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

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Information about NESY can be found on-line at:
http//iat-info.iatge.de/Themen/Arbeitszeit/Projekte/NESY

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Abstract

The subject of research in NESY was the change in the organisation of work and working-time in the service sector. The project covered 10 EU countries: Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Sweden and the United Kingdom. It combined quantitative and qualitative research methods as well as micro and macro approaches. The qualitative – and bigger - part of the project included about fifty case studies, involving five service segments and different country clusters (IT services, retail trade, banking, hospitals, home care for the elderly).

The expansion of service-sector employment is associated with changes in labour markets that are both multi-layered and differentiated by country and industry. In some areas, there is a broad trend towards the standardisation, devaluation and reorganisation of non-complex service activities that is associated with the fragmentation of employment and working times ("service-sector Taylorism"). In other areas, in contrast, the trend is towards the development and expansion of professional labour markets with rising skill requirements. Moreover, the substance of employment relationships may be changing fundamentally within formally traditional standard employment relationships, with dependent employees organising their work themselves and operating 'autonomously' in the market.

Regarding the contribution of services to employment growth the individual sectors that are contributing most in the service business encompass both high- and low-value services. Not only part-time work (the most important 'non-standard' working arrangement), but also 'standard', i.e. permanent full-time forms of employment, contribute significantly to rising job numbers and a dynamic labour market in the service sector. Moreover, the equation 'services = women's work = part-time work' is incorrect. Rather, employment and working-time structures are shaped by two linked characteristics. The first is the weight that individual service industries, particularly social services, have in the economy as a whole. The second is the prevailing model of female labour market participation in a given society. Decisions with regard to both the institutional background for female labour and the provision of social services will largely determine whether EU countries enter the service society along the 'high road' or the 'low road'.

Executive summary

Background and objectives of the project

The subject of research in NESY was the change in the organisation of work and working-time in the service sector. The entire complex of employment relationships is undergoing fundamental changes; particular emphasis in the project was laid on new forms of employment and working-time.

The project covered 10 EU countries: Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Sweden and the United Kingdom. It combined quantitative and qualitative research methods as well as micro and macro approaches. The qualitative – and bigger - part of the project included case studies which should help to identify basic industry and activity-specific reasons for the change in forms of employment and working time in selected service industries and activities as well as in various country clusters. It spanned a broad range of areas and consisted of around fifty case studies, involving five service segments and different country clusters. The focus of this work was on the customer interface in the following areas:

- information technology (IT) services as an example of the "blurring boundaries" between dependent employment relationships and self-employment, including very long working hours of "knowledge workers";
- the retail trade as an industry with largely adopted standardised working practices which is particularly exposed to the pressures of working time flexibility;
- the health care segments (hospitals) as an example for the impacts of structural reforms in public services due to budget restrictions on employment and working practices;
- the home-care business for the elderly as an example for a fast-growing service industry being fundamentally restructured by the developing competition between public and private care providers;
- the banking trade in order to explore the impact of structural changes in international financial markets under the conditions of different national regulations on working conditions and working-time organisation in local branches and call centres.

The quantitative part included the evaluation of European Labour Force Survey data relating to the change in employment and working time in the service sector, also portraying the background of different routes taken by EU countries on their way into the service society.

Service landscapes and service labour markets

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.

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.

- 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 and to distinguish the distribution of volume of work across different service sectors, we have divided services into five sub-groups. 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 of per capita volume of work for people of working age) 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.

- 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.

- 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.
- 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. 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.
- 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 was 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 engaged in production-oriented services on the other.

Regarding the contribution of services to employment growth the individual sectors that are contributing most in the service business encompass both high- and low-value services. These fast-growing service areas are providing services to business enterprises, to the community

and to individuals, thus reflecting the heterogeneity in the colourful cosmos of service activities. Within these different activities, the role of 'non-standard' work and gender varies: In service activities such as the retail trade, we find female part-timers filling most of the newly created jobs; in health and social services, female atypical workers still predominate in many of the new jobs. However, in business services and the computer area, atypical workers are generally in the minority, with men playing a more important role. Where there are atypical workers in these higher-value services, they are more likely to have full-time temporary contracts. This polarised job growth reflects the dualistic nature of employment in the services sector which is characterised by highly professional activities combined with low-skilled routine tasks.

Moreover, the data provide evidence on the service areas with the highest number of formerly unemployed new entrants to the labour market at the end of the 1990s as compared to those service areas with the highest net increase in employment in the second half of the decade. 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. 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.

Nevertheless, the equation 'services = women's work = part-time work' is incorrect. Rather, employment and working-time structures are shaped by two linked characteristics. The first is the weight that individual service industries, particularly social services, have in the economy as a whole. The second is the prevailing model of female labour market participation in a given society.

It is particularly important to note that not only part-time work (the most important 'non-standard' working arrangement), but also 'standard', i.e. permanent full-time forms of employment, contribute significantly to rising job numbers and a dynamic labour market in the service sector.

Qualitative changes in service-sector work

The studies carried out in five service industries reveal the multilayered *qualitative* changes, differentiated by country and industry, in the organisation and structure of service-sector work

that are concealed behind the quantitative increase in service-sector employment. They also reveal that these changes cannot adequately be characterised as changes in the *forms* of employment and working time. Rather, in some at least of the industries investigated, what is happening behind the façade of employment forms that, on the face of it, remain largely unchanged is a thoroughgoing change in work organisation. The whole complex of employment relationships is going through a period of upheaval; new employment and working time forms are one aspect of this upheaval, the core of which lies in changes in work organisation. For this reason, the qualitative studies carried out in the course of the NESY project, which were originally to have focused on new employment and working time forms, were extended in the early days of the project to encompass changes in work organisation and working and employment conditions in the service sector. In investigating working and employment conditions, particular emphasis was placed on working time.

- The fundamental change in work organisation observed in all the service industries we investigated finds concrete expression in the increasing exposure of individual workers in their daily work to the competition and restrictions of the market. This change affects not only the service sector but manufacturing industry as well. One precondition for the market orientation of work is the 'marketisation' of organisations through the creation of internal markets. Internal markets are increasingly being used in the public sector in a similar way to that seen in the private sector. However, the development of internal markets does not mean that workers are *directly* exposed to the competition and restrictions of the market. The demands of the market must always be interpreted by organisations and translated into strategies that then find expression in products. What confronts workers directly are the numerical indicators used by management to lay down the maximum costs, productivity levels or profits to be achieved by the decentralised units within an organisation. Thus despite the great diversity of work in the service sector, the essence of market orientation is that it always confronts workers with the economic environment in which they operate. The organisation's economic problems, in the form of the indicators formulated by senior management, become problems for each individual employee.
- One of the most striking phenomena to be observed across the service sector as a whole is the restructuring of skill requirements. An increase in skill requirements is found everywhere; in some service activities, it is a basic trend affecting the vast majority of employees, while in others it affects only segments of the workforce. And yet, even with professionalisation, basic service activities are still being reproduced to some extent. This

contradictory evolution of skill requirements is the precondition for the emergence of two fundamentally different trends in the evolution of work organisation in services, one towards ‘service-sector Taylorism’ and the other towards self-organisation.

- ‘Service-sector Taylorism’ is based on the extensive standardisation and deskilling of non-complex service activities. It also entails the fragmentation of the total volume of work into many small employment and working time units. Some traditional service-sector labour markets, such as that in the retail trade, for example, are being gradually restructured as a result. In areas with high skill requirements, on the other hand, the contrary trend takes the form of self-organisation, with employees operating largely autonomously in the market. The boundaries between dependent employment and self-employment become blurred as a result. This phenomenon is currently particularly evident in the IT services industry, but is also becoming widespread in other service activities (whether in the service sector proper or in manufacturing) and may well be a harbinger of future developments beyond the boundaries of individual industries and sectors.
- The creation of standardised jobs on a large scale can be observed in various service industries, but it is in the large-scale retail trade that it is most evident as a widespread trend. In those areas where this process is particularly advanced, forms of time management have been put in place that are strongly reminiscent of Taylorist mass production. The separation of planning and execution, the high degree of standardisation and the division of tasks into their smallest constituent elements are similar to the organisation of work in industrial mass production. Unlike in classic Taylorism, however, the content of work in non-complex and standardised service jobs, the specific nature of the customer interface requires 'basic communication work' instead of 'basic physical labour'. Employees must be present as personalities, as individuals, even though in many cases their communicative and emotional contribution is prescribed by tightly defined standards. This specific characteristic of what we denote by the term 'service-sector Taylorism' has encouraged retail companies, where possible, to look for workers who bring social and communicative competences to their work as a sort of free ‘bonus qualification’. Technical and professional standards, if they existed at all, are losing ground in favour of behavioural and sales training that encourages the development of 'soft skills' that can be deployed in a variety of situations.
- The diametric opposite of service-sector Taylorism is the trend towards the self-organisation of service-sector work by dependent employees themselves. This phenome-

non is also encountered in various parts of the service sector. However, although it may yet not be very widespread in banking or in social services, it can already be regarded as characteristic of IT services, an industry with above-average skill requirements. The key feature of this form of work organisation is the extensive autonomy that employees enjoy. The boundaries between dependent employment and self-employment begin to blur. Old-fashioned ‘command and control’ is being replaced by indirect controls in the form of cost targets and deadlines. On the basis of competitive conditions in the market and the target operating results, numerical indicators are drawn up in order to provide the hard economic framework within which autonomy at work is exercised. The more independently employees work, the more important it is for firms to put in place these indirect control measures.

- The trend towards self-organisation identified here is seldom encountered in its pure form. In many service industries, there is a greater likelihood of finding conflicting organisational forms, as well as discrepancies in the organisation of work between skill requirements and devolved responsibility, on the one hand, and employees' competences, on the other ('contradictory work requirements'). The contradictions inherent in certain forms of work organisation can lead to a curious juxtaposition of self-organisation and hierarchical control structures. It is safe to assume that, in many areas of the service sector, any attempts to introduce self-organisation will have to take place for some considerable time to come in an environment that is scarcely conducive to such innovations. However, work requirements *remain* contradictory even if the discrepancy between individual room for manoeuvre and hierarchical control no longer prevails but the entire work environment is conducive to self-organisation. This becomes apparent when the management of flexibility requirements in services is incorporated into the analysis.
- Our findings call into question the picture suggested by the traditional model of the ‘flexible firm’. External flexibility is by no means confined any longer to numerical flexibility. It is apposite, therefore, that the most recent Business and Consumer Survey in the EU (European Commission 2000: 42) should find that ‘there has been much overlap between internal and functional flexibility, and external and numerical flexibility’. However, certain reservations have to be expressed about the conclusion inferred from this finding, namely that companies in which external flexibility is particularly highly developed, as it is in many British firms for example, are giving priority to increasing their own internal functional flexibility, while ‘in the more protected European setting, the shift has been to-

wards greater use of numerical flexibility and external functional adjustments'. The qualitative studies conducted in the course of the NESY project lead to a different conclusion: it is precisely because of the increasing overlapping of different flexibility instruments that greater pressure is being put on skilled members of the core workforce to make the decisive contribution to internal quantitative flexibility as well (the unspoken implication being: 'What you can do, others can do as well'). The 'outside world' from which an organisation derives its external flexibility is also increasingly made up of organisations (and not primarily of casual workers or individual freelancers). However, these organisations have no flexibility reserves other than their own internal ones. In short, external flexibility intensifies the *total* pressure for flexibilisation within service organisations. Thus the ultimately decisive question for all service organisations is how to increase their *internal* flexibility.

- The two basic trends in the evolution of work organisation – service-sector Taylorism vs. self-organisation – have their counterparts in two very different flexibility paradigms. The essential difference between the paradigms of market-oriented work and working time that are effective in practice lies in whether management responsibilities are devolved to employees and, in conjunction with that, whether the increased temporal flexibility is derived primarily from the passive or the active cooperation of employees. When tasks are broken down into small units and standardised, as they are in service-sector Taylorism, workers can, in theory, be replaced at any time at short notice and manning levels can be varied greatly in accordance with need. In this form of work organisation, temporal flexibility is based essentially on the *availability* of workers at the times at which they are required by the organisation. For this reason, we use the term 'passive flexibility' to characterise this variant. On the other hand, when firms are unable or unwilling to dispense with their employees' individual knowledge, abilities and experience, then they tend to rely more heavily on the *self-organisation* of work and working time by those employees. This variant is denoted by the term 'active flexibility'.

- When the scheduling of working time is left to employees themselves, as is characteristic of active flexibility, those employees are confronted directly with the economic environment in which they operate. There is no supervisor to tell them when they have to turn up for work; rather they see for themselves when they are needed (by means of electronic personnel assignment planning tools, for example). If there are not enough people to fill the work schedules, they have to find a solution themselves, in consultation with their col-

leagues. However, this can lead to greater dissatisfaction than under the old system of passive flexibility. They become caught in a contradiction: their responsibility is being increased, but the resources made available to them are insufficient for them to fulfil their responsibilities properly. From here, it is but one step to self-managed work intensification.

Drawing together the strands of analysis

If the results of these quantitative and qualitative analyses are looked at in context, certain salient features emerge.

