the notion that the service sector is the same in all countries and that there is ‘one best way’ for the service society. This is demonstrably not so. The map of European service societies is as diverse as the factors contributing to the growth of service industries, which include material well-being, welfare state arrangements, rising labour market participation among women and the increasingly knowledge-based nature of economic activity. Housework and childrearing may be largely the province of the informal sector or may be outsourced to a greater or lesser extent, either to private providers or to the public sector. European countries are taking very different routes on the way to the service society, with the various national approaches being underpinned by very different, albeit in many cases implicit paradigms.

People’s expectations of what changing employment patterns will deliver differ just as much as their views on how a service-driven society is to be brought about. Some fear that the demise of industrial society will mean the disappearance of many of its prime achievements: job security; predictable working hours and income; ordered industrial relations. Others, on the contrary, see the process of change as offering individuals greater work fulfilment, choice between different working-time patterns and a more dynamic employment environment. Fierce political and ideological debate is currently underway in some European countries, yet the arguments put forward often fail to address the issue of how far industrial relations and working conditions are in fact being transformed – and what the true correlation is between these changes and growth in services. Employment structures in the service sector are *per se* no more ‘flexible’ than they are ‘rigid’ in manufacturing. A closer look at what is really happening is required.

* For the preparation of this text we have used, in addition to our own work, papers by the following members of the NESY team: Mark Smith (Chapter 1.5), Janneke Plantenga and Chantal Remery (Chapter 2.1), Florence Jany-Catrice and Steffen Lehdorff (Chapter 2.2), Thomas Haipeter and Martine Pernod-Lemattre (Chapter 2.3), Christophe Baret (Chapter 2.4), Dominique Anxo and Colette Fagan (Chapter 2.5). Responsibility for selection and redrafting of their contributions is our own.

This was the purpose of the two-and-a-half year research project carried out on behalf of the European Commission (DG Research, TSER Programme) by a team of labour market and service sector specialists from ten EU countries (see page 2). Their remit was to examine changes in employment and working time structures in various service activities.

The empirical research spanned a broad range of areas and consisted of around fifty case studies, involving five service segments and different country mixes (see below). Close examination took place of the forces driving changes in employment practice and working time arrangements, with attention to the related impact of broader transformations in employment culture and the role of national institutions. The focus of this work was on the client interface in five service areas:

- IT services (case studies in Finland, Denmark, Great Britain, Germany and the Netherlands)
- The retail sector (case studies in Finland, Sweden, Denmark, Germany, France and Portugal)
- Banking (case studies in France and Germany)
- Hospitals (case studies in Sweden, Great Britain, the Netherlands, Belgium, France and Italy)
- Home care services (case studies in Finland, Sweden, Denmark, Great Britain, the Netherlands and Italy).

At the same time – based on evaluation of results from the European Labour Force Survey – a picture was put together of the different routes into the service society taken by European countries, with descriptions of the attendant changes in employment structures and working time arrangements.

Some of the project's central findings are presented in this report. We have made use throughout of material contained in the country reports, summary reports and data analyses produced for the various subject areas. These, together with their authors' names, are listed at the end of the report. More detailed information on the case studies is provided in the European Trade Union Institute's *Report 69*, which may be consulted on IAT's home page (see last page for details). More exhaustive analyses, based on the quantitative and qualitative elements of the project, will be published later in book form and in articles.

1. The European tertiary landscape

European countries have taken very different routes into the service society; and this is matched by differences in the way employment structures and working time arrangements have changed. Proper analysis of these variations is essential to good employment policy. By the year 2010, the EU has set itself the target of raising employment rates in the Member States from 62.1% (1999) to 70% for men, and from 52.6% (1999) to 60% for women. This ambitious goal is unlikely to be attained unless we see an expansion of employment in the service sector. European countries with rates of 70% or over all have a greater proportion of people working in the service sector than those currently below the 70% mark.

Much controversy surrounds the question as to why there are such differences in levels of tertiarisation. Some authors advocate combating the 'cost disease' in services through wider wage differentials. Others believe the answer lies in bringing more women into employment

and at the same time expanding the secondary sector; this will then generate demand for production-related services.

The EU is composed of very heterogeneous Member States; national-based analysis of the process of tertiarisation is required if we are to understand the causes underlying particular employment structures in the service sector. We look below at just a few of the determining factors; other important facets, such as the significance of services delivered close to the industrial interface, will be addressed in subsequent publications.

1.1 Incorporating volume-of-work statistics

The employment rate is generally measured in per capita terms, but we increasingly find that ‘volume of work’ - i.e. the number of hours worked - needs to be brought into the equation. This is because of the growing trend towards part-time work, especially in the service sector, as well as the widening divergence between countries as regards working-time arrangements. Let us take the example of countries with high levels of part-time employment. The large proportion of tertiary-sector jobs cannot be attributed solely to expansion in demand for paid services; redistribution of work must also be taken into account. This is illustrated by a comparison of tertiarisation levels according to the numbers of persons employed and hours worked (Table 1).

Table 1: Tertiarisation levels (sectoral approach) by persons employed and hours worked
(percentage and in relation to Denmark = 100)

	Service sector employees as a percentage of active population	Index	Weekly working hours in service sector per capita for active population	Index
Denmark	53.5	100	19.1	100
Great Britain	51.8	96.8	18.9	99.0
Sweden	51.5	96.3	18.9	99.0
Netherlands	50.4	94.2	16.2	84.8
Finland	44.6	83.4	16.8	88.0
Austria	44.0	82.2	16.7	87.4
Belgium	42.7	79.8	15.9	83.3
France	42.1	78.7	16.1	83.8
West Germany	41.6	77.8	15.0	78.5
East Germany	40.5	75.7	15.6	81.7
Ireland	39.9	74.6	14.6	76.4
Portugal	37.2	69.5	15.1	79.1
Greece	33.9	63.4	14.7	77.0
Italy	33.2	62.1	12.7	66.5
Spain	32.7	61.1	12.9	67.5

Source: Eurostat Labour Force Survey special evaluation, our calculations

Distribution of volume of work across different service sectors

Services are by nature heterogeneous. Otherwise identical employment-rate and volume-of-work statistics may conceal quite different underlying structures. In order to uncover these, we have divided services into five sub-groups (see box).

Groups of services

Distribution services:

Section G: Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (50,51,52)

Section I: Transport, storage and communications (60,61,62,63,64)

Community and social services:

Section L: Public administration and defence; compulsory social security (75)

Section M: Education (80)

Section N: Health and social work (85)

Section O: Other community, social and personal service activities (90,91,92,93)

Production-oriented services:

Section J: Financial intermediation (65,66,67)

Section K: Real estate, renting and business activities (70,71,72,73,74)

Consumer-oriented services:

Section H: Hotels and restaurants (55)

Section P: Private households with employed persons (95)

Other services:

Section Q: Extra-territorial organisations and bodies (99)

It is the area of community and social services that provides the highest volume of work in all the countries considered. In some (Sweden, Denmark, eastern Germany and Belgium), more than half of all service-sector jobs are in this segment. There are nonetheless sizeable differences between EU countries. The range (in absolute terms) is at its highest in the case of community and social services (4.64 hours); and at its lowest in respect of consumer-oriented services (1.5 hours) - although the latter group is smaller than the three others (Table 2).

Table 2: Per capita volume of work in groups of services for people of working age (1999, weekly hours, employees)

	Production-oriented services	Consumer-oriented services	Distributive services	Community and social services
Austria	2.34	1.65	5.22	6.31
Belgium	1.98	0.93	3.77	6.69
Germany	2.11	0.89	4.00	6.66
West	2.19	0.9	4.01	6.40
East	1.78	0.88	3.96	7.78
Denmark	2.90	0.63	4.91	9.18
Finland	2.47	0.89	4.21	7.78
France	2.60	1.31	4.05	6.90
Greece	1.10	2.19	3.10	4.51
Ireland	2.49	1.55	3.81	5.09
Italy	1.26	0.99	2.46	4.84
Luxembourg	3.93	1.32	4.32	6.14
Netherlands	3.18	0.69	4.14	6.87
Portugal	1.35	2.46	3.42	5.47
Spain	1.54	1.87	3.16	4.19
Sweden	2.85	0.73	4.32	9.48
UK	3.67	1.04	5.13	7.64
Range*	2.83	1.50	2.76	4.64

* difference between highest and lowest level

Source: Eurostat Labour Force Survey special evaluation, our calculations

1.2 Female employment and social services

The most noticeable side-effect of having more and more women in employment is an increase in the demand for social and community services. Tasks previously performed (unpaid) within the home are now purchased in the form of externally delivered services (outsourcing). There is a 0.7781 correlation between social and community services, on the one hand, and the full-time equivalent female employment rate (i.e. with part-time work factored out) on the other. This explains 60.5% of the observed variation across Europe for this area of activity (Table 3).