Connections are often made between the tertiarisation of the economy, on the one hand, and the flexibilisation of the labour market and the erosion of standard employment relationships, on the other. Clearly, this is far too simplistic a view and can easily lead to dubious policy recommendations. As the studies outlined here reveal, the expansion of service-sector employment is associated with changes in labour markets that are both multi-layered and differentiated by country and industry. In some areas, there is a broad trend towards the standardisation, devaluation and reorganisation of non-complex service activities that is associated with the fragmentation of employment and working times. This trend is denoted by the term service-sector Taylorism. In some labour markets, such as that in the retail trade, this trend is leading to radical change and restructuring. In other areas, in contrast, the trend is towards the development and expansion of professional labour markets (home care services for the elderly). It is in service activities with high skill requirements that this countertrend to service-sector Taylorism is particularly pronounced. Despite strong employment growth, employment forms remain outwardly unchanged; however, the substance of employment relationships is changing fundamentally, with dependent employees organising their work themselves and operating ‘autonomously’ in the market. The boundaries between dependent employment and self-employment are beginning to blur. The developments outlined here by reference to IT services are indicative of future changes not only in many service activities but also in the core areas of manufacturing work.

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’.

Conclusions and policy implications

The fundamental organisational change in service activities has very different impacts on the conditions of work; however, an intensification of work and an increase in the speed of work can be identified as a common basic tendency. In service organisation with strongly developed autonomy in work organisation, this may go along with working-time extensions organised and managed by the employees themselves. For the time being, this refers especially to highly qualified employees.

These findings suggest that the organisation of many service activities in EU countries is *societally not sustainable.*

The most obvious symptom of this predicament is the phenomenon observed in a number of countries, namely that employees, mainly due to psychical burdens in the wake of massive workloads, cannot remain gainfully employed until they reach the statutory pension age. It is not only the immediately concerned persons who suffer from this status quo, but also entire societies and national economies who are thus deprived of valuable human productive power.

Another characteristic of the lacking societal sustainability in the organisation of service work is the constraints and restrictions imposed on the use and support of female labour supply. While *corporate* work organisation often *uses* female labour supply insufficiently (holding back of preparedness to work and thus of work capacity on the part of workers and thus resistance to contribute to labour supply due to heavy work loads, low remuneration and low social prestige of many typically "female" service activities), the *societal* organisation of service work is often responsible for the fact that female labour supply is only insufficiently *fostered*.

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.*

Apart from the obvious necessity to undertake increased efforts in the areas of training and further training, a key role in this respect plays the development of social services which contribute significantly to creating a broad and continuous supply of qualified female workers and to offering large numbers of demanding jobs. However, these chances offered by social service activities can ultimately only be used if corporate work organisation keeps pace with the societal significance of this activity. This means that, both at corporate and at societal level, forms of organising service work have to be found which take into account not only the increasing qualification of women, but also the greater demands made on work contents and the conditions of work going along with such development. Consistent *models for a socially sustainable organisation of service work* both at a societal and at a corporate level are required.

The development of consistent models for service work organisation in European societies will require public discussion and debate. Two highly controversial issues will be on the agenda in this respect.

First, it would be important to conduct an open debate on the so-called "service paradox": The more person-related services are enlisted, the more likely will there be the possibility that – depending on the type of service and its societal organisation – people will be forced to work

at times when other people do not work. Moreover, as many activities in manufacturing industries, too, are getting more and more service-oriented, societal time structures may be expected to become increasingly desynchronised. On the individuals' level, a great deal of efforts to manage the increasingly unpredictable working-time patterns and to co-ordinate times of work and reproduction, including leisure, within households and the respective social environments may be required. However, the question is if only the immediately affected individuals are encumbered with the task of mastering of these problems and the costs related to it. If high-quality services are desired, *there is no way to service at any time at zero cost.* If there is a broad social consensus that the service offer be expanded in terms of time, then it must be clear that this will also require *new flexibility compromises*, the cost of which will be reflected in the service costs. Regulations both at state level and at the level of collective labour market agreements can be of great help in this respect.

Second, what may be the most controversial issue: What is the worth of good services in a society? Nowadays, this fundamental question is becoming a pressing problem especially as regards the area of social services. So far, the organisation of social services has been increasingly becoming input-oriented, i.e. it has been "hooked" on reducing the costs of labour-intensive service activities. Output orientation, on the contrary, focuses on the quality required for service accomplishment in the interest of consumers or of society; it looks for the most promising and efficient means of service creation under given conditions and for ways of attracting demand for the products it intends to offer (or, in the case of the state: of supporting demand in the wake of democratic decisions). This does of course not mean that input criteria are becoming irrelevant, however, accents are shifted noticeably. Also, and especially if public suppliers of social services compete with private or "third sector" organisations, the state has a wealth of options as to the accomplishment of such shifts in accent. Among the tools serving this goal are both the indicators and standards of service quality, of quality assurance and of service personnel qualification. However, to this end, the development of reliable and consistent models guiding the organisation of service work is indispensable.

1 Background and objectives of the project

The subject of research in NESY as laid down in the technical annex to the project contract was the change in forms of employment and working time in the service economy. The focus was - first - the driving forces for the emergence and diffusion of new employment and working time forms which are attributable to particular features of the service sector and service activities. However, NESY was not restricted to ”pull” factors on the labour market and included - second – supply-side factors linked to female labour market participation in particular, including working time preferences and constraints. Third, country-specific features of the labour and product markets on the employment and forms of working time were analysed. The overall objective of this exercise was to contribute to our knowledge about new opportunities for an increase in service employment levels in EU countries.

It was already at an early stage that the focus of the project was extended to the change of working time organisation and conditions of work (with specific weight on the aspect of working time) in the service sector. Soon it became clear that the changes examined by us cannot be sufficiently described as a change in *forms* of employment and working time. The entire complex of employment relationships is undergoing fundamental changes; new forms of employment and working time are one aspect, centred around changes in work organisation.

The project covered 10 EU countries: Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Portugal, Sweden and the United Kingdom. It combined quantitative and qualitative research methods as well as micro and macro approaches. The qualitative – and bigger - part of the project included case studies which should help to identify basic industry and activity-specific reasons for the change in forms of employment and working time in selected service industries and activities as well as in various country clusters. It spanned a broad range of areas and consisted of around fifty case studies, involving five service segments and different country clusters (cf. the box on the following page for more information on the selection of organisations studied and the co-ordination of the case studies). The focus of this work was on the customer interface in the following areas:

- information technology (IT) services as an example of the "blurring boundaries" between dependent employment relationships and self-employment, including very long working hours of "knowledge workers";

- the retail trade as an industry with largely adopted standardised working practices which is particularly exposed to the pressures of working time flexibility;
- the health care segments (hospitals) as an example for the impacts of structural reforms in public services due to budget restrictions on employment and working practices;
- the home-care business for the elderly as an example for a fast-growing service industry being fundamentally restructured by the developing competition between public and private care providers;
- the banking trade in order to explore the impact of structural changes in international financial markets under the conditions of different national regulations on working conditions and working-time organisation in local branches and call centres.

NESY case studies

§ 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 (Degasperi/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.

The quantitative part included the evaluation of European Labour Force Survey data relating to the change in employment and working time in the service sector, also portraying the background of different routes taken by EU countries on their way into the service society.

The final analysis was to draw together these strands of research in order to tackle the question of new challenges and opportunities for a re-regulation of working-time standards. We decided to focus on a qualitative analysis without using the option (left up to our decision in the technical annex) to include quantitative assessments provided by a subcontractor.

Detailed information on the case studies including short versions of all country reports have been compiled for a conference held on 26-27 April 2001 at the European Trade Union Institute (ETUI) in Brussels and are available as the ETUI's Report 69. A summary of some of the project's central findings are presented in a second brochure published by the ETUI in co-operation with the IAT (Changes in employment practices in service activities - Findings from five sectors and ten countries). Information on these brochures and other publications so far drawing on NESY can be found on IAT's home page. The country reports and service industries analyses are provided in full length in the annex to the present report. Moreover, various thematic analyses and working papers elaborated in the course of NESY were provided with the progress reports (for details cf. bibliography, chapter 8).

2 Introduction

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 their way into 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; an ordered industrial relations situation. 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.

The present report is structured as follows: Chapter 3 provides an overview of the most interesting findings from our evaluation of the Eurostat LFS as far as different routes into the service economy and the change in employment and forms of working time are concerned. The findings from the case studies are summarised in chapter 4. Chapter 5 provides a cross-cutting analysis of the case studies with particular attention to the changes in work organisation and the different ways of organising temporal flexibility. Conclusions and policy implications of NESY findings are presented in chapter 6. These are followed by a bibliography and an information on the dissemination of the project results planned so far.

3 Service landscapes and service labour markets

3.1 European service labour markets

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 factor.

3.1.1 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).

Table1: Tertiarisation levels (sectoral approach) by people employed vs. volume of work (in percent and relative to Denmark)

	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
UK	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: Source: European Labour Force Survey

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 and to distinguish the distribution of volume of work across different service sectors, 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, all persons employed)

	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
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
Germany	2.11	0.89	4.00	6.66
East	1.78	0.88	3.96	7.78
West	2.19	0.9	4.01	6.40
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 abs.	2.83	1.50	2.76	4.64

Source: European Labour Force Survey

3.1.2 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
Denmark	58.6	9.18
Finland	57.1	7.78
France	45.3	6.90
Germany	44.0	6.66
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		

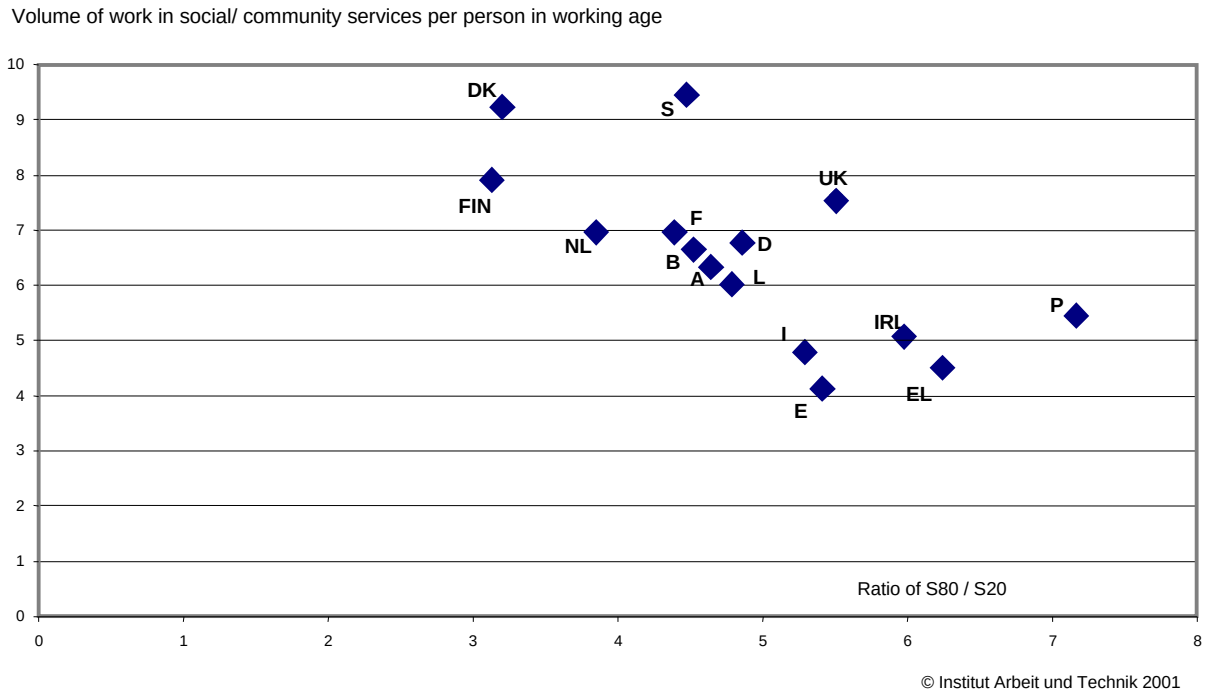
Source: European Labour Force Survey

3.1.3 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 in terms of share of top quintile relative to bottom quintile
Source: European Labour Force Survey, Eurostat Household Panel, FIN and SW national sources

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
Denmark	33.6	9.18
Finland	32.1	7.78
France	30.8	6.90
Germany	30.5	6.66
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		

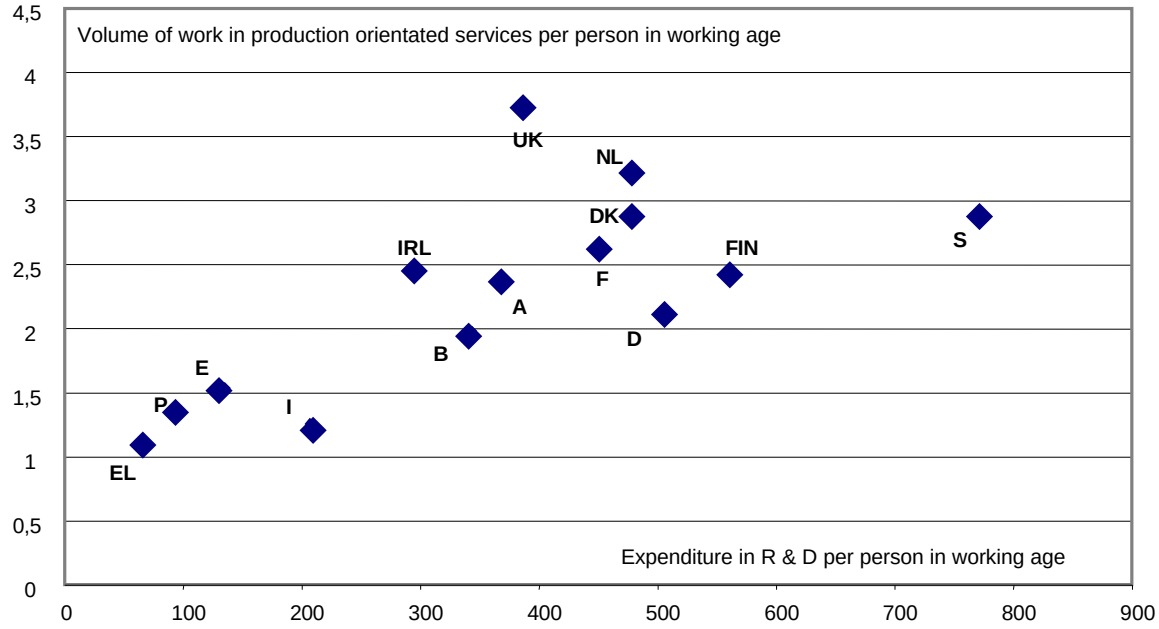
Source: European Labour Force Survey, Eurostat (2000b: 27), our calculations

3.1.4 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 engaged 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 proportion of working age population in production-oriented services (1999)*



* Belgium 1995; in USD (current PPP)
Source: European Labour Force Survey, Eurostat (2000a)

3.2 Structural changes in the labour markets

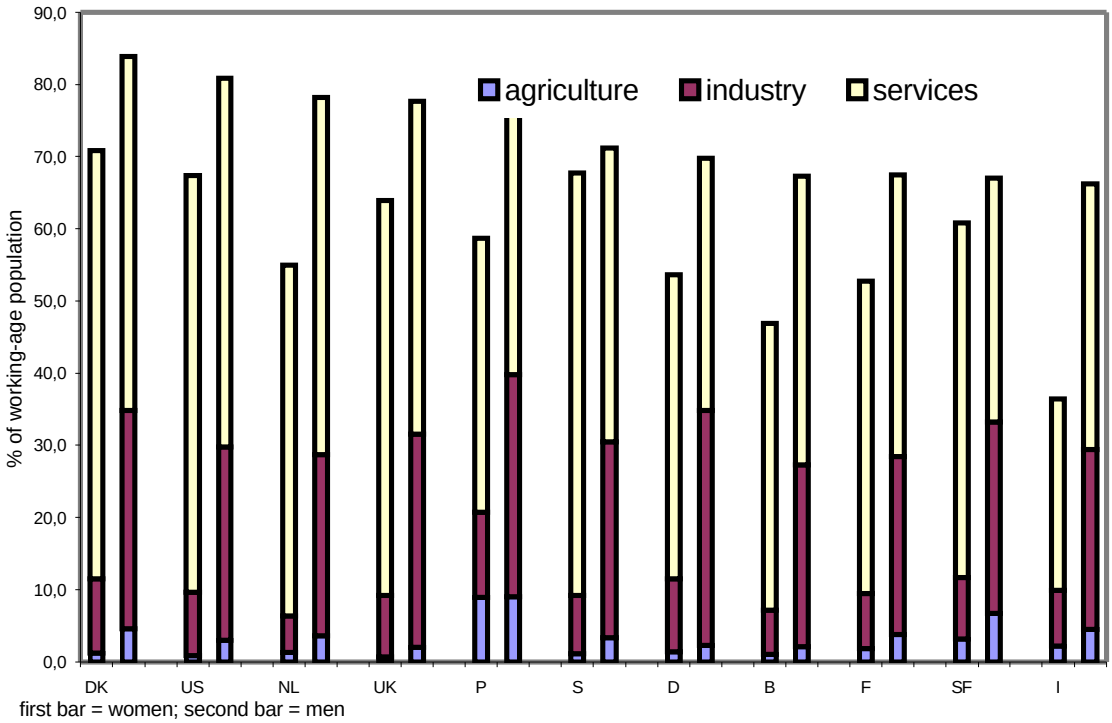
The growth of the service sector is going along with a fundamental structural change in the labour markets. Some of the most important changes will be outlined in the following.

3.2.1 Services and employment growth

The expansion of services has been particularly associated with the growth of women's employment. Meanwhile men's concentration in declining sectors in Europe has meant that they have suffered from falls in employment and have been less successful at taking advantages of new employment opportunities in the service sector. By comparison service sector work plays a more important role in the employment of men and women in the United States (Freeman and Schettkat 2000). Figure 3 shows that service sector employment boosts the employment rate of working-age women in the US with 57% of women employed in services. Only in Denmark and Sweden, with their large share of public sector employment, are higher shares of women employed in services, again countries with high employment rates. By contrast in

the countries with low overall female employment rates, around 40% or less of women are employed in services.

Figure 3: Employment rates by sector

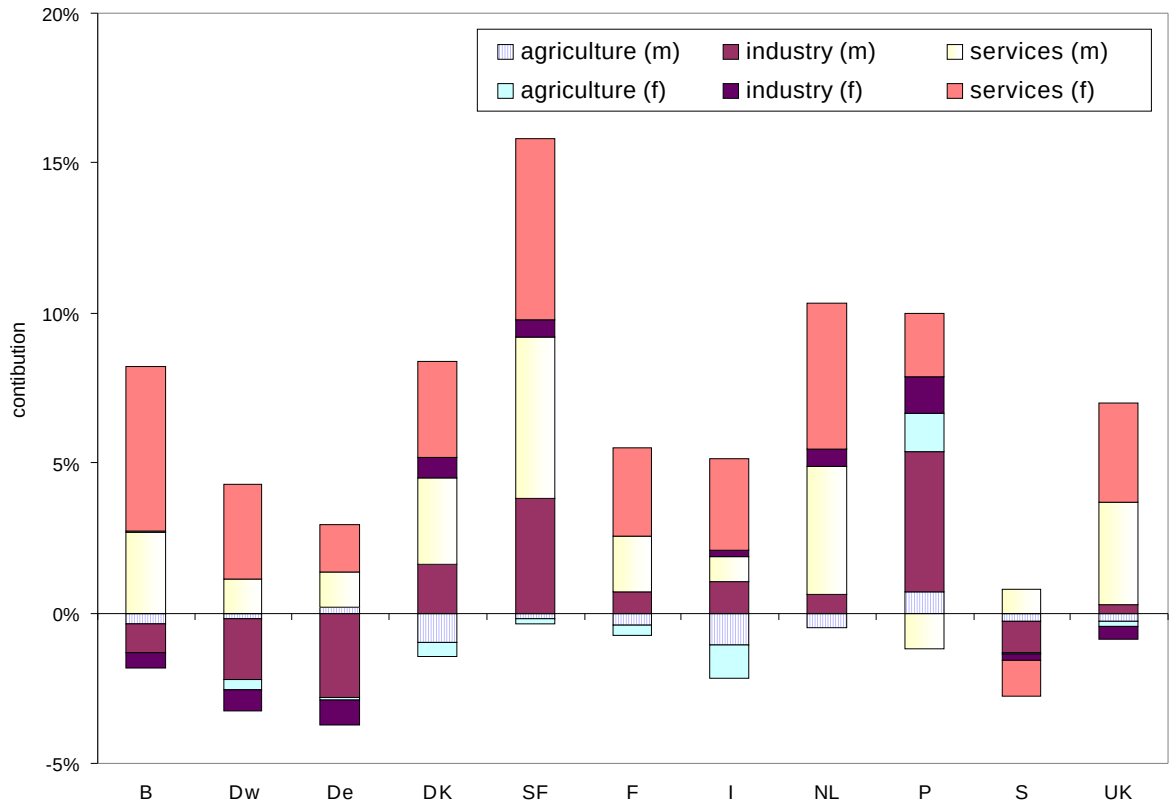


Source: CEC (1997)

The phase of employment growth in EU countries at the end of the 1990s stands out against the record of poor job creation in the 1980s and the damaging recession and job destruction of the early 1990s. In general EU countries were slower to come out of recession than the US. However, the period since 1994 has been one of improved employment growth for most European countries, with Germany and Sweden the main exceptions (CEC 1999). Nevertheless this phase of employment growth is still relatively poor by historical standards and produced growth rates below those in the US. The importance of employment in services in the recent phase of employment growth is illustrated in Figure 4. The expansion of employment for women in services is the largest contributor to employment growth in all of the selected countries with the exception of Sweden. In Belgium, Finland and the Netherlands the increase in women working in the service sector contributed over five percentage points to employment growth according to the labour force survey data. In another five countries the contribution of women in services was three percentage points. Only in Sweden was there a net fall in

service employment for women over this period with aggregate falling employment up to 1997. Meanwhile for men, the contribution of employment in services was generally weaker than for women, except in Denmark where the contribution was equal (three percentage points) and in Sweden where there was a one percentage point increase for men matching an equivalent fall for women. Nevertheless service employment for men contributed more to employment growth than other sectors and compensated for declines in industrial employment in a number of cases.

Figure 4: Contribution of sectors to employment growth by gender



Note: 1995 - 1999 for Sweden and Finland

Source: European Labour Force Survey

3.2.2 Contribution of individual service industries to employment growth

In spite of the structural differences across European countries there is considerable similarity in the sectors that appear among those that made the largest contribution to employment growth over the period 1994 to 1999 (1995 to 1999 for Sweden, Finland and Germany). In most countries service sectors make up all of the sectors that appear in the top five; only in Italy, Ireland and Portugal do industrial sectors account for more than one of the top five

(Table 5). Five sectors appear consistently at the top of the distribution across the majority of EU countries - health and social work (85), business services (74), education (80), retail trade (52) and computer and related activities (72). Health and social work appeared in the top five sectors contributing to employment growth in all countries except Sweden, Ireland and Portugal. In Germany this sector accounted for over 150% of net increase in employment compensating for declining employment in other areas while elsewhere it accounted for between 12% and 43% of the increase. Business services also appeared in the top five sectors in thirteen out of fourteen countries (no data evaluation for Luxembourg due to small numbers) and was among the top ten in the remaining country Portugal. Another public service, education, also made a major contribution to employment growth, appearing in the top five sectors in eight countries and accounting for between 7% and 15% of net increase in employment with the exception of Germany (49%). The fourth sector to appear regularly was computer and related activities which made a significant contribution to employment growth in six countries, contributing between 10% and 38% to net increases in employment and appearing in the top ten sectors in a number of other countries. Other service sectors that made a major contribution to employment growth in these European countries were the retail sector (seven countries), hotels (five countries) and recreation and private households (two countries each).

Table 5: Top five industries contributing most to net new jobs, 1994-99

	total	ft temp	pt perm	pt temp	Self employed
Belgium					
Health & social (85)	26	4	18	6	3
Business services (74)	24	2	3	3	6
Basic metal manuf. (27)	12	3	-	-	1
Education (80)	9	6	2	4	1
Land transport (60)	8	-	2	-	-
Denmark	total	ft temp	pt perm	pt temp	Self employed
Health & social (85)	43	1	6	4	4
Retail (52)	21	-	2	-	2
Construction (45)	19	2	3	-1	3
Computer & related (72)	10	-1	1	-	2
Business services (74)	9	1	2	1	4

Germany (u)	total	ft temp	pt perm	pt temp	Self employed
Health & social (85)	152	44	69	6	15
Business services (74)	129	15	39	4	27
Education (80)	49	23	10	10	5
Recreation (92)	42	7	11	1	11
Computer & related (72)	35	2	3	-	5
France	total	ft temp	pt perm	pt temp	Self employed
Health & social (85)	22	5	14	2	-1
Business services (74)	17	4	5	2	1
Private households (95)	13	1	9	1	-
Education (80)	12	4	2	1	1
Recreation (92)	6	1	1	1	1
Finland	total	ft temp	pt perm	pt temp	Self employed
Health & social (85)	12	3	3	-1	-
Construction (45)	12	3	-	-	-
Business services (74)	10	1	2	-1	1
Retail (52)	9	2	3	1	2
Hotels (55)	9	1	3	-	-
Spain	total	ft temp	pt perm	pt temp	Self employed
Construction (45)	18	11	-	-	2
Business services (74)	11	-	2	1	2
Education (80)	8	1	-	1	-
Health & social (85)	7	2	-	-	1
Retail (52)	7	-1	1	1	-
Ireland *	total	ft temp	pt perm	pt temp	Self employed
Retail (52)	15	1	8	1	-1
Construction (45)	14	-	1	-1	5
Hotels (55)	14	1	6	1	1
Business services (74)	13	-	4	-	3
Radio, television manuf. (32)	10	1	1	-	-

Italy	total	ft temp	pt perm	pt temp	Self employed
Business services (74)	56	3	6	3	27
Public admin (75)	41	6	3	10	1
Health & social (85)	26	3	3	2	4
Machine manufacture (29)	19	1	1	-	3
Textile manufacture (17)	16	-	1	-	2
Netherlands	total	ft temp	pt perm	pt temp	Self employed
Business services (74)	19	1	4	1	2
Health & social (85)	16	-	22	1	-1
Construction (45)	13	-	2	1	3
Computer & related (72)	10	-	1	-	-
Education (80)	7	-1	7	-1	-1
Portugal	total	ft temp	pt perm	pt temp	Self employed
Construction (45)	46	16	-	-	12
Agriculture (1)	18	4	-	-	17
Hotels (55)	14	8	-	-	-
Private households (95)	13	-	3	3	3
Metal product manuf. (28)	9	-	-	-	-
Sweden	total	ft temp	pt perm	pt temp	Self employed
Computer & related (72)	38	-	-	-	-
Business services (74)	28	-	-	-	-
Education (80)	12	13	-11	-	-
Radio, television manuf. (32)	11	-	-	-	-
UK	total	ft temp	pt perm	pt temp	Self employed
Business services (74)	19	-	1	-	2
Health & social (85)	18	-	3	1	1
Education (80)	15	1	5	2	2
Computer & related (72)	13	1	1	-	2
Retail (52)	12	-	10	-1	-3

Austria	total	ft temp	pt perm	pt temp	Self employed
Business services (74)	97	8	19	-	16
Hotels (55)	59	22	27	-	-
Retail (52)	57	19	81	-	9
Health & social (85)	57	19	65	-	13
Computer & related (72)	27	-	5	-	-
Greece *	total	ft temp	pt perm	pt temp	Self employed
Business services (74)	36	(2)	-	-	20
Hotels (55)	27	12	-	(2)	4
Education (80)	19	5	-	(3)	-
Retail (52)	17	6	-	-	-10
Health & social (85)	17	4	-	-	5

Source: European Labour Force Survey

Service employment growth in EU countries has included higher value services to business such as computer and related activities and business services and communal services such as health and education. At the same time jobs have been growing in lower value services that are close to production (retail) and services to individuals (hotels).