Table 3: Female employment and community/social services

	Full-time equivalent female employment rates, 1999	Volume of community/social services per capita for active population (75, 80, 85, 90, 91, 92, 93)
Austria	49.9	6.31
Belgium	40.4	6.69
Germany	44.0	6.66
Denmark	58.6	9.18
Finland	57.1	7.78
France	45.3	6.90
Greece	36.5	4.51
Ireland	39.8	5.09
Italy	33.3	4.84
Luxembourg	41.2	6.14
Netherlands	38.1	6.87
Portugal	53.4	5.47
Spain	32.5	4.19
Sweden	56.5	9.48
UK	45.1	7.64
Correlation: 0.77810723, Variation 0.6054508		

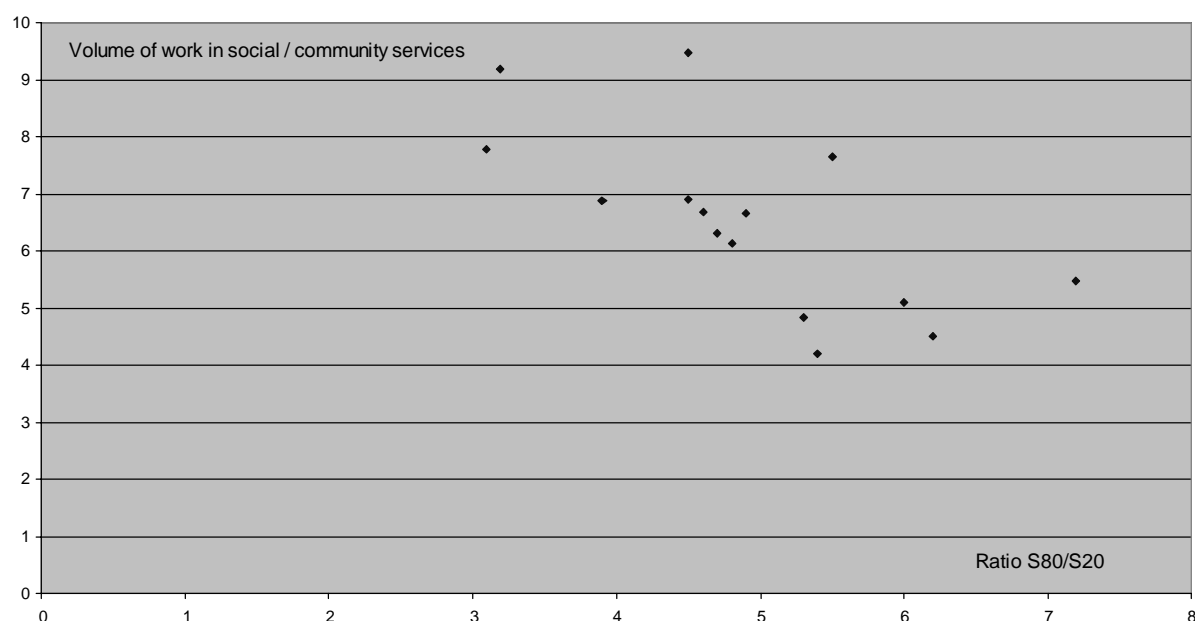
Source: Employment in Europe, Eurostat Labour Force Survey special evaluation, our calculations

1.3. Combating the ‘cost disease’

Many authors recommend wider income differentials as a means of combating the ‘cost disease’ in many services, arguing that this would create demand from higher earners for the services offered by those earning less. If income differentials do indeed act as prime movers in the expansion of services, then there must logically be a positive correlation between the level of services offered and income differentials in the various EU countries.

Yet no evidence of any such correlation is available. There is in fact a negative correlation between volume of work in the service sector as a whole and unequal distribution of income. This is particularly noticeable with social and community services (correlation -0.677). In other words, labour-intensive social and community services tend to figure prominently where incomes are highly convergent (Figure 1).

Figure 1: Unequal income distribution* and volume of work in social/community services, per capita for active population



* Measured as the ratio S80/S20: ratio between share of national income taken by the 20% richest section of the population and that taken by the 20% poorest.

Source: Eurostat (own calculations)

Here we can observe a virtuous circle in operation, with increasing numbers of women in work boosting supply of services. A professionalised labour force is better for employment than a cheap one; solidarity-based financing can conquer the cost disease. When it comes to social and community services, European best practice would suggest the following mix: expanding social security provision via social insurance; funding services from general taxation; and introducing special levies. A clear connection likewise emerges between the volume of social and community services and expenditure on social security (Table 4).

The role of the welfare state as an agent of service-sector expansion has tended to be underestimated. It is by no means certain that cutting back on the role of the state and the public sector is going to deliver the desired results in terms of employment.

Table 4: Volume of social and community services and expenditure on social security

	Expenditure on social security as a % of GDP, 1996	Volume of community/social services per capita for active population (75, 80, 85, 90, 91, 92, 93) 1999
Austria	29.5	6.31
Belgium	30.0	6.69
Germany	30.5	6.66
Denmark	33.6	9.18
Finland	32.1	7.78
France	30.8	6.90
Greece	23.3	4.51
Ireland	18.9	5.09
Italy	24.8	4.84
Luxembourg	26.2	6.14
Netherlands	30.9	6.87
Portugal	21.6	5.47
Spain	22.4	4.19
Sweden	34.8	9.48
UK	27.7	7.64
Correlation: 0.86965335, Variation .756		

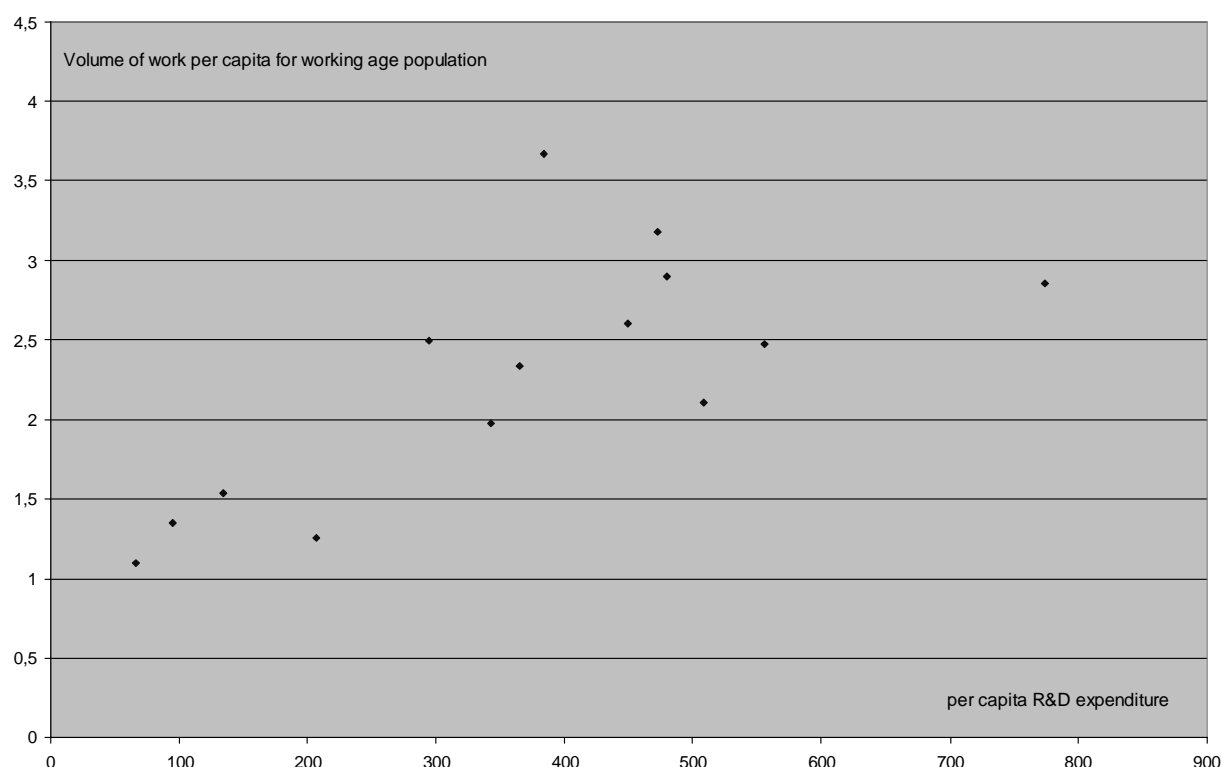
Sources: Eurostat Labour Force Survey special evaluation, our calculations

1.4. Production-oriented services

As quality-based competition and customer services in industry become increasingly important, there is an ever greater demand for production-oriented services. Production is becoming more R&D intensive, customers increasingly require advice, and firms themselves have to purchase more advisory services ranging from design through to corporate consultancy in the event of company reorganisation.