The comparison of the contribution of individual sectors towards overall growth reveals that skilled work is a significant factor in the increase in numbers of service-sector jobs. 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 and IT services occupy important positions.

3.2.3 Changes in employment and working-time forms

Part-time work is mainly concentrated in service parts of the economy, whereas temporary work is the most common type of “non-standard” work used in industrial sectors. Nevertheless the concentration of temporary work in industry is lower than for all in employment, with the exception of Portugal (Table 6).

Table 6: Concentration of employment and "non-standard" employment by sector

	BE				DK				DE				FR				SF			
	te	pt	se	All	te	pt	se	All	te	pt	se	All	te	Pt	se	All	te	pt	se	All
Agriculture	1	1	10	2	5	1	19	3	3	1	12	3	2	1	25	4	3	2	35	7
Industry	20	8	16	27	22	10	22	27	31	16	21	34	25	9	21	26	20	9	20	28
Wholesale & retail	8	16	29	15	14	17	20	14	12	21	19	14	11	14	19	13	8	21	14	11
Hotels & restaurants	3	5	9	3	3	5	5	3	4	5	7	3	4	5	7	3	3	8	3	3
Transport	4	4	3	7	4	5	6	7	3	4	4	5	5	4	3	6	4	6	7	8
Financial services	3	3	3	4	2	2	-	3	2	3	3	4	1	3	1	3	1	2	-	2
Real estate	8	7	11	7	5	8	15	9	6	9	15	7	9	10	9	9	8	12	10	9
Public admin	13	11	-	9	6	3	-	6	11	7	-	8	10	11	-	9	6	3	-	5
Education	19	13	1	9	9	8	(1)	7	8	10	2	5	12	10	1	8	14	8	1	7
Health & social work	13	26	10	11	23	33	7	17	13	16	8	10	11	18	9	11	24	18	3	14
Community activities	5	4	7	4	7	7	4	4	6	7	9	5	7	7	6	4	9	9	7	5
Private households	2	1	-	-	-	-	-	-	-	2	-	-	1	10	-	2	1	1	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

	IT				NL				PO				SW				UK			
	te	pt	se	All	te	pt	se	All	te	pt	se	All	te	pt	se	All	te	pt	se	All
Agriculture	12	6	12	6	4	2	18	3	5	5	40	13	1	1	19	3	1	1	7	2
Industry	28	19	25	33	19	10	15	23	36	15	22	36	14	9	20	26	18	7	28	26
Wholesale & retail	9	15	31	16	16	18	20	16	13	10	21	14	11	13	21	13	8	25	15	15
Hotels & restaurants	5	6	6	3	9	6	5	3	8	6	6	5	6	4	5	3	6	9	4	4
Transport	4	3	3	5	6	5	3	6	4	(2)	2	4	5	4	6	7	5	3	6	7
Financial services	1	3	2	3	3	3	1	4	1	-	-	2	1	2	-	2	4	3	1	4
Real estate	6	10	11	6	11	9	16	12	6	7	4	4	9	8	16	10	10	7	17	11
Public admin	11	10	-	9	5	5	-	7	5	3	-	6	4	3	-	5	6	4	0	6
Education	10	7	1	7	7	9	2	7	9	12	-	6	12	10	-	8	21	13	3	8
Health & social work	5	7	3	6	13	27	8	14	5	3	1	4	30	41	3	19	13	20	6	11
Community activities	6	8	6	4	5	5	10	4	4	7	3	3	7	5	9	5	7	7	9	5
Private households	2	6	1	1	3	1	-	-	3	28	2	3	-	-	-	-	1	1	2	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

	ES				IRL				LU				GR				AU			
	te	pt	se	All	te	pt	se	All	te	Pt	se	All	te	pt	se	All	te	pt	se	All
Agriculture	7	2	21	8	-	2	37	9	-	-	21	2	5	(4)	39	18	2	1	40	6
Industry	39	9	21	31	22	9	19	29	(50)	7	10	22	31	17	16	23	33	14	12	30
Wholesale & retail	14	14	27	16	14	26	14	14	-	11	24	13	10	11	22	17	18	26	15	16
Hotels & restaurants	7	10	10	6	14	16	6	6	-	(4)	10	4	15	6	7	6	11	7	10	6
Transport	4	3	7	6	(5)	3	6	6	-	(4)	(3)	7	4	(3)	4	6	4	4	3	7
Financial services	1	1	1	3	(5)	3	1	4	-	7	-	11	(1)	-	-	2	2	4	1	4
Real estate	7	13	7	7	8	8	9	8	-	7	14	7	4	7	6	5	4	11	8	7
Public admin	4	3	-	6	-	3	-	5	-	11	-	10	3	(3)	-	7	3	5	-	6
Education	5	11	1	6	10	7	1	6	(50)	14	-	6	11	19	1	6	8	7	1	6
Health & social work	5	5	2	5	10	15	3	7	-	18	10	8	3	-	2	5	8	15	5	8
Community activities	4	7	4	4	6	6	5	4	-	(4)	7	3	5	9	2	3	6	6	6	4
Private households	3	22	-	3	-	2	-	-	-	11	-	2	7	16	-	1	-	2	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

With the exception of southern countries the distribution of part-time work shows quite similar patterns across the selected European countries. In seven of the ten countries covered by NESY no more than a tenth of part-timers are found in industry and the share in agriculture is also very small. The wholesale and retail sector has relatively high concentrations of both part-timers and self employed across nearly all countries except Italy and Portugal where there are high concentrations of self employed but lower concentrations of part-timers. In all countries there are also high concentrations of self employment in agriculture. However, there is also evidence of self employment spreading to new parts of the economy with higher concentrations in real estate in the Scandinavian countries, Germany, the Netherlands and the UK. In Italy and Portugal where part-time work is less developed the distribution of part-time jobs follows a different pattern; in Italy almost a fifth of part-timers are in industry and in Portugal over a quarter are in private households.

3.2.4 Changes in working-time structures

The shift in the employment structure from manufacturing to services is reflected in working-time structures as well.

The average weekly working times of service-sector workers in all 15 EU member states are shorter than those of manufacturing workers, albeit to differing degrees (Table 7). The widest gaps between average working times in manufacturing and services are found in the UK (6.4 hours), the Netherlands (4.9 hours) and Ireland (4.7 hours), while they are relatively narrow in Greece (0.7), Portugal (1.3), Austria and Eastern Germany (1.5) and Spain (1.6). In most countries, these differences in working time have increased over time, although in the Scandinavian countries (Sweden, Denmark and Finland) and in Portugal they have remained constant or even decreased. In those countries where the gap has widened, this may in individual cases be due to increased working time in manufacturing; of greater significance, however, are reductions in the average number of hours worked per person in the service sector.

Table 7: Average usual weekly working hours in industry and services (1993 and 1999, all persons in employment)

	1993[1]			1999		
	Industry	Service Sector	Difference (hrs)	Industry	Service Sector	Difference (hrs)
Austria	39,5	38,5	1	39,5	38,0	1,5
Belgium	39,4	37,4	2	39,9	37,3	2,6
Denmark	37,0	34,7	2,3	38,0	35,7	2,3
Germany	38,6	37,1	1,5	38,5	36,5	2,0
East	40,0	39,0	1,0	40,0	38,5	1,5
West	38,3	36,6	1,7	38,3	36,0	2,2
Spain	40,7	39,9	0,8	41,0	39,4	1,6
Finland	39,7	37,4	2,3	40,0	37,7	2,3
France	41,0	38,8	2,2	40,4	38,2	2,3
Greece	43,6	43,7	-0,1	44,0	43,4	0,7
Ireland	41,3	38,6	2,7	41,4	36,7	4,7
Italy	40,8	38,7	2,1	40,9	38,2	2,6
Luxembourg	40,5	39,4	1,1	-	38,4	-
Netherlands	37,0	32,3	4,7	37,1	32,2	4,9
Portugal	44,2	41,8	2,4	41,9	40,7	1,3
Sweden	39,4	36,1	3,3	39,4	36,8	2,6
UK	42,4	36,6	5,8	42,8	36,4	6,4

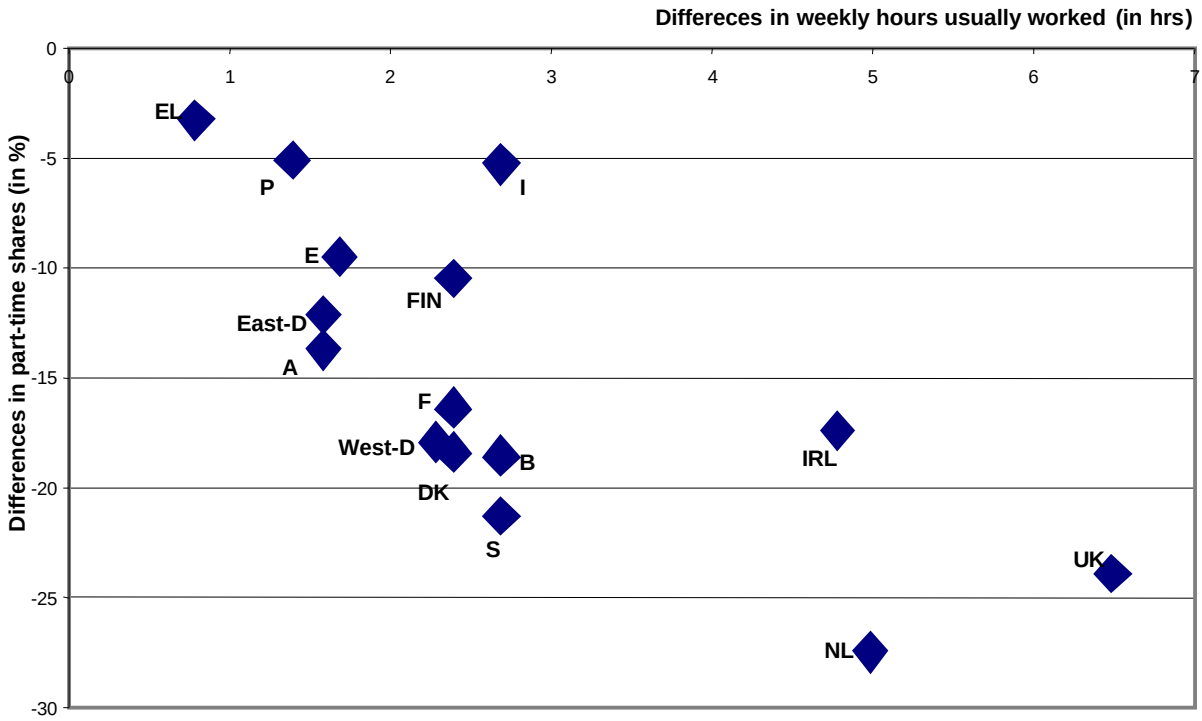
[1] Austria, Germany, Finland, Sweden 1995
Source: European Labour Force Survey

One important factor in determining the differences in working time between manufacturing and services in the 15 EU member states is the differing share of part-timers in the two sectors (cf. Figure 5).[1] On the other hand, the differences between manufacturing and services in hours worked within full-time and part-time work do not have any significant influence on the working-time differences between the two sectors. Nor do the differing shares of self-employed workers[2] or the number of hours worked by part-timers explain the differences in average working times between the two sectors.

[1] This factor accounts for 53 percent of the variance in working time differences (Pearson's correlation coefficient R: 0.73, significance 0.001).

[2] In most countries (the UK is the exception), the share of self-employed workers is higher in the service sector than in manufacturing.

Figure 5: The industry-services gap by part-time rates and usual weekly working hours (1999)



Source: European Labour Force Survey

The share of part-timers in the service sector ranges from 6% in Greece to 45% in the Netherlands. This share has increased since 1993 in virtually all countries, particularly in Ireland (+ 8 percentage points) and Germany (+ 6 percentage points). The exceptions are Denmark and Sweden, where the part-time rate in the service sector, as well as in the manufacturing sector, has declined slightly (Table 8). The differing part-time rates in manufacturing services and the changes in those rates over the course of the 1990s are the basis for the working time differences between the two sectors.

Table 8: Share of part-timeworkers as of all service sector employees (1993, 1996, 1999)

	1993	1996	1999
Austria	-	18,41	21,27
Belgium	19,70	21,03	25,03
Denmark	29,48	28,10	27,13
Germany	19,08	22,42	25,67
East	9,80	13,96	16,58
West	21,40	24,43	27,80
Spain	8,67	10,52	12,14
Finland	-	14,50	15,13
France	18,54	21,08	22,69
Greece	3,69	3,54	5,93
Ireland	15,43	16,88	23,36
Italy	5,61	7,60	9,97
Luxembourg	10,02	9,35	12,92
Netherlands	40,35	42,66	44,83
Portugal	5,41	5,89	7,53
Sweden	-	31,41	30,53
UK	30,42	31,62	31,34

Source: European Labour Force Survey

Closer examination of the evolution of working time in the service sector reveals that the main changes in working time have taken place among part-timers, while the average working times of full-time service-sector workers changed only slightly between 1993 and 1999 (Table 9). In the period under consideration, the average working times of part-timers in the service sector in Germany, Greece and Portugal fell, while in the UK, the Netherlands, Belgium, Denmark, France and Finland they rose.

Table 9: Average usual weekly working hours in the service sector, full-time and part-time employees (1993, 1996, 1999)

	full-time			part-time		
	1993	1996	1999	1993	1996	1999
Austria		40,77	41,1		22,58	22,56
Belgium	38,04	38,37	38,65	21,43	22,1	22,42
Denmark	39,45	39,54	39,83	20,22	20,64	21,07
Germany	40,26	40,62	40,76	20,17	19,17	18,36
East	40,43	40,46	40,34	25,66	23,67	22,03
West	40,21	40,67	40,87	19,54	18,56	17,85
Spain	40,41	40,47	40,5	18,47	18,17	18,51
Finland		38,97	39,46		21,12	22,24
France	40,61	40,8	40,51	23,05	23,75	23,94
Greece	40,52	40,4	40,84	23,66	23,91	21,62
Ireland	39,91	40,18	40,13	18,65	19,14	18,48
Italy	37,22	37,38	37,37	22,62	22,92	22,55
Luxembourg	39,53	39,34	39,68	21,07	21,25	22,32
Netherlands	39,75	39,73	39,25	18,91	20,36	20,73
Portugal	40,7	40,89	40,75	23,19	22,01	21,13
Sweden		40,81	41,06		25,07	25,31
UK	43,45	43,9	43,69	17,97	18,58	19,05

Source: European Labour Force Survey

The working times of full-timers in the two sectors differ little, with the gap ranging between 0 hours (Netherlands) and 1.7 hours (Greece) (Table 10).[3] This means that the working times of full-time service-sector workers and those of manufacturing workers are influenced by the prevailing national working-time standards. Consequently, the differences in working time between the countries (average working times range from 37.4 hours in Italy to 43.7 hours in the UK) are attributable to different general working-time norms or practices in the various countries, which affect both sectors equally. While this has been the case in most countries (with the exception of Italy) since 1993 at least, the alignment between manufacturing and services took place in Portugal in the course of the 1990s as a result of the reduction in the volume of overtime worked in manufacturing.

[3] One exception is Italy, where the working times of full-timers in the service sector are more than three hours shorter than in manufacturing.

Table 10: Average usual weekly working hours of full-time employees in industry and service sector (1993, 1996, 1999)

	1993			1996			1999		
	Indus-try	Service Sector	Differ-ence (hrs)	Industry	Service Sector	Differ-ence (hrs)	Industry	Service Sector	Differ-ence (hrs)
Austria	No data			39,97	40,77	**-0,8**	40,24	41,1	**-0,86**
Belgium	39,04	38,04	**1**	39,24	38,37	**0,87**	39,83	38,65	**1,18**
Denmark	38,59	39,45	**-0,86**	38,72	39,54	**-0,82**	38,93	39,83	**-0,9**
Germany	39,57	40,26	**-0,69**	39,53	40,62	**-1,09**	39,64	40,76	**-1,12**
East	40,41	40,43	**-0,02**	40,21	40,46	**-0,25**	40,22	40,34	**-0,12**
West	39,32	40,21	**-0,89**	39,37	40,67	**-1,3**	39,51	40,87	**-1,36**
Spain	40,64	40,41	**0,23**	40,85	40,47	**0,38**	40,95	40,5	**0,45**
Finland	No data			39,54	38,97	**0,57**	40,08	39,46	**0,62**
France	40,63	40,61	**0,02**	40,58	40,8	**-0,22**	40,17	40,51	**-0,34**
Greece	41,84	40,52	**1,32**	41,87	40,4	**1,47**	42,5	40,84	**1,66**
Ireland	41,17	39,91	**1,26**	41,52	40,18	**1,34**	41,35	40,13	**1,22**
Italy	40,57	37,22	**3,35**	40,55	37,38	**3,17**	40,48	37,37	**3,11**
Luxembg	40,47	39,53	**0,94**	40,23	39,34	**0,89**	40,46	39,68	**0,78**
Netherlds	39,35	39,75	**-0,4**	39,45	39,73	**-0,28**	39,28	39,25	**0,03**
Portugal	43,92	40,7	**3,22**	43,67	40,89	**2,78**	41,9	40,75	**1,15**
Sweden	No data			40,45	40,81	**-0,36**	40,54	41,06	**-0,52**
UK	44,03	43,45	**0,58**	44,69	43,9	**0,79**	44,35	43,69	**0,66**

Source: European Labour Force Survey

Among part-timers, on the other hand, there are considerable differences in working time between the sectors (Table 11). In some countries, Denmark for example, part-timers in the service sector work significantly longer hours than their counterparts in manufacturing, while in other countries, such as Ireland and Greece, they work significantly shorter hours. Thus working-time patterns are shaped to a large extent at national level and therefore reflect the differing weights of individual service industries in the various countries.

Table 11: Average usual weekly working hours of part-time employees in industry and service sector (1993, 1996, 1999)

	1993			1996			1999		
	Indus-try	Service Sector	Differ-ence (hrs)	Industry	Service Sector	Differ-ence (hrs)	Industry	Service Sector	Differ-ence (hrs)
Austria	No data			23,9	22,58	**1,32**	23,41	22,56	**0,85**
Belgium	22,11	21,43	**0,68**	23,37	22,1	**1,27**	24,21	22,42	**1,79**
Denmark	15,06	20,22	**-5,16**	17,16	20,64	**-3,48**	16,87	21,07	**-4,2**
Germany	21,17	20,17	**1**	18,9	19,17	**-0,27**	17,75	18,36	**-0,61**
East	26,87	25,66	**1,21**	21,42	23,67	**-2,25**	19,27	22,03	**-2,76**
West	20,4	19,54	**0,86**	18,71	18,56	**0,15**	17,62	17,85	**-0,23**
Spain	22,16	18,47	**3,69**	20,58	18,17	**2,41**	20,74	18,51	**2,23**
Finland	No data			18,53	21,12	**-2,59**	20,78	22,24	**-1,46**
France	26,45	23,05	**3,4**	26,08	23,75	**2,33**	26,62	23,94	**2,68**
Greece	29,72	23,66	**6,06**	32,32	23,91	**8,41**	26,22	21,62	**4,6**
Ireland	23,86	18,65	**5,21**	23,79	19,14	**4,65**	23,09	18,48	**4,61**
Italy	27,27	22,62	**4,65**	26,8	22,92	**3,88**	25,91	22,55	**3,36**
Luxembg	27,06	21,07	**5,99**	26,3	21,25	**5,05**	22,38	22,32	**0,06**
Netherlds	20,67	18,91	**1,76**	22,38	20,36	**2,02**	22,48	20,73	**1,75**
Portugal	24,64	23,19	**1,45**	29,63	22,01	**7,62**	24,1	21,13	**2,97**
Sweden	No data			24,54	25,07	**-0,53**	23,75	25,31	**-1,56**
UK	19,47	17,97	**1,5**	19,64	18,58	**1,06**	20,06	19,05	**1,01**

Source: European Labour Force Survey

This becomes clear when we consider the average working times of service-sector workers by service category (Table 12). In consumer services, full-timers work particularly long hours and part-timers particularly short hours. Full-time workers in social services, in contrast, have relatively short working times, while in many countries part-timers in this area work longer hours than in many other parts of the service sector. Industrial structure effects of this kind are reflected in the differences between the countries.

*Table 12: Average usual weekly working hours by service groups (employees, 1999)**

	Consumer-oriented services	Production-oriented services	Community and social services	Distribution services
full-time				
Austria	41,71	40,99	41,32	40,77
Belgium	39,79	40,29	36,63	40,6
Denmark	41,84	39,83	39,3	40,52
Germany	43,67	40,91	40,24	41,09
East	41,74	40,56	39,85	40,94
West	44,29	40,98	40,37	41,12
Spain	42,95	40,73	38,67	41,95
Finland	39,36	39,58	38,9	40,45
France	43,93	41,58	39,19	41,28
Greece	47,75	41,16	37,13	43,99
Ireland	42,16	40,54	38,29	41,7
Italy	42,07	39,46	34,65	40,9
Luxembourg	42,12	40,59	38,31	40,41
Netherlands	39,21	39,36	38,72	39,81
Portugal	44,67	40,29	38,74	42,6
Sweden	40,73	40,85	41,21	40,97
UK	43,98	43,5	42,92	44,84
part-time				
Austria	20,72	22,35	23,35	22,33
Belgium	18,22	23,11	22,41	23,33
Denmark	16,94	20,73	23,59	16,25
Germany	15,5	17,19	19,4	18,08
East	19,03	19,4	23,42	21,53
West	15,12	16,93	18,8	17,58
Spain	16,07	19,36	19,32	21,18
Finland	22,28	20,53	22,2	23,1
France	20,49	24,91	24,13	25,63
Greece	22,52	22,68	20,03	23,73
Ireland	16,8	18,41	19,21	18,65
Italy	21,42	22,78	22,23	23,67
Luxembourg	21,7	21,69	21,74	24,3
Netherlands	14,39	21,67	22,71	18,01
Portugal	20,76	21,83	20,59	22,72
Sweden	21,39	22,36	26,81	22,87
UK	16,27	18,97	20,23	18,21

* For definition of service groups see box in chapter 3.1
Source: European Labour Force Survey

The various national paths to the service society are also highlighted by the fact that the differences in working time between the sectors cannot be explained, contrary to many expectations, by the rate of feminisation in the service sector. There is no statistically significant correlation between the two values. As is clear from Table 13, a high share of women in the workforce can be associated with a low share of part-time work (Eastern Germany, Portugal),

just as a (relatively) low share of women in service-sector employment can go hand in hand with a high part-time rate (Netherlands). Thus the share of women in services in Western Germany and Denmark is about the same, yet in Denmark considerably fewer of them than in Germany work part-time.

Table 13: Women and part-time work in services (1999)

	part-time share in services (%)	female employment in services (%)	female employment in services (=100)	
			full-time (%)	part-time (%)
Austria	21,27	55,77	65,7	34,3
Belgium	25,03	52,31	58,0	42,0
Denmark	27,13	56,45	62,6	37,4
Germany	25,67	56,86	60,4	39,6
East	16,58	60,58	76,5	23,5
West	27,80	55,99	56,3	43,7
Spain	12,14	49,95	80,0	20,0
Finland	15,13	60,97	81,6	18,4
France	22,69	54,88	65,1	34,9
Greece	5,93	46,29	90,9	9,1
Ireland	23,36	56,07	66,9	33,1
Italy	9,97	47,34	83,3	16,7
Luxembourg	12,92	47,54	74,6	25,4
Netherlands	44,83	50,44	30,3	69,7
Portugal	7,53	55,13	88,9	11,1
Sweden	30,53	59,65	57,0	43,0
UK	31,34	55,92	53,5	46,5

Source: European Labour Force Survey

In short, the equation ‘services = women’s work = part-time work’ is incorrect. Rather, working-time structures are shaped by two linked characteristics. The first is the weight that individual service industries, particularly social services, have in the economy as a whole. The second is the prevailing model of female labour market participation in a given society.

3.3 Conclusion: Both high- and low-value services contribute to job growth

The individual sectors that are contributing most to new employment growth in the service business encompass both high- and low-value services. These fast-growing service areas are providing services to business enterprises, to the community and to individuals, thus reflecting the heterogeneity in the colourful cosmos of service activities. Within these different activities, the role of ‘non-standard’ work and gender varies: In service activities such as the retail trade, we find female part-timers filling most of the newly created jobs; in health and social services, female atypical workers still predominate in many of the new jobs. However,

in business services and the computer area, atypical workers are generally in the minority, with men playing a more important role. Where there are atypical workers in these higher-value services, they are more likely to have full-time temporary contracts. This polarised job growth reflects the dualistic nature of employment in the services sector which is characterised by highly professional activities combined with low-skilled routine tasks.

Moreover, the data provide evidence on the service areas with the highest number of formerly unemployed new entrants to the labour market at the end of the 1990s as compared to those service areas with the highest net increase in employment in the second half of the decade (Table 14; cf. Smith (2001) for details). 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 next chapter). 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.

*Table 14: 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) *retail trade (NACE 52)*	health/social work (NACE 85) business services (NACE 74) education (NACE 80) *computer and related activities (NACE 72)*

* Countries covered by NESY project : ** 1995 to 1999 in Germany, Finland and Sweden
Source: European Labour Force Survey

Nevertheless, the equation ‘services = women’s work = part-time work’ is incorrect. Rather, employment and working-time structures are shaped by two linked characteristics. The first is the weight that individual service industries, particularly social services, have in the economy as a whole. The second is the prevailing model of female labour market participation in a given society.