If this thesis is correct, a positive correlation may be expected between production-oriented services and the transition to quality production. This transition is measured here by the number of patent applications per million persons of working age and by per capita R&D expenditure. There is indeed a positive connection between patent applications and R&D expenditure on the one hand and the volume of labour in production-oriented services on the other. The correlation with patent applications is 0.57, which explains 32% of the variation. The correlation with R&D expenditure (figure 2) is as high as 0.71, explaining 50.9% of the variation.

Figure 2: Per capita R&D expenditure (1997) and volume of work per capita for working age population in production-oriented services (1999)



Belgium 1995; in US\$ (current PPP)

1.5 Where are new jobs being created?

The fact that skilled work is a significant factor in the increase in numbers of service-sector jobs is further illustrated by a comparison of the contribution of individual sectors towards overall growth. We first established which sectors (NACE 2-digit level) were mainly responsible for net rises in employment in our project countries over the period 1994 to 1999. We then took the year 1998/99 and listed the sectors favoured by a majority of those (25 to 59 age bracket) either entering or re-entering the labour market. Finally, we juxtaposed the two sets of results (Table 5). In both cases, the most salient feature was the dominance of services as a dynamic force in job creation. What is more, the fact that the list is topped by health, social work and education - areas generally anchored in the public sector, or subject to state regulation - highlights the importance of such activities in creating service-sector jobs. The strategic importance of skills for employment growth in services is also evident in that business services occupy pole position.

Table 5: The most dynamic job-creating service industries in a selection of EU countries

Highest number of formerly unemployed new entrants to labour market (1998/99)	Highest net increase in employment 1994 – 1999*
health/social work (NACE 85) business services (NACE 74) education (NACE 80) <i>retail trade (NACE 52)</i>	health/social work (NACE 85) business services (NACE 74) education (NACE 80) <i>computer and related activities (NACE 72)</i>

* 1995 to 1999 in Germany, Finland and Sweden

Source: Eurostat Labour Force Survey special evaluation, our calculations

Much can be learnt from a comparison of the left and right columns in Table 5. Retail trade is among the leaders as far as short-term job creation is concerned. Turning to medium-term net growth in job numbers, however, IT services head the list. A key explanation for this lies in above average staff turnover in the retail sector (see below). There is also a hidden message coming across: IT services, along with services at the business interface, are still characterised by a predominance of permanent employment, whereas in the other top-ranking sectors part-time work plays a highly significant part. The high proportion of women working in these sectors is another factor favouring part-time employment. As we shall see in the following chapter, the reasons for this vary from sector to sector and from country to country. The main point to note at this stage is that not only part-time work (the most important ‘non-standard’ working arrangement), but also traditional, permanent full-time forms of employment contribute significantly to rises in job numbers and a dynamic labour market in the service sector.

Focusing on five service segments, we undertook a close analysis of these various developments.

2. Five service segments, five worlds

The demands placed on workers, the work structures and the conditions of employment in the five segments considered could not have been more different. In terms of sector maturity, product characteristics, nature and organisation of work, working hours, skill requirements, wage levels and gender balance within the workforce, our choice of IT, retail trade, banking, hospitals and home care services perfectly illustrates the diversity of the service sector. Salient sector and country-specific factors and developments none the less intermingle, meaning that sharp contrasts persist within the same sector in different countries. We focus below on some of the key findings of our sector-by-sector research.

2.1. IT services

The IT sector is relatively new and booming. Technological developments are moving very fast. The advent of the information society is supposed to have far reaching effects on the organisation and scheduling of work. Employees are highly skilled, which facilitates non-hierarchical management styles. It can be presumed that IT companies are the first to practise innovation strategies both allowed and required by the information technologies.

Within a relatively short period IT has become a sector of significance within Western economies. It is true that the share of IT services in the total labour force is still limited, but employment in this industry is growing at a fast pace (Table 6).

Table 6: Proportion of employees in IT services relative to working population, employment growth in IT services (NACE 72)

	DK	DE	SF	NL	UK
<i>IT sector employees as a proportion of all employees (1999)</i>	1.7	0.8	1.3	1.5	1.7
<i>Employment growth in the IT sector</i>					
1996-1999	48%	59%	73%	91%	65%
1993-1999	75%	N/a	N/a	134%	198%

Source: Eurostat Labour Force Survey special evaluation

A common characteristic for the five countries is the high concentration of small firms, i.e. firms having fewer than ten employees. However, the bulk of IT employment is concentrated in larger firms. For example, in Denmark the share of IT firms with more than 100 employees is only one percent, whereas these firms account for more than 50 percent of total employment in the sector. Hence, a large share of IT employment can be found in very large, often internationally operating companies.

Employment profile

The typical IT employee is male, young and highly educated. Whereas the share of men in the total labour force is about 55 percent (EU 15), in IT services this share is about 75 percent. With respect to age groups the highest concentration may be found in the 25 to 35 years bracket.

Analysis of employment and working-time structures leads to immediate recognition of the dominant role played by traditional employment structures. The typical employee in the IT sector has a permanent contract with his or her employer and works full time (Table 7).

Table 7: Working-time and employment structures in IT services and for the active population as a whole, in percentage terms (1999)

	DK		DE		SF		NL		UK	
	IT*	Total	IT*	Total	IT*	Total	IT*	Total	IT*	Total
Sex										
Male	82.7	54.0	76.5	56.4	72.5	52.5	78.1	57.5	74.8	55.2
Female	17.3	46.0	23.5	43.6	27.5	47.5	21.9	42.5	25.2	44.8
Working time**										
Full-time	89.5	78.3	88.4	80.6	95.4	88.1	85.7	60.0	90.6	75.0
Part-time	10.5	21.7	11.6	19.4	4.6	11.9	14.3	40.0	9.4	25.0
Employment contract										
Permanent	97.5	89.9	92.1	86.9	89.8	81.9	95.0	88.0	94.2	93.2
Temporary	2.5	10.1	7.9	13.1	10.2	18.1	5.0	12.0	5.8	6.8
Position on labour market										
Employee	88.3	90.7	83.6	89.1	89.9	86.2	93.2	88.5	83.5	87.8
Self-employed	11.7	8.3	16.2	10.1	9.7	13.0	6.6	10.7	15.5	11.8
Family member lending a hand	-	1.0	0.2	0.8	0.4	0.8	0.2	0.8	1.0	0.4
Skills level***										
low	4.2	21.6	4.8	18.0	7.0	24.2	7.3	30.8	1.7	13.7
average	51.6	52.9	43.2	57.1	42.2	43.1	39.8	45.4	40.6	57.6
high	44.2	25.4	52.0	24.9	50.8	32.7	52.9	23.9	57.7	28.7

* IT services are defined here according to the European designation of the industry (NACE 72)

** Employees only: Germany = West Germany

*** The skills level is defined according to the ISCED classification: low = ISCED 1/2; average = ISCED 3/4; high = ISCED 5/6

Source: Eurostat Labour Force Survey special evaluation

Our case studies none the less reveal that beneath this seeming loyalty to traditional, full-time work and the permanent contract, quite a different form of employment practice is in fact taking shape. And this process of transformation is largely driven by the demands of the particular product market and the nature of its ancillary activities.

The nature of the service provided and its impact on work organisation

Characteristic of most IT services is that they are intangible, time-consuming, tailor-made and in many cases provided on location. IT services vary significantly in terms of their output, ranging from providing IT training to IT applications and from solving standard problems to development of tailor-made complex systems with high interests at stake. Often IT projects are not exactly plannable. IT services are to a certain extent characterised by uncertainty concerning the necessary number of hours needed. Unforeseen difficulties may arise during the process. Moreover there are no clear quality standards with respect to the final product, and the wishes of the client may evolve or even fundamentally change over time.

Since work processes are result-oriented, work must be organised in such a way as to facilitate rapid and flexible reaction to changed parameters. Many enterprises see project work as the most appropriate way of meeting business demands. Projects are limited in time and carried out by project teams which are amenable to constant recomposition according to task.

Employment structures in the IT sector challenge traditional limits in terms of space, organisation and time:

- **Workplace:** IT services are produced in close coordination with the client. Some of the companies examined go so far as to actively involve clients in the work process. The 'interactive' nature of services explains why IT employees actually go - either on a temporary or a permanent basis - to the client's premises to perform their work, with the result that IT enterprises are ceasing to be centres of work and social identification. Many employees no longer have a fixed workplace on the premises of IT firms. Teleworking from home is also widespread in the IT sector. The risk from the IT firms' perspective, however, is that 'absent employees' - who spend most of their time at the client's office - could 'go native'.
- **Hierarchy:** In all the firms visited, we noted a strong emphasis on modern, non-hierarchical ways of directing the efforts of employees. It is the employee who is responsible for his or her performance. There is heavy reliance on the employee's own ability to make the right decision and act in the interest of the company. Management styles are oriented towards personally motivating employees. Rather than being instructed directly, workers are induced to fall in line with the cost and time dictates arising from client specifications, or from the turnover and profit demands of head office. Behind the façade of new job freedom there often lies a shift in risk-bearing from employer to employee.
- **Working time:** Close contact with clients; the communication time necessary in project work (a factor frequently not taken on board); the difficulty in predicting exactly how long a project will take; contractual requirements to meet IT-service delivery deadlines on penalty of fines; the relatively low interchangeability of IT specialists in a sector dependent on specialists to perform sub-tasks - all these aspects of IT daily life mean that working hours for many IT employees are highly variable and longer than average (Table 8).