The main point to note at this stage is that not only part-time work (the most important ‘non-standard’ working arrangement), but also ‘standard’, i.e. permanent full-time forms of employment, contribute significantly to rising job numbers and a dynamic labour market in the service sector.

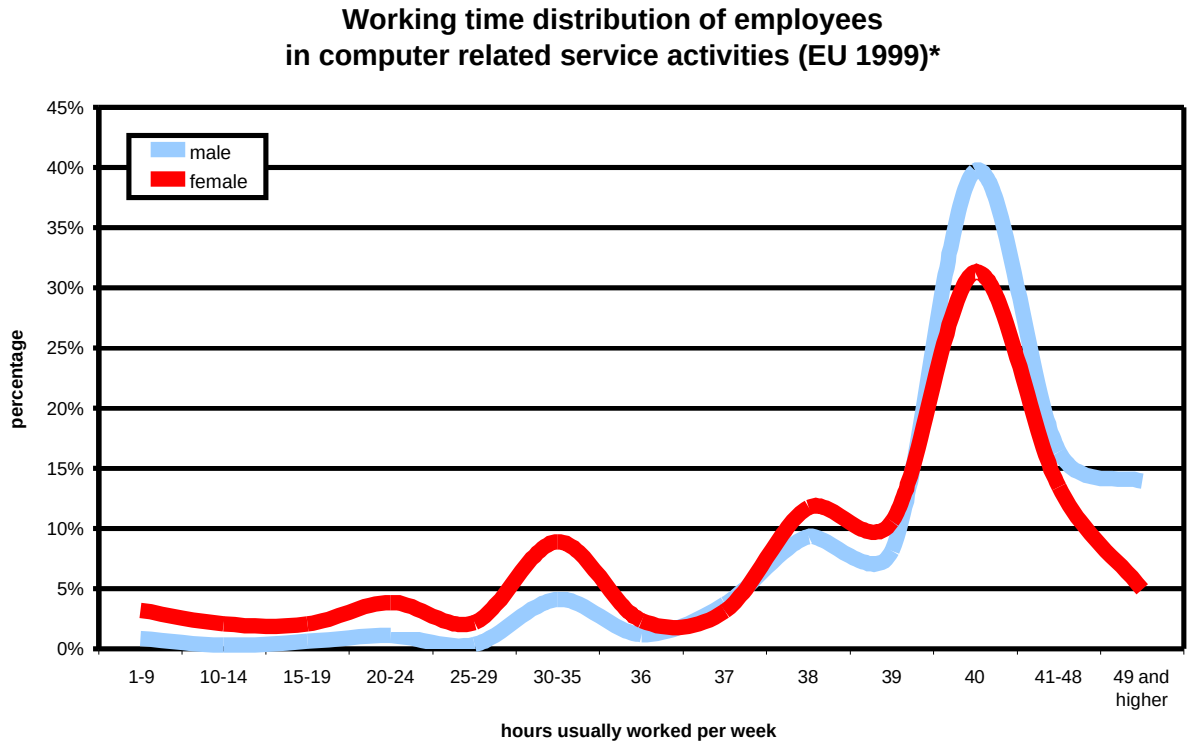
4 Five service segments, five worlds

Nothing seems to indicate that there is just “the one” type of service work or that the future ahead will bring specific organisational forms of work springing from the alleged “nature” of service work.

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, the nature and organisation of work, working hours, skill requirements, wage levels and gender balance within the workforce, in conjunction with our choice of IT, retail trade, banking, hospital and home-care services perfectly illustrate the diversity of the service sector.

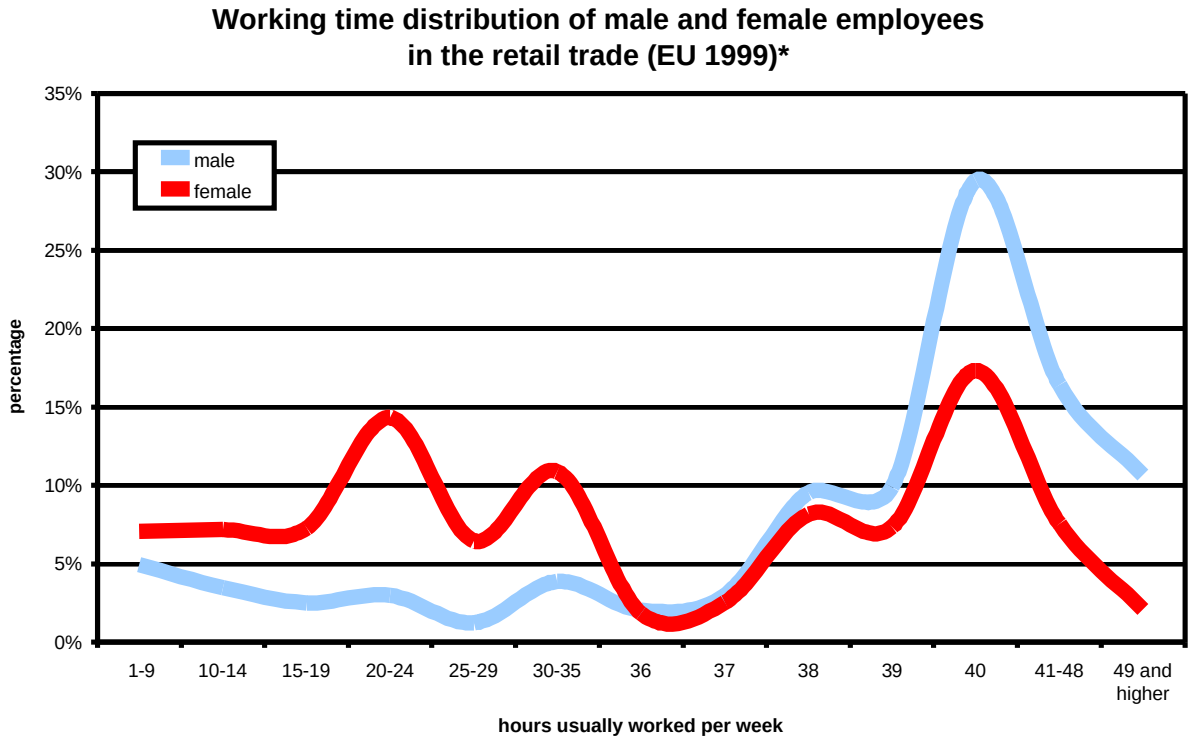
A clear symptom of these sector-specific features is the completely different profiles of working-time distribution in the five service segments surveyed. In the IT services area, full-time work predominates both among women and – to a more marked extent still – in the male group. Striking is the importance of very long working hours especially of men (Figure 6). This contrasts with the retail business with its high share of part-time working women; but it is also there that the relatively strong weight of very long working hours especially among men springs to the eye (Figure 7). Regarding part-time work, the banks occupy a middle position between these two service segments. However, in this segment with its relatively high qualification requirements, very long working times do not occur more frequently than in the retail business (Figure 8). The working time profiles of employees in the two survey areas of social services are marked by the strong weight of female part-time work, although qualification standards in both hospitals and home-care services are higher than in the retail sector (Figure 9, Figure 10).

Figure 6



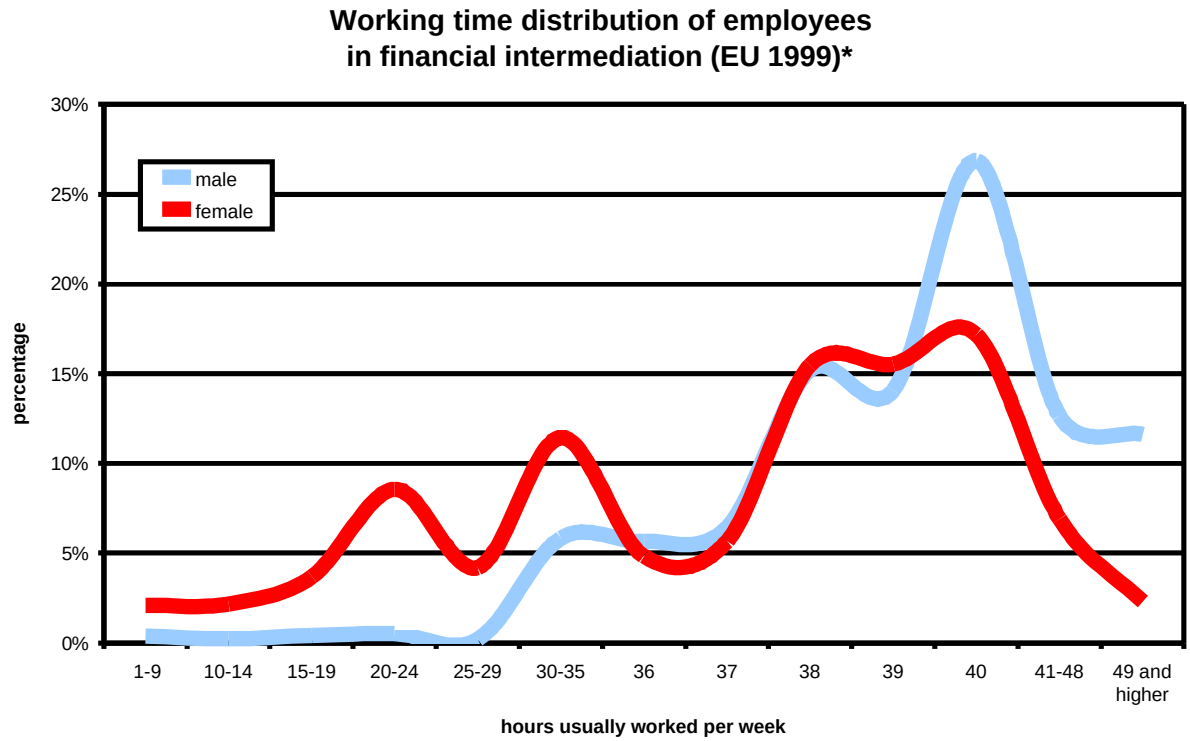
* NACE 72. Source: Eurostat LFS special evaluation.

Figure 7



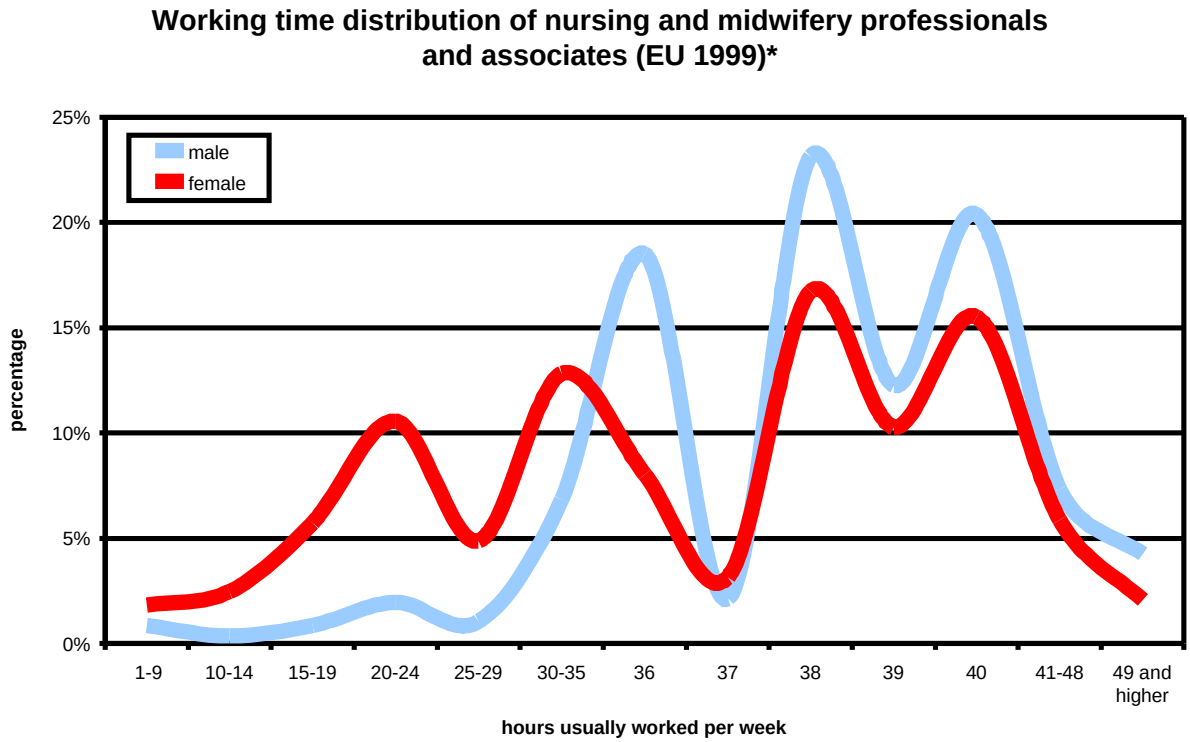
* NACE 52. Source: Eurostat LFS special evaluation.