Table 8: Proportion of employees in IT services (NACE 72) working more than 48 hours per week: a percentage comparison with all employees* (1999)

	DK	DE (W)	SF	NL	UK
IT	8.5	9.9	4.6	0.3	16.4
Total	4.7	5.8	4.5	0.9	15.3

* First job only

Source: Eurostat Labour Force Survey special evaluation

The table also reveals dramatic discrepancies between countries, with the Netherlands at one extreme and Great Britain at the other. IT companies in the Netherlands and Great Britain are very similar with regard to methods of work, organisational arrangements and employment structures. And although these sector-specific characteristics alone cannot explain excessively long working hours, our case studies do point to a trigger effect as far as longer working hours are concerned - a phenomenon that can none the less be held in check, or even neutralised, by the particular 'working time culture' operating at national level.

Labour shortage as a challenge for personnel management

IT services is a relatively young sector, in which new companies may easily emerge. It seems inevitable, however, that a process of normalisation and institutionalisation will take place. The stimulus for change may come from the severe labour shortages which exist in all countries.

Raising the working hours stakes is already proving problematical for the long-term development of IT services. Women in particular frequently find it neither possible nor desirable to work under the sort of conditions currently prevalent in the sector. Part of the labour shortage is therefore 'homemade'.

In the longer term, moreover, the deployment of human capital in a high-productivity environment necessitates ongoing 'regeneration' periods. A highly innovative sector, where the half-life of knowledge is brief, needs plenty of time to be set aside for skills development. If this does not happen, a workforce which initially identified with the task and felt motivated can quickly become frustrated; the consequence is social disintegration and an even more severe shortage of labour.

The need to stabilise the employment system

The challenge for the IT sector lies in ensuring that, having demonstrated its innovative capacity in respect of products, it can prove equally creative with regard to work organisation by offering stability and sustainability. How working hours are handled is an acid test on this front.

By way of example, in the Netherlands, where the share of part-timers on the total labour market is very high, there are signs that part-time work is becoming – albeit slowly – accepted in the IT sector. In particular, the tight labour market has in some instances induced employers to introduce part-time arrangements in order to attract female employees or to decrease turnover. Furthermore, clients are starting to accept part-time work by posted employees, especially clients with a high part-time rate amongst their own personnel. Part-time work is still the exception, however, and explicit part-time policies are rare. Nevertheless, the new opportunities may create a more 'open' atmosphere in which long working hours and standard overtime are no longer taken for granted.

2.2. Retail trade

The retail trade is one of the largest and most labour-intensive sectors of the economy. This sector is representative of white-collar service work in the lower and (to some extent) intermediate skill segments, where there is considerable potential for the standardisation of many tasks, particularly through the introduction of self-service and the use of new technologies. This basic feature gives rise to fierce price competition and forces retailers to place savings on personnel costs right at the heart of their corporate strategies. Further, the retail trade also serves as a good example of the personal services sector, in which personnel assignment is linked specifically to fluctuations in customer flows. New forms of employment and working time in the retail trade are closely linked to firms' efforts to increase labour flexibility while at the same time reducing personnel costs. Moreover, it is an industry with a particularly high share of female employees.

The fragmentation of employment and working time

A major part of the cost-cutting procedures adopted by the large retail trade organisations, in addition to the widespread introduction of new technologies in all stages of the goods-handling process from logistics to check-out, has been the drive to achieve "lean" staffing levels. In most large retail companies, it has become an axiom of personnel policy that manning levels must always be kept to the absolute minimum; thus at any given point in time there must be neither "too many" nor "too few" workers present and being paid. To this end, personnel structures as well as staff deployment over time are being rationalised in a way that leads to what might be called the fragmentation of employment and working time. The main force driving this fragmentation policy is the simple realisation that a high part-time rate has the advantage of increasing management's room for manoeuvre by making it possible to deploy more people during periods of peak activity, which are usually short but vary from day to day.

Fragmentation means that jobs and working hours are split into smaller and more flexible units. The reality of this is illustrated by the fact that in all the countries we considered, with the exception of Portugal, the proportion of part-time work in retailing has increased disproportionately; to the extent that in some countries retail part-time levels are now well above the average in the economy as a whole. Part-time working is most widespread in the commercial sales sector, with women accounting for the majority of those employed. Part-time work is increasingly prevalent in food retailing and the large chain stores.

Major differences between countries

Countries are not of course all starting from the same point and the social impact of job fragmentation is experienced in very different ways; we have not observed any convergence process. In addition, retail trade labour markets reflect country-specific approaches to the organisation of working time and market segmentation. The most striking indicator here is the share of employees with particularly short working hours relative to all part-timers (Table 9).

Table 9: Employment structures in the retail trade (employees, 1999)

	Part-time share		Structure of part-time work		Young people (15-19) as a proportion of all retail trade employees (%)
	Total	Women	Normal weekly working hours <15	Normal weekly working hours 30+	
DK	38.4	43.9	67.1	14.0	27.3
DE (W)	41.5	54.6	37.9	7.8	5.1
DE (E)	31.2	38.8	19.9	35.5	7.4
SF	36.9	45.5	17.7	45.3	10.6
FR	30.3	42.7	8.4	36.5	3.6
PO	6.5	8.1	6.0	12.9	5.6
SW	49.4	66.2	22.6*	33.6	7.0

* Men: 53.2%, women: 22.4%. In the 16-24 age group: men 65.2%, women 49.5% (Country report Anxo/Nyman)

Source: Eurostat Labour Force Survey special evaluation

These differences in working time arrangements are a reflection of unequal job distribution between men and women. The marginal part-time segment in western Germany, for example, is predominantly female. In Sweden, on the other hand, short part-time is mainly concentrated among the younger age groups and involves considerably more men than women - indicating the importance of high school and university students for this sector's labour market.

Young people on the labour market

Denmark stands out in that its young retail sales staff are mainly recruited from among high school and university students. More than a quarter of those working in retailing in Denmark use their job to fund their studies or to top up their pocket money (Table 10). Even in Germany, where students as yet make up only a small proportion of the workforce, students as a group are impacting more on the retail labour market than is the case in other sectors reflected in the national averages.

Table 10: Proportion of high school and university students among the workforce (percentage figures for retail trade and economy as a whole)

	Retail trade	Economy as a whole	Remarks
Denmark (1999)	27.5	9.7	Fluctuation between 26 and 33% during the 1990s
Finland (1998)	17	N/a	
Germany (1999)	2.4	1.9	1995: 0.9% in retail trade and 1.0% in economy as a whole

Sources: country reports

Different patterns of female employment

The prime explanation for these differences between countries lies in different female employment patterns in the six countries. In Germany, for example (particularly the western *Länder*), part-time working is very common among women with young children. Childcare facilities there are such that many women in practice have no alternative but to go part-time. The tax and social security systems, moreover, offer incentives to those engaging in marginal part-time work. For Portuguese women, on the other hand, part-time work remains rare. And the only way more women have been encouraged into part-time work on a wider scale in some of the other countries is through greater state intervention (France) or in the wake of a severe labour crisis (Finland), although this still runs counter to the stated preferences of many women. Women in high-level jobs in Sweden, and even more so in Denmark, are meanwhile moving increasingly away from part-time.

As a consequence, German retail companies wishing to increase the relative size of their traditional part-time female workforce, whilst at the same time reducing the length of part-time contracts, are likely to find strong societal backing. Quite the opposite awaits such firms, however, in other countries. This explains why many retailers in Scandinavia, and in Denmark in particular, are turning to younger recruits for marginal or temporary part-time activities.

Collective bargaining and the ‘lightning conductor’ effect

Recourse to young people is to some extent being given a boost through regulatory measures. Special wage scales exist for the under-eighteens and this gives employers an incentive to take on high school students. Poorly paid jobs in retailing are not necessarily especially appealing to young people, but at least the work is available. Bonuses for evening and weekend work (‘unsocial hours’ from the adult woman’s perspective) are related to basic rates of pay, so that using young people is doubly beneficial from the company’s point of view. This ‘lightning conductor’ effect is particularly noticeable in Denmark.

National flexibility profiles

Thus, the actual mix of flexibility tools used differs considerably from country to country and, to some extent, from firm to firm. Each specific combination of flexibility tools produces a distinct profile. The various profiles can be briefly summarised as follows: increased working time for “involuntary” female part-timers (France and Finland in particular), variable working times for “voluntary second earners” (Germany), the deployment of high school and university students as the main source of flexibility (Denmark and other Nordic countries), together with some use of fixed-term contracts (Sweden). These flexibility profiles are accompanied by varying methods of dealing with issues of work organisation and distributing the burdens of flexibility.

The hidden costs of a fragmentation in employment and working time

In some cases the fragmentation of employment and working time in the retail trade have engendered negative side effects for companies. Hidden costs include negative effects on productivity and service quality, high turnover among contingent personnel, a low rate of return on investment in training, high recruitment costs, and an overburdening of the “full-time core”. The core problem is the strong link between staff loyalty and customer loyalty. Some cases are reported in which firms have stepped back from excessive fragmentation and established a contractual minimum weekly working time in order to stabilise the workforce. Other firms, however, consider hidden costs as an inevitable element of flexibility requirements and market conditions.

Distribution of the flexibility burden - a political choice

The retail trade labour markets in all the countries studied are being substantially reorganised. The big chains are trying to shape the structure of their workforces in accordance with their cost-cutting and flexibility priorities; in doing so, they are both establishing, and making use of, various segments in the labour market. The institutions that regulate the labour market and working time do not determine *whether* this process of recomposition takes place but rather *how* it takes place. The main issue at stake is who should bear the burdens of flexibility, and to what extent.

One symptomatic example is the collective agreement covering the Danish retail trade, which stipulates that no employee may be required to work more than two evenings per week after 6.00 pm. As a result, the demand for labour from retail companies is channelled in a direction that leads to the recruitment of more part-timers working only a small number of hours per week – in the Danish context these are mainly high-school and university students. These young people will find the hours they are required to work less burdensome than the core workforce, but the fragmentation of employment and working time in the retail trade is given an enormous push forward as a result.

Ultimately, therefore, the choice is a political one. This is clear from the implementation of the 35-hour week in the French retail trade, which is currently getting under way. There have been some improvements in the status of part-time jobs following an increase in working hours among certain categories of employees who wish to work longer hours. At the same time, the ever greater constraints imposed by fluctuating workloads mean that the burden of flexibility seems to be borne more by *all* categories in the workforce, including full-timers, as annualised working hours become more widespread.

2.3. The banking sector

Banks offer a classic example of a mature service sector with high skills requirements and traditional job security. Yet banking too is undergoing a dramatic transformation.

Employment structures

There are both differences and similarities in the way employment structures have developed in two countries. Whereas employment in Germany remained generally buoyant - despite fluctuations - in the wake of reunification, France saw a continuing downturn in job numbers throughout the decade. People coming out of training are increasingly well-qualified in both countries, although the relative starting points are not the same. 90% of bank employees in Germany in 1998 had received some kind of banking-related training; levels are kept high by the rise in the number of trainees with the *Abitur* (school-leaving qualification) and the growing intake straight from university. Only 55.8% of the equivalent French workforce in 1998 had been trained specifically for banking, although the trend for higher qualifications among new recruits and university-leavers is comparable. As far as content is concerned, French training programmes are primarily sales-oriented. In Germany there is more specialisation, although with growing sales emphasis.

Types of employment

The figures for job stability, gender spread and proportion of work in new-style employment are comparable in the two countries. Job stability is high and women's share of employment is very stable at around 50%. The only significant new form of employment is part-time work. This is more prevalent in the German than the French banking sector - reflecting overall economic patterns - although numbers of French women part-timers are increasing.

Table 11: Employment structures in the French and German banking sectors, 1993 - 1999

	Men				Women			
	Full-time		Part-time		Full-time		Part-time	
	FR	DE (W)	FR	DE (W)	FR	DE (W)	FR	DE (W)
1993	99.1	98.5	0.9	1.5	83.9	73.1	16.1	26.9
1996	98.7	98.3	1.3	1.7	83.9	71.8	16.1	28.2
1999	96.9	96.9	3.1	3.1	76.2	68.8	23.8	31.2

Source: Eurostat Labour Force Survey special evaluation

The low statistics for special types of employment suggest that neither of the two countries attach particular importance to external flexibility strategies; and in both countries part-time work points more to a growing female workforce than to the erosion of traditional forms of employment.

A slight trend towards longer working hours

Figures for hours worked in the two countries are converging. This applies to both full and part-time employment. Whereas in France average hours worked by full-timers remain fairly constant (40.8 per week in 1993, 41 in 1999), in Germany there has been an increase from 39.2 hours in 1993 to 40.2 in 1999. For part-timers, the figures for average hours worked over the period 1993 to 1999 have risen from 24.3 to 26.7 hours per week in France; and from 19.7 to 24.2 in Germany.

'Lean Banking' - a common starting point

Globalisation of financial markets, internationalisation of competition and changes in financial systems have brought with them fresh challenges for banking in France and Germany. Credit institutions in both countries have responded with similar strategies. In a bid to restructure, French and German banks implemented measures throughout the nineties which unequivocally - even if not totally - drew on the concept of 'lean banking'. Core elements of this process are: product segmentation and client-oriented organisational structures; automated services; downsizing of branch networks, with attendant job losses; centralisation of back-office functions; building up of new marketing channels; longer opening hours; and flexible personnel policy.

Specialist sellers versus advice-dispensing generalists

Although the two countries share a common strategic approach, major differences exist on the actual implementation front. Let us focus on segmentation according to client group. French banks have introduced more segments than their German counterparts; and the lines of demarcation between segments are more strictly drawn, both in terms of client profile and employee expertise. French banks see segmentation as going hand-in-hand with highly sophisticated levels of specialisation within the organisation and appropriate training structures. In a nutshell, the preference in France is for the specialist seller, whereas Germany continues to favour the advice-dispensing generalist. Perhaps each country is responding to the fact that they have differing skills pools at their disposal.

New marketing options

Direct marketing is another area where the two countries operate differently. Germany has more direct banks and they are more likely to function as organisationally independent entities. Direct banks have come up against competition problems in France because - unlike in Germany - statutory provisions prevent them from exploiting their cost advantage over traditional local branches in respect of the management of cheque and giro accounts. Personnel structures in call centres also differ. The French tend to use permanent full-time staff, with specialist banking credentials, whereas part-timers with no specific banking training staff German call centres. The consequences of different training systems are therefore visible in the direct marketing field too. Whereas the French approach delivers sales specialists who can usefully be deployed in call centres, Germany's generalists are over-qualified for such work, so employers fall back on other segments of the labour market (e.g. students).

Longer opening hours, more flexible working hours

Longer opening hours and flexible working-time structures are core elements of the lean banking concept. We should not be surprised therefore to see that both countries are extending opening hours and introducing flexitime arrangements. The French approach is clearly geared towards longer opening hours, using new working-time models; in Germany the focus is on flexitime to cover fluctuations in client demand, backed by result-oriented management systems. Our conclusion from this study of two countries' approaches to branch and direct banking is that, whilst both have achieved flexibility, they have done so via different routes.

Different flexibility concepts

The focus in the French branch network is on ‘passive’ flexibility. This involves specialisation within strictly segmented areas. In order to have enough staff to cover extended opening hours, various shift arrangements are introduced - with fixed starting and finishing times. On the other hand, ‘functional integration’ is the watchword in the German branches we studied, and employees are expected to do their own time management. All such flexibility concepts have a twofold purpose: to bring working hours in line with fluctuating customer densities; and to facilitate the move towards result-oriented systems. To a greater or lesser degree, responsibility for both client-oriented time management and the achievement of agreed targets (at least in one of the banks studied) rests with the workforce itself.

Changing working-time structures within traditional employment models

Our Franco-German comparison does not suggest any significant changes in the actual nature of *employment* in the banking sector. Increased external flexibility is apparently not a determining factor when it comes to company restructuring - with the exception of the German direct banking call centres. Otherwise the repercussions on the sector as a whole have been negligible.

The situation is nevertheless quite different with regard to *working-time* arrangements; changes here reflect the growing importance of internal flexibility. Structures in both countries are undergoing visible transformation, albeit in different ways. The focus in France is on aligning working-time arrangements with longer opening hours. Given the relatively high specialisation levels in Germany - ensuring broad functional flexibility - the preference is for a flexitime approach.

2.4. Hospitals

Alongside our research into IT, retail trade and banking - three private sector activities - we also looked at one of the major traditional service areas where the state continues to function as prime employer: the hospital sector. Private contractors are now entering the field here too, but so far only in a minor capacity.

The race to bring down costs - a common denominator

In all six countries surveyed, the national authorities are trying to reduce expenditure on health by strictly limiting hospital budgets, while at the same time the demand for medical care is rising in part due to the ageing of the population. To improve the economic effectiveness of health structures in every country, a process of management decentralisation has been set up. By one means or another, the regions and hospital establishments are now given a budget and have to keep to it.