Figure 8



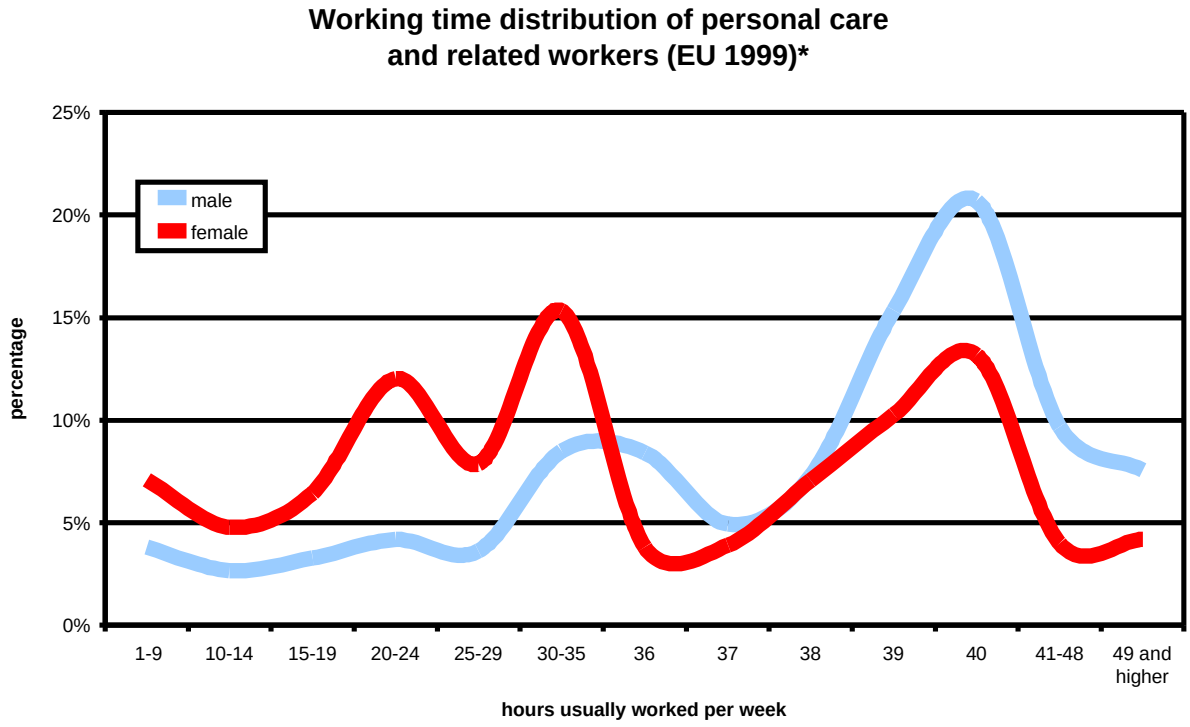
* NACE 65. Source: Eurostat LFS special evaluation.

Figure 9



* ISCO 223/323. Source: Eurostat LFS special evaluation.

Figure 10



* ISCO 513. Source: Eurostat LFS special evaluation.

These sector-specific features, however, intermingle with country-specific factors. This means that sharp contrasts persist within the same sector in different countries. What follows are some of the key findings of our sector-by-sector research in different countries.

4.1 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 15).

Table 15: Proportion of employees in IT services relative to all employees, employment growth in IT services (NACE 72)

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

Source: European Labour Force Survey

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.

4.1.1 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 16).

Table 16: 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	88.8	78.9	95.8	88.1	86.1	60.0	92.1	75.0
Part-time	10.5	21.7	11.2	21.1	4.2	11.9	13.9	40.0	7.9	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 hand	-	1.0	0.2	0.8	0.4	0.8	0.2	0.8	1.0	0.4
Educational *attainment****										
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: European Labour Force Survey

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.

4.1.2 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 17).

Table 17: 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

* 1st job only
Source: European Labour Force Survey

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.

4.1.3 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.

4.1.4 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.

4.2 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.

4.2.1 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 man-

ning 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.

4.2.2 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 18).

Table 18: 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: European Labour Force Survey

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.

4.2.3 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 19). 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 19: 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

4.2.4 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.

4.2.5 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.

4.2.6 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.

4.2.7 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.

4.2.8 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.

4.3 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.

4.3.1 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.

4.3.2 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 20).

Table 20: 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: European Labour Force Survey

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.

4.3.3 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.

4.3.4 '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.

4.3.5 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.

4.3.6 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).

4.3.7 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.

4.3.8 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.

4.3.9 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.

4.4 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.

4.4.1 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.

4.4.2 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.

4.4.3 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).

4.4.4 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 21).

Table 21: 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: European Labour Force Survey

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 22). 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 22: 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: European Labour Force Survey

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.

4.4.5 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.

4.4.6 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 per-

manent 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.

4.4.7 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.

4.5 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.

4.5.1 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.

4.5.2 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 23).

Table 23: 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

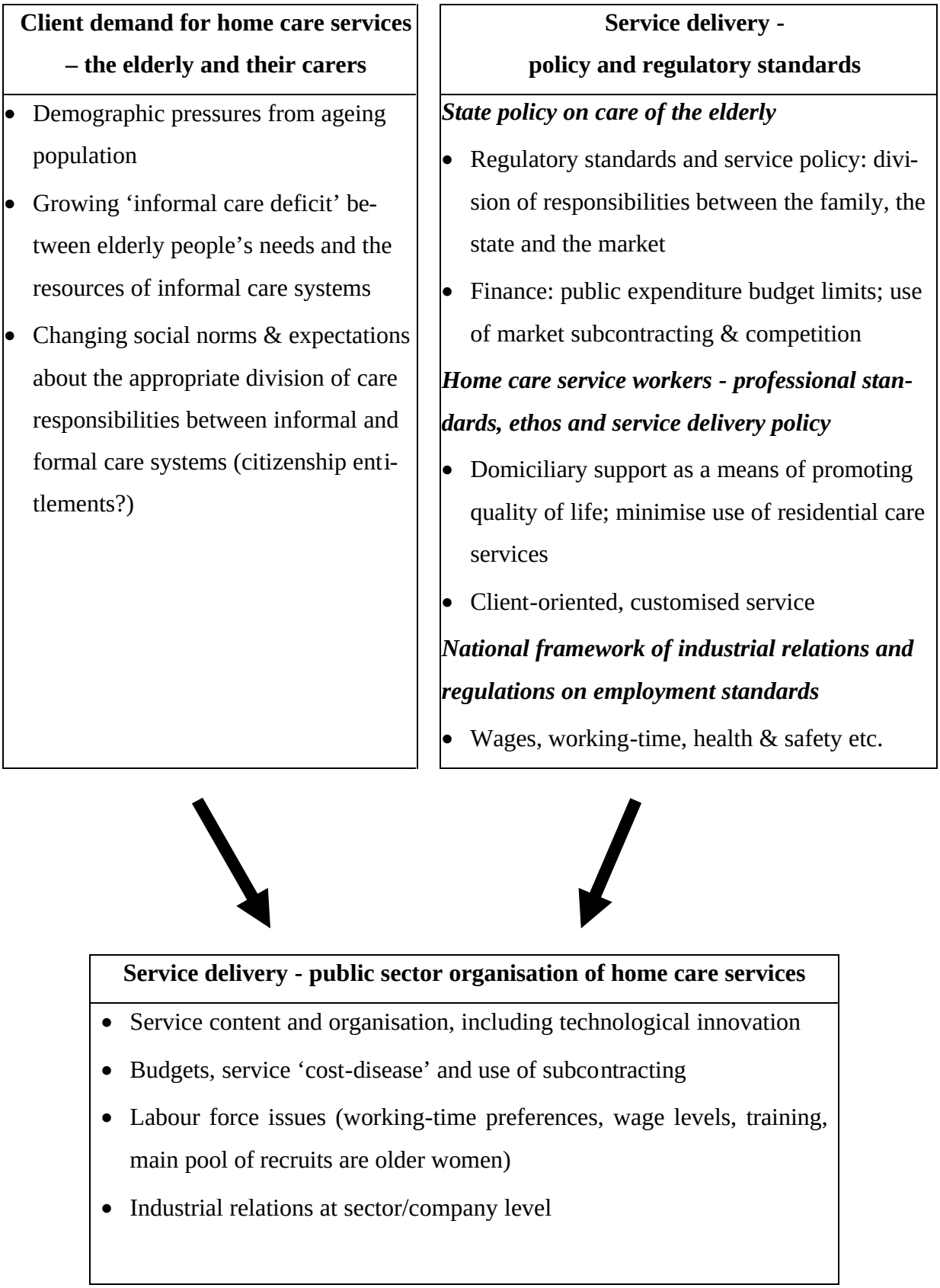
4.5.3 The dynamics of change

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 11). 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.

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.

Figure 11: The dynamics of change in the home care service sector



Source: Anxo/Fagan Synthesis Report

4.5.4 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.

4.5.5 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.

4.5.6 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.

4.5.7 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.

5 Qualitative changes in service-sector work

The studies carried out in five service industries reveal the multilayered *qualitative* changes, differentiated by country and industry, in the organisation and structure of service-sector work that are concealed behind the quantitative increase in service-sector employment. They also reveal that these changes cannot adequately be characterised as changes in the *forms* of employment and working time. Rather, in some at least of the industries investigated, what is happening behind the façade of employment forms that, on the face of it, remain largely unchanged is a thoroughgoing change in work organisation. The whole complex of employment relationships is going through a period of upheaval; new employment and working time forms are one aspect of this upheaval, the core of which lies in changes in work organisation. For this reason, the qualitative studies carried out in the course of the NESY project, which were originally to have focused on new employment and working time forms, were extended in the early days of the project to encompass changes in work organisation and working and employment conditions in the service sector. In investigating working and employment conditions, particular emphasis was placed on working time.

In what follows, the qualitative changes in service-sector work outlined in the previous section with the aid of examples drawn from five service industries are examined in the light of trends in the service sector as a whole. It is shown, firstly, that however diverse and contrary the changes in work organisation may be, there is, nevertheless, a common trend in service-sector work that we characterise as the market orientation of work. The conflicting trends in the evolution of work organisation in service industries are then identified. In doing so, we pay particular attention to the approaches to flexibility associated with the changes in work organisation.

5.1 Market orientation as the heart of the change in work organisation

The fundamental change in work organisation observed in all the service industries we investigated finds concrete expression in the increasing exposure of individual workers in their daily work to the competition and restrictions of the market. This change affects not only the service sector but manufacturing industry as well. Ultimately, it reflects the trend towards adopting the market as the universal governing principle in as many spheres of human activity as possible.

One precondition for the market orientation of work is the ‘marketisation’ of organisations through the creation of internal markets. The individual links in the value-added chain within organisations are given their own autonomy and, as profit centres or teams, enter into competition partly with each other and partly with external organisations. In this way, firms can increase the pressure of competition by cutting back on resources (particularly by reducing staffing levels) in order to be able to operate as a particularly low-cost provider.

In order to understand this change, it is important to realise that it has nothing to do with employees’ proximity to customers. For example, the basic principle underlying the market orientation of work was actually first applied in manufacturing industry rather than in services. It took the form of rationalisation measures, such as the introduction of the just-in-time regime, which in conceptual terms represent a continuation of the so-called ‘single act’ principle (i.e. the simultaneity of production and consumption) that applies to customer interfaces in service activities. Ultimately, all work in the just-in-time regime is declared to be a service in order to improve the efficiency of industrial work. After its detour via the manufacturing sector, this notion is now returning to the service sector, where increases in labour productivity once considered unattainable have to date been achieved largely by repressing the ‘single-act’ principle through the implementation of technological and organisational rationalisation measures in areas upstream of the customer interface, that is in the ‘back office’. Thus market forces are now being harnessed to drive through rationalisation measures in those areas of activity in services that are closest to the market.

The dissociation between this increasing market orientation and physical proximity to customers is also confirmed by the Third European Survey on Working Conditions (Merllié/Paoli 2001: 17, 23). According to this survey, the share of employees in direct contact with customers declined between 1995 and 2000 from 69 to 64%, while more employees stated that their pace of work was determined by direct customer demand (a rise from 67 to 69%). This change is particularly marked among white-collar workers, especially women. On the other hand, the share of employees whose pace of work is determined by direct hierarchical control has declined from 34 to 32 per cent.

Internal markets are increasingly being used in the public sector in a similar way to that seen in the private sector. Not only have restrictions on public spending given rise to economy measures that can lead to overall reductions in (or limits on the growth of) the funds available to central or local government organisations engaged in the provision of social services, but the introduction of competition between public and private providers and the adoption of

private-sector controlling methods have also brought market principles into the world of social services. Market prices are being established for goods hitherto provided solely by the state in order that they may be provided more cheaply.

However, the development of internal markets does not mean that workers are *directly* exposed to the competition and restrictions of the market. The demands of the market must always be interpreted by organisations and translated into strategies that then find expression in products. What confronts workers directly are the numerical indicators used by management to lay down the maximum costs, productivity levels or profits to be achieved by the decentralised units within an organisation.