Decentralisation and outsourcing are the most common practices used to make establishments take responsibility for balancing their budgets. This applies in particular to a strict control over staffing, which accounts for about two thirds of hospital running costs.

Increasing workload

In the event, in the 1990s the rise in the number of nursing staff was considerably lower than in the 1980s. As a result of financial constraints and new technological developments, the time patients are kept in the hospitals has been reduced, thus intensifying the work of nursing staff both in terms of administrative and care tasks. When hospitals are restructured, the staffing of their departments is now minutely calculated. Absenteeism and vacancies cannot be buffered by a form of over-staffing in the way they used to be, which has the effect of placing an extra burden of work on the personnel who are present and of aggravating constraints on the hours worked. The higher workload thus created in turn adds to absenteeism and instability.

Management has been trying to overcome these difficulties by using agency staff, although this in turn generates more demands with regard to coordination and staff deployment.

Labour shortage as part of a vicious circle

Labour shortage in hospitals is a basic feature of all six countries involved. The health authorities face a lack of semi-skilled manpower, nurses and midwives. Hospitals find it particularly difficult to attract and retain young nurses, who are put off by what they see as inadequate social and financial recognition for the demands of the profession (the availability required, psychological pressure).

The most acute labour shortages occur perhaps in the Netherlands and in Great Britain. In the Netherlands 75% of health establishments say they face recruitment difficulties and, as a result, the social partners have set up a jointly administered fund (with government support) to subsidise measures designed to make the labour market operate more smoothly. One of its measures is to create extra childcare facilities. In Great Britain, the quotas for admission to training courses leading to a diploma have been raised, and there has been a general rise in earnings (+15% between 1997 and 1999). The government also plans to set up a temporary work agency on a nationwide scale for the health professions. Under this arrangement nurses may state their preferred hours of work which are then matched with the needs of hospitals. Moreover, individual hospital managements seek to recruit qualified nurses from other countries (Spain, the Philippines, South Africa).

Part-time work as a mirror of national employment patterns

Rates of part-time work vary considerably from one country to another, ranging from 4.7% in Italy to 74.8% in the Netherlands. Most countries have seen further increases in the course of the 90s (Table 12).

Table 12: Rate of part-time work among nursing staff* at national level (employees)

	BE	IT	FR	UK	SW	NL
1999	50.8	4.7	23.8	40.0	42.9	74.8
1993	39.7	1.6	18.0	41.8	N/a	61.2

* nursing and midwifery professionals (223)/nursing and midwifery associates (323)

Source: Eurostat Labour Force Survey special evaluation

The foremost explanation for these discrepancies lies in the fact that female employment structures vary so much from country to country. We have already observed the knock-on effects in our discussion of the retail trade; but this is where the sectoral parallel ends as far as part-time work is concerned.

Part-time arrangements in hospitals are very different from those in retailing (Table 13). Marginal part-time is of relatively little significance. The majority of nurses on part-time contracts either work a traditional 20 or so hour week - or longer. A possible explanation for this is that nursing staff tend to be better qualified and more professionally committed than retail employees.

Table 13: Breakdown of usual weekly working hours of part-time nursing staff (employees, 1999)

	Short: 1-14 hrs	Medium: 15-24 hrs	Long: 25+ hrs
Belgium	3.1	52.9	44.0
France	1.4	45.7	52.9
Italy	18.4	37.2	44.4
Netherlands	17.6	44.7	37.5
Sweden	2.8	46.2	44.1
UK	9.7	46.2	44.1

Source: Eurostat Labour Force Survey special evaluation

The most significant difference between hospitals and retailing, however, is that employees themselves are wanting to go part-time in many hospitals; and the trend is on the increase despite more or less vocal opposition from employers. This is a further element in the vicious circle of high personnel costs, heavy pressure of work and shortage of labour.

Part-time work as an ambiguous issue

In the health sector, our interviews have revealed that part-time work develops mainly at the initiative of employees, who see it as a means of easing the constraints of the profession (shift work, night work, intensity of work, stress). In the hospitals visited in three countries - the Netherlands, Italy and Belgium – employees are bringing pressure to bear on hospitals for an increase in part-time work. In the Dutch hospitals visited, nursing staff are pushing for even more part-time opportunities and for more shorter part-time contracts. In Italy, personnel are calling for the maximum quota of 25% part-time jobs to be raised.

The employers, for their part, are trying to resist this pressure as they fear service disruption. They feel that higher rates of part-time work may lead to poor transmission of instructions, a deterioration in the quality of administrative tasks, poor communication within teams and a heavier burden of work for full-time employees. In some hospitals, management has established quotas with respect to part-time rates or the duration of contractual part-time working hours as compared to the working time of full-time workers.

The difficulty of reconciling the constraints of working hours (shifts, working at night, the cancellation of rest days, etc.) with domestic constraints (school and crèche hours, etc.) is a major source of tension for a staff that consists almost exclusively of women. These tensions contribute greatly to motivating staff to work part-time, as is the case in particular in the Netherlands, Italy and Belgium. In hospitals in other countries, the constraints cause employees to demand that the hours of work be concentrated into stretches of 10 or 12 hours, as in France for midwives or in Great Britain for certain nurses. These tensions also motivate nurses to leave a regular salaried job to work freelance, as is the case in France for example, or to join a temporary employment agency, as happens in the Netherlands or Great Britain.

Initiatives to tackle labour shortage

The most elaborate management initiatives to tackle labour shortage were observed in the Netherlands, undoubtedly due to the fact that, on the one hand, this country is hardest hit by manpower shortages, and, on the other, is experiencing a widely supported move to all sorts of non-standard employment. By way of example, the management of one hospital has established a “Flexeuro” system of time-saving accounting so that personnel can save up and exchange wages, days off and leave. In this hospital, 25% of staff are taking part in this programme, which is explicitly publicised to attract adherents. Several types of employment contracts are offered to staff to meet the demands of the majority, ranging from full-time contracts to “zero hour” contracts for people who want to work on only a very occasional basis. The shortest contracts are offered by the hospital’s own temporary job agency, which centralises replacement staff and the need for temporary staff in hospital departments. Moreover, management intends to develop the training, job mobility and career prospects of its personnel. Finally, in addition to existing childcare facilities, the hospital is building its own childcare centre located next to its premises which will offer more flexible childcare, e.g. in the evening.

Moreover, the Dutch, French and British hospitals visited have established a management structure to cater for the requirements of temporary staff. To cover peak periods and replace absent staff, a register of available nurses has been built up. The creation of these structures corresponds simultaneously to the wish of certain individuals to have a looser employment relationship and to the hospitals’ need to cope with the high rate of absenteeism among

permanent staff. In France, the “replacement pool” consists of nurses having permanent jobs within the hospital, but who do not have a fixed assignment. They are multiskilled and are assigned as needed to the departments requesting them. In Great Britain, the hospital “Nursing Bank” consists of a file of nurses who have said that during a given period they would like to work more. In the Netherlands, the hospital administers a “Nursing Bank” run in very much the same way as observed in Great Britain. Several types of flexible contracts of employment are on offer in order to meet the majority of individual aspirations. The “Nursing Bank” offers contracts that annualise working time, short one-year contracts, contracts for variable working hours with a maximum and minimum number of hours per week and totally flexible “zero hour” contracts.

No sustainable solutions so far

The observations have led to conflicting findings. While management practices of employment and working time remain very different from one country to another, as testified for example by the differential rates of part-time work, there are also common developments in all six countries, in particular the intensification of the workload placed on nursing staff due to the threefold effect of the limits on staffing for financial reasons, growing social demand for improvements in the quality of care, and labour shortages.

This intensification of the workload and the ever tighter constraints on working hours are exacerbating the nursing unions’ claims and are in marked contradiction to the domestic constraints on staff, the great majority of whom are women.

These tensions are resolved in all the hospitals visited by individuals’ total or partial withdrawal from work. A growing proportion of employees are demanding to work part-time, and heads of departments are reluctantly putting up with this trend.

Most innovations observed have rightly been set up in an effort to alleviate the tensions between working and domestic constraints (bodies to care for employees’ children, work for twelve consecutive hours, half-time work and paired work, time-saving plan). Apart from a recent collective agreement in the Netherlands stipulating a new job evaluation system most innovations do not tackle the basic problem of poor pay, let alone the limited public reputation for care tasks.

2.5. Home care for the elderly

Home care for the elderly was the second area we looked at within the social services sector. This type of service has so far come mainly under the auspices of the state, acting either as supplier or regulator. Unlike hospital provision, however, home care services are expanding fast, often involving subcontracting arrangements with the private sector, with the result that we are now witnessing the birth of a specific new labour market.

The family, the state and now the market

The way that any society arranges its care work rests upon the interplay of three social institutions: the family, the state and the market. The family provides informal care, largely undertaken by women in their roles as mothers, wives, daughters, neighbours. The state structures care work in a number of ways. It attempts to regulate family responsibilities and obligations, whether explicitly or through implicit normative assumptions that underpin policies. It may also set regulatory standards for market providers of care services. Most welfare states provide public sector care services, and many finance other providers through fiscal transfers to the family and/or market providers (tax allowances, subsidies, homecarer benefits). Market providers of care-related services include private (for profit) companies as well as voluntary (non profit) companies, where the work in the latter may be undertaken by unpaid volunteers as well as employees. It is the dynamics and tensions within and between the family, the state and the market that define the responsibilities for, and organisation of, care-related services.

National welfare state regimes

Care work is highly gendered. Women are the main providers of care for the elderly, on an informal basis within the family or as neighbours, and in formal services as employees. The relative weight and extent of the various forms of care for the elderly are closely linked to the national welfare state system. Despite a lack of comparable cross-national data, the available statistics do indicate marked national differences in the level of provision of residential and home care services for the elderly, with the southern European countries and the Nordic countries consistently found at opposite ends of the spectrum (Table 14).

Table 14: Residential and home care services for older people by country (mid-90s)

	DK	SW	SF		NL	UK	IT
% of people aged over 65 years in residential care	5.7	5.4	7.2		10	5.1	2
% of older people receiving home care services	17	13	24		8	13	1.3

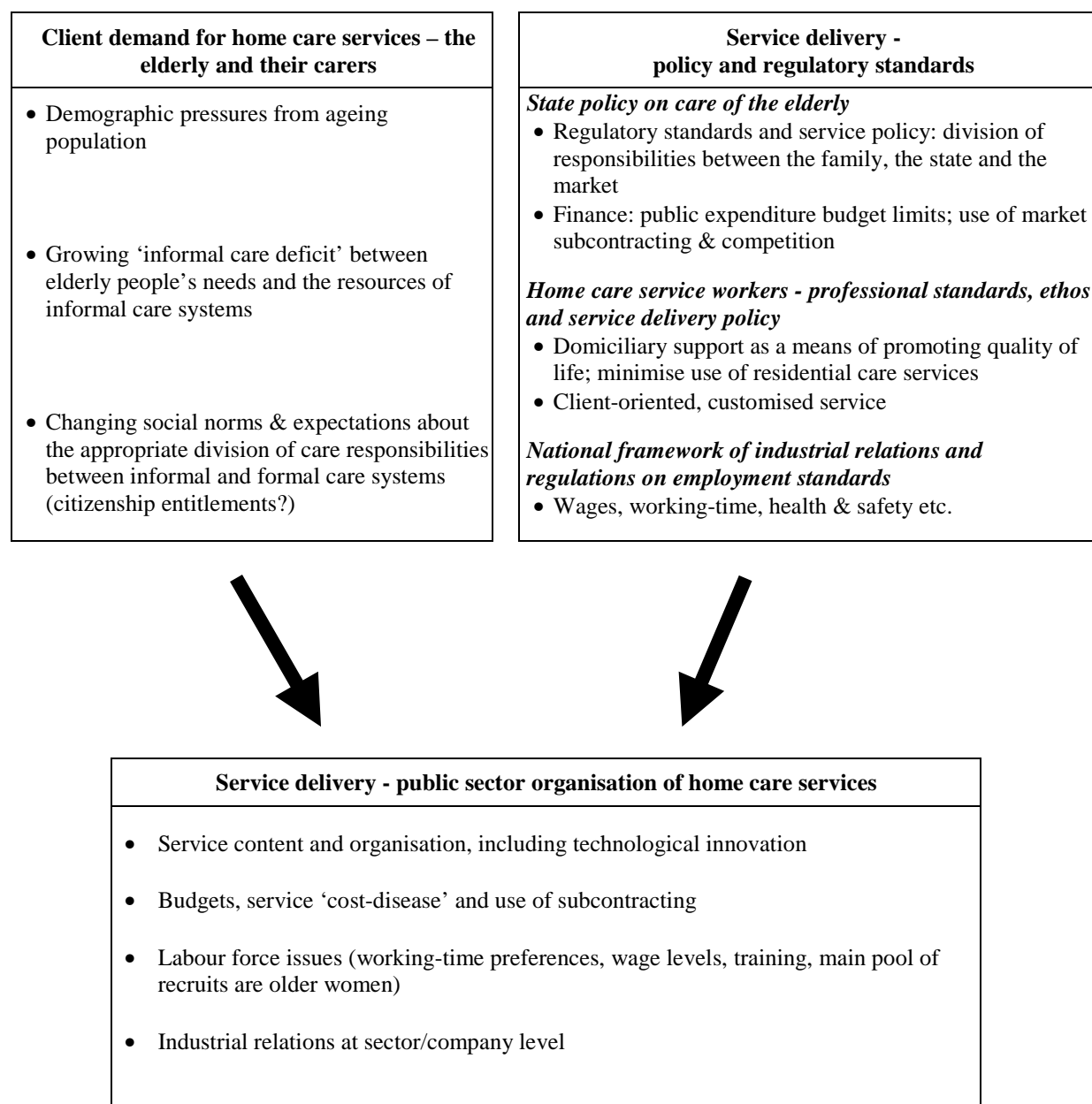
Note: This information is a crude measure that provides no indication of the quality of services or the actual volume relative to need, in particular the number of hours of home care services received by older persons varies between countries. For example, the highest number of home care service hours received by older persons is in Sweden.

Source: Anxo/Fagan Synthesis Report drawing on various sources

The dynamics of change

There are a number of social and economic changes unfolding in most societies that are exerting pressure for a restructuring of the organisation and delivery of home care services for the elderly (Figure 3). The first set of pressures are the demand for home care services from elderly people and their carers, arising from socio-demographic changes. The second are the policy and regulatory standards which frame the organisation of the service.

Figure 3: The dynamics of change in the home care service sector



Source: Anxo/Fagan Synthesis Report

The most salient factors responsible for the major changes occurring in the organisation and provision of home care services are:

- growing demand from an ageing population
- changes in the level and/or content of informal care due to the competing demands of employment on women's time and some shifts in preferences, norms and expectations about informal care among both the elderly 'care receivers' and their family members
- public expenditure constraints.

Common trends

Although the countries examined offer many varieties of welfare provision, we can see from the above how certain overarching forces are driving them all in a common direction.

The demand for home care services has been growing since the 1970s in each of the countries in this study. A second common trend is the widespread shift in state policy across the EU to 'community care' and a slowing down or reversal of the expansion of residential services for older people which occurred in the 1970s and 1980s in most Member States. An important common organisational development is, therefore, the transformation of the service towards a client-centred approach and a de-institutionalisation of care for the elderly. The third common tendency is towards a more decentralised industrial relations system and emphasis on achieving more flexible means of work organisation. A fourth general tendency has been state efforts to externalise care of the elderly to the market and/or informal care systems. Thus, some countries have been introducing new social benefits and personal tax allowances to increase older persons' resources to purchase domestic help. These initiatives will stimulate the development of market provision of home care services (for-profit and non-profit companies).

In order to cope with public expenditure constraints and the growing demand for home care for the elderly, the local authorities in the countries analysed have followed contrasting strategies. These strategies are to some extent linked and shaped by the nature of the welfare and employment regimes not described in this shortened extract. However, an analysis of the country case studies reveals that the set of measures undertaken by the local authorities exhibits some cross-country similarities which do not necessarily fit with the overall philosophy of the various home care regimes described above. Hence, even though some form of path dependency prevails, some similitude in the measures undertaken does exist, such as common tendencies to subcontract certain home care services to private and/or non-profit organisations or efforts to professionalise home care work by creating more formal training and skills enhancement programmes.

Workforce composition and professionalisation

The home care service workforce is highly feminised. It is a labour intensive and low paid sector dominated by manual occupations often with low or no formal qualification requirements. The low level of qualifications of the existing workforce is partly due to the fact that in most countries there were, until recently, no formal skill requirements to enter home care work. However, in order to cope with labour shortages, limit labour turnover and attract new recruits, as well in response to the changing organisation of the sector, most local authorities have introduced measures to 'upskill' and enhance the status of home care work.

These measures include the introduction of formal educational requirements at entry and most of the organisations analysed provide formal vocational training, giving home care employees the opportunity to upgrade their skill levels and obtain a formal qualification.

The skill level and skill requirement of the workforce vary also according to the type of service providers. In Italy, for instance, home care workers employed by the local authorities are on average better educated and the local authorities, in contrast to social co-operative, have formal educational requirement at entry. The social co-operatives provide an entry into the market for unqualified labour (mainly poorly educated female workers and immigrants), also explaining the wage differential between public employees and home care workers in the social co-operatives.