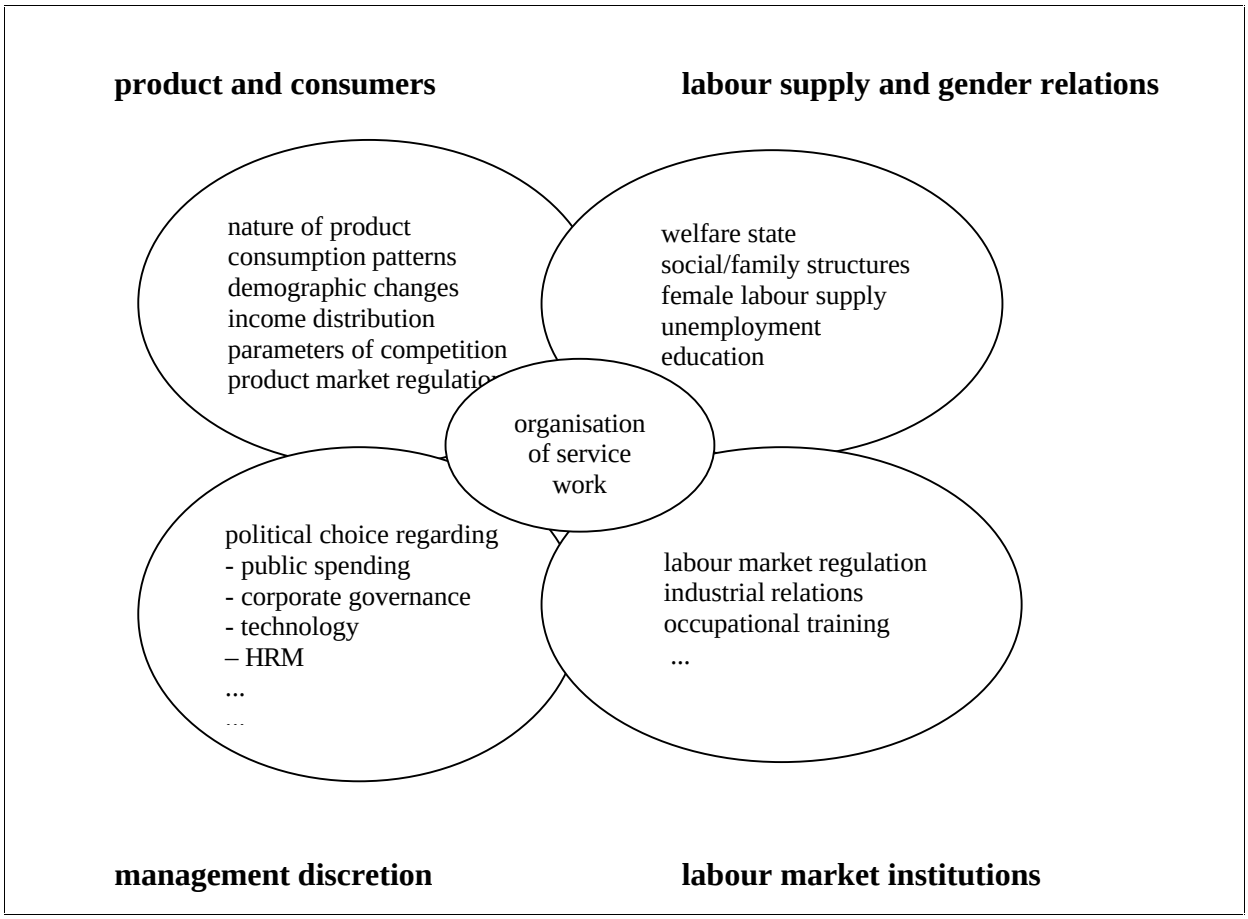
This mediation of market forces through numerical indicators can take a wide variety of forms, depending on the service industry and firm in question. In many IT companies whose services are produced on a project basis, a fixed price for a particular package of services, calculated on the basis of the volume of work required to produce it, is negotiated with customers. This number of hours then becomes the key controlling value, possibly in combination with other target values, such as the share of indirect costs, for example. Comparable indicators can also be produced for social services. In the case of home care services for the elderly, for example, the time allowed per ‘care unit’ (based on experience or negotiations) can be laid down and used as the basis for determining staffing levels. This standard value can be derived, as it is in hospitals, from the budget made available by central or local government; however, it may also be the result of competition with private providers (cf. compulsory competitive tendering in Great Britain). It can be implemented in the form of detailed time and task targets or in a less prescriptive form that leaves it up to individual employees, teams or departments to decide how they are to achieve or even surpass the targets. An example of this latter variant is found in the large-scale retail trade. In many firms in this sector, head office sets an upper limit on the labour costs/turnover ratio and uses this as a benchmark for individual business units or departments; the target levels can then be reduced step by step. Under these conditions, workers in the subunits of an organisation have to safeguard their own jobs through good or careful management.

Thus despite the great diversity of work in the service sector, the essence of market orientation is that it always *confronts workers with the economic environment in which they operate.* The organisation’s economic problems, in the form of the indicators formulated by senior management, become problems for each individual employee. In this way, market principles and competition are brought to bear within the organisation.

In practice in the service sector, this basic trend towards market orientation finds expression in a number of extremely diverse forms of work organisation, since the way in which work is organised in individual organisations depends on the specific nature of the product, on national institutions, on the labour supply and on the policy of the organisation in question. The interactions between a set of societal factors influence the mode of work organisation and the mode of work organisation in turn has effects (particularly on the quality of the service being provided) that can impact on the influencing factors.

For the sake of greater clarity, the factors influencing work organisation can be roughly divided into four groups (Figure 12; for further literature cf. the sources listed there).

Figure 12: Factors influencing service work organisation



Source: Own representation, drawing on Gadrey et al. 1999, Lehndorff 1999, Rubery 1999, Baret 2001

Of fundamental importance, firstly, are the *nature of the product and the specific characteristics of the market* in which the product is traded. Even in the service sector, product markets and competition are shaped to some extent by the evolution of global markets for goods and capital, and yet at the same time they remain integrated into national and, particularly in the

EU, regional social structures. As a result, organisations have to deal with the structures of the local labour supply, such as gender segmentation, age or social background. While they can of course exploit these structures for their own ends, they also have to adapt to them. The labour supply and labour market relations are structured by the relevant *labour market institutions*, although here too firms not only have to adapt to these institutions but are also able, through their policies and modes of work organisation, to play a part in shaping those institutions.

The specific characteristics of the *labour supply* are closely related to the various models of the *welfare state* and the societal organisation of *gender relations* (Anxo/Fagan 2000). The interactions between these two factors are evident. Thus, for example, a highly developed social services sector (provided there are no family 'safety nets') is a crucial condition for the development of a strong commitment to paid work among women as a mass social phenomenon. At the same time, it increases the demand for labour and creates many jobs, which are currently occupied primarily by women. Thus the various models of the welfare state influence both the supply and the demand for social services and thereby help to shape the entire national employment system. However, firms and public-sector organisations are not only embedded in this environment but also act upon it, thereby contributing to the process of change within it.

Finally, it must be stressed that the organisation of service-sector work is not determined by any of these factors but is also dependent always on the *policies adopted by individual organisations* in areas ranging from technology choice to personnel strategies.

The interaction of these various factors produces the diversity of organisational forms that we encountered in our studies of work in the service sector. It is around this diversity that very different trends in the development of work organisation crystallise. They have their origin in the contradictory evolution of skill requirements in service activities, and it is to this that we now turn.

5.2 Higher skill requirements in service-sector work and the redefinition of non-complex services

The restructuring of skill requirements is one of the most striking phenomena to be observed across the service sector as a whole. An increase in skill requirements is found everywhere; in some service activities, it is a basic trend affecting the vast majority of employees, while in others it affects only segments of the workforce. In the retail trade, for example, certain central – and centralised – functions such as purchasing and logistics are being significantly

upgraded, and yet work on the sales floor is being reorganised in such a way that only a minority of employees benefit from the increase in technical and professional skill requirements. In the banking industry, the development of telephone banking has led to the emergence of extensive areas of employment for workers with little specialist knowledge, while certain areas of the personal financial advice business are being upgraded.

The example of social services shows particularly clearly how professional and technical skill requirements are rising and professional labour markets are expanding and new ones emerging. Even though basic services are still being delivered, the trend towards professionalisation is still dominant. It manifests itself in different ways in nursing and care of the elderly in their own homes, but in both areas developments are heading in essentially the same direction,

In all the countries in our sample, skill requirements for hospital nursing, a traditional, mature service activity, are rising significantly. This trend is most pronounced in Sweden, where the upper secondary school leaving certificate (A levels, Abitur, baccalauréat) is a requirement for entry on to nursing courses. In other countries also (Belgium for example), considerable efforts are being made to provide initial and further training for nursing staff. As a result, the share of nursing personnel who have completed a recognised training course is rising in all the countries in our sample; in Sweden, even the absolute number of nurses with such a qualification rose in the 1990s, although the total number of nurses fell.

On the other hand, the provision of care in the home, particularly for the elderly, is a relatively recently established and rapidly expanding area of service provision. Traditionally, the main responsibility for the care of elderly people in their own homes lay – and in many cases continues to lie – with their own families, that is principally with the wives or daughters of those requiring care. Outside help was merely used to supplement the efforts of family members (and in many cases still is). For this reason, the work could often be done by women without any specialist training, who topped up the household income by working part-time in addition to their domestic work. However, this practice is becoming increasingly difficult to maintain. The need for care in the home is growing continuously with the change in the age structure; moreover, in all the countries we studied, there is a clearly discernible trend away from in-patient care to care in the home, largely as a result of attempts to prevent the financial collapse of the system of care for the elderly. Finally, traditional practices in this area are coming up against rising qualificational levels and increasing rates of labour market participation among women, who therefore have only limited capacity for providing care for family members.

The growing demand for home care services for the elderly can no longer be met from the usual sources. Concentrating on the provision by trained personnel of a narrowly defined form of care would seem to be an economical solution. In addition to these 'hard' factors, there are also 'soft' factors that are probably contributing to the expansion of professional home care services for the elderly. If, as Degasperi/Villa (2001) argue, the traditional, largely family-based system is being eroded, a socio-cultural need is emerging for new solutions, in order to maintain human dignity in old age.

The rapid expansion of the market for professional home care services for the elderly is being accompanied by the establishment or raising of skill and qualificational standards, in some cases through legislation. New technologies are also helping to stabilise this trend. This applies not only to nursing care but will also apply in future to home care services. For example, if retailers deliver goods ordered electronically, then shopping rationalised in this way can either be done by those receiving care themselves or be dealt with rapidly by specialist care workers. As a result, the concentration on skilled work is further reinforced.

And yet, even with professionalisation, basic service activities are still being reproduced to some extent. The pressure on purchasers of home care services (usually local authorities) to reduce costs is of crucial importance for this counter-trend as well. This is because, to the extent that care personnel are employed by the organisations providing care for the elderly, the most effective way of slowing down the rise in labour costs is to limit the activities of specialist staff to a narrowly defined set of care tasks. Other tasks, such as cleaning or shopping, are allocated to auxiliaries. Thus increasing skill requirements go hand in hand with increasing functional differentiation, which can be effected either within the care services themselves or by outsourcing individual activities.

In turn, the provision of such basic services can give impetus to organisations outside the public sector, whether as direct contractors or as subcontractors to public-sector care providers. Depending on the regulation of the product and labour markets, this gives rise to different national forms of the division of labour in the care sector. In the Scandinavian countries and the Netherlands, outsourcing to private companies is indeed widespread, but the state sets quality standards or limits subcontracting to the provision of basic services.[4] Thus local authorities in Sweden award care contracts only to skilled workers with three years' training. In

[4] In the Netherlands, where the notion that women in two-adult households are second earners is still widespread, many such women avail themselves of the special opportunities that exist to work as home care auxiliaries in marginal part-time jobs exempt from social security contributions (Plantenga/van Everdingen/Remery 2000).

Italy, on the other hand, the strongly protected labour market in the public care sector has induced many local authorities to award comprehensive care contracts to cooperatives that are able to meet the quality requirements set by the local authorities at lower cost. In Great Britain, finally, there are commercial providers that frequently have an advantage over public providers in the compulsory competitive tendering process. However, the legislation has now been amended to stipulate that the decisive criterion in selecting tenders should be 'best value' rather than the lowest price; this is intended to counteract any tendency towards a decline in quality (shift of emphasis from input to output).

Shifts in the trend towards professionalisation brought about by national regulations and specific forms of competition can also be observed in hospital nursing. Thus in the British National Health Service, forms of competition between the trusts set up to run hospitals have been introduced, in which price competition naturally plays a major role. This has encouraged some trusts to increase functional differentiation within their nursing services and to create jobs specifically for health care assistants. The advantage for the trusts lies in lower wage costs, since health care assistants are not covered by the national collective agreements for skilled nursing staff that still exist in the NHS, so that no shift premia are payable. Thus the specific characteristics – or shortcomings – of the regulatory system have confined the trend towards professionalisation in this part of the service sector to a relatively small group of workers.

In sum, the extent to which the professionalisation of service-sector work can progress is determined by various elements of labour market regulation as well as by product quality standards. These factors make their effects felt either directly or indirectly via various forms of competition between providers operating in various organisational forms. Over and above these differentiations, however, the rise in skill requirements in services must be regarded as the dominant trend. This was confirmed by the most recent ad hoc survey of managers conducted as part of the Joint Harmonised EU Programme of Business and Consumer Surveys (European Commission 2000: 41). According to the survey, the structure of employment in services is increasingly shifting in favour skilled jobs – with the major exception of the retail trade.

And yet, as the reference to the retail trade reminds us, the trend towards higher skill levels is not affecting the majority of employees in all service industries. This contradictory evolution of skill requirements is the precondition for the emergence of two fundamentally different

trends in the evolution of work organisation in services, one towards ‘service-sector Taylorism’ and the other towards self-organisation.

5.3 Contrary trends in the evolution of work organisation in services

‘Service-sector Taylorism’ is based on the extensive standardisation and deskilling of non-complex service activities. It also entails the fragmentation of the total volume of work into many small employment and working time units. Some traditional service-sector labour markets, such as that in the retail trade, for example, are being gradually restructured as a result. In areas with high skill requirements, on the other hand, the contrary trend takes the form of self-organisation, with employees operating largely autonomously in the market. The boundaries between dependent employment and self-employment