Recruitment problems

The home care sector is characterised by a shortage of personnel. The recruitment problem appears to be linked to the relatively low wage level, small promotion ladder and employment conditions. These recruitment difficulties seem to have increased over time as new generations of women enter the labour market with more qualifications and different ambitions, labour market expectations and gender role attitudes. Hence, in order to cope with the increasing imbalance between the growing service demands and recruitment difficulties, organisational strategies have been developed that focus mainly on training, professionalisation and career enhancement, but with less evidence of wage increases.

By way of example, in the UK a new grade of ‘senior home care worker’ has been introduced which provides one step on a career ladder. However, the pay is only a little higher than that of home care workers. Given the dissatisfaction of employees with respect to career prospects and the large labour shortages, the Dutch organisations have also put a lot of effort into increasing career opportunities. A training programme has been developed which offers home helps several opportunities to specialise and be promoted to care jobs. This new system intends also to stimulate mobility between the home help units and the nursing and care units.

Crossroads

Home care services are being reorganised and more closely managed and costed. On the one hand, the jobs of home care workers have in some countries, such as the UK and to some extent Denmark and the Netherlands, become less autonomous, more intense and involve more evening and weekend work. On the other hand, most local authorities have striven to professionalise home care work by creating more formal training and skills enhancement and the introduction of a small promotion ladder. These developments may raise the status of the occupation and partly circumvent the large recruitment problem in the home care sector, but the success of this strategy is likely to be undermined by the lack of planned initiatives to raise the wages of this low-paid manual occupation. Given that a growing proportion of home care services are subcontracted to private companies whose competitive edge is at least in part due to lower labour costs than in the more regulated public sector, the remuneration of this occupation may deteriorate across the service as a whole, especially in countries with a relatively low union density. It cannot be assumed that labour shortages will in themselves drive up home care wages and thus ‘correct’ the labour supply shortage in this sector, at least over the medium term. A clear example is the persistent shortages of nurses in many countries despite interventions to improve wages and career structures, illustrating how female-dominated workforces in care-related occupations can ‘turn their backs’ and seek alternative employment opportunities.

Despite efforts to externalise care services to the market, or to reinforce family provision in some countries, the state will remain at the centre of public debates and conflicts about the extent and quality of care provision and the working conditions of employees in this field. One solution voiced in political debates is for families to take on more responsibilities for care of the elderly, usually evoking an idealised image of family relationships and support from a previous 'golden age'. This is not a viable solution, for the family cannot bridge the deficit gap between the resources demanded and those available for caring for both the very young and the elderly. Another solution is for an increased role for the market, with the state acting as regulator and part-financer of purchased services, rather than direct provider. This approach displaces rather than addresses the issue of service standards and resourcing. The question about citizens' rights to be cared for, and who should provide the care and bear the costs, still remains.

3. Looking to the future

If the results of these quantitative and qualitative analyses are looked at in context, certain salient features emerge. We would like to conclude with a summary of the most pertinent arguments.

People often see tertiarisation as virtually synonymous with more flexibility on the labour market and the disappearance of standard employment practices. Such a perspective is patently over-simplistic and can easily lead to dubious policy proposals. As our studies have shown, increased employment in services is associated with multi-layered patterns of change; and the whole process affects labour markets in subtly different ways, depending on country and sector. The broad trend in some segments is towards fragmentation, both in terms of employment and working time. This goes hand-in-hand with the devaluing and reorganisation of non-complex service activities: a process revealing many parallels with Taylorism and the advent of mass production. Labour markets are taken apart (as in the retail sector) and recomposed. A contrasting trend is the expansion of specialist labour markets (as in the case of care for the elderly at home). Some employment arrangements may remain superficially unchanged despite huge employment growth, whilst in practice employment relations are changing so radically that employees find themselves behaving like self-employed players in the market place. What we have seen happening in the IT sector is paradigmatic for future developments - not only in other service areas, but also in core industrial sectors.

Considerable influence can - and in future *must* - be exerted over these multifaceted processes. It is possible to create frameworks to contain change, along the lines of the systems we have to regulate product and labour markets. Our empirical research has thrown up enough teaching material, ranging from evidence of the importance of vocational training (banking) to the need to reform healthcare delivery (hospitals). Another important issue, which arises across the whole services spectrum, is how societies are to manage the increasing numbers of women coming on to the labour market. Alongside higher skills levels, this is undoubtedly the most significant transformation EU labour markets have witnessed. Our studies have demonstrated the huge impact of national models and institutions; how they respond to the groundswell of change dictates how labour markets, working conditions and employment structures will evolve. Politics will determine - much more than people realise - the seriousness and stability of employment in female-dominated sectors.

This especially applies to community and social services. The expansion of social and training infrastructures is essential if we truly care about the future state of employment and services. What is required is a European commitment to best practice, injecting dynamism into the service sector thanks - even if not exclusively - to a virtuous circle of employment growth, skills enhancement and quality-of-life improvements. And countries must ask themselves how much value they really attach to the achievement of such objectives. Currently there is a mismatch between the lip-service officially paid to social-service provision and the actual resources made available; our empirical research has highlighted the problems with working conditions and wages currently on offer. The danger is that we will slide into a vicious circle of unsatisfactory working conditions, continuing labour shortages and poor service quality. Our decisions with regard to community and social services will largely determine whether we enter the service society along the 'high road' or the 'low road'.

Labour shortages in times of unemployment - we have come upon this paradox in some quite diverse service areas. Many factors are at work, but two constants keep reappearing: working conditions which discourage labour supply; and inadequate and short-termist attitudes to training. There is a temptation to speak of a demand-led scarcity of labour supply. We would enter a strong plea for serious public debate on this issue, so as to pave the way for sustainable solutions. Our empirical studies point to differences in policy approaches around the EU, as well as different policy options on the part of companies and organisations. Ultimately, the one clear message ringing out is that *policy matters*. There is space out there for political creativity - and that space must be occupied. We need decisions from the politicians; we need regulation - at both state and contractual level; and we need action by individual organisations.

“New Forms of Employment and Working Time in the Service Economy” (NESY)
A research project conducted under the auspices of the European Commission
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Information about NESY can be found on-line at:
<http://iat-info.iatge.de/Themen/Arbeitszeit/Projekte/NESY>

New Forms of Employment and Working Time in the Service Economy (NESY).

Country case studies conducted in five service sectors. Edited by Emmanuel Mermet (ETUI) and Steffen Lehndorff (IAT). Documents compiled for the Conference held on 26-27 April 2001, Brussels, European Trade Union Institute

Abbreviated versions of the country reports and case studies may be ordered from the European Trade Union Institute, Koning Albert II-laan, 5, B-1210 Brussels.

This report is based on the following research under the NESY project:

- Analyses of a special evaluation of the European Labour Force Survey by Gerhard Bosch, Mark Smith and Alexandra Wagner (with assistance from Markus Meyer)
- IT services: country reports on Finland (Anttila/Nätti), Denmark (Csonka/Boll), Great Britain (Smith), the Netherlands (Plantenga/Remery) and Germany (Voss-Dahm). In each country IT companies were visited that have their core-business in the field of systems development, analysis and software services. The case studies included small as well as large IT firms. In four countries we had access to the same global company. The summary report was compiled by Janneke Plantenga and Chantal Remery, who also coordinated the research.
- Retail trade: country reports on Finland (Anttila/Nätti), Sweden (Anxo/Nyman), Denmark (Boll), Germany (Haipeter), France (Jany-Catrice/Pernod-Lemattre) and Portugal (Castro/Figueiredo/González). Two case studies were carried out for each country, one in a hypermarket/self-service supermarket and one in a clothing store; these included two European clothing chains. Steffen Lehndorff coordinated the research and compiled the summary report together with Florence Jany-Catrice.
- Banking: country reports on Germany and France by Thomas Haipeter and Martine Pernod-Lemattre, who also compiled the joint summary report. Two banks, each with one branch and a direct bank, were examined in each country.
- Hospitals: country reports on Sweden (Anxo/Nyman), Great Britain (Rubery/Smith/Caroll), the Netherlands (Plantenga/Remery), Belgium (Plasman/Lumen), France (Piovesan) and Italy (Villa/Zeni). The research teams in each country conducted surveys in two public hospitals and more specifically in two departments: Gynaecology & Obstetrics and Orthopaedics. The population surveyed was that of medical care staff other than doctors, i.e. nurses, nursing assistants and midwives. The summary report was compiled by Christophe Baret, who also coordinated the research.
- Home care for the elderly: country reports on Finland (Anttila/Nätti), Sweden (Anxo/Nyman), Denmark (Csonka/Boll), Great Britain (Fagan/Nixon), the Netherlands (Plantenga/van Everdingen/Remery) and Italy (Degaspero/Villa). Two local organisations providing home care for the elderly were surveyed in each case. Dominique Anxo coordinated the research and compiled the summary report together with Colette Fagan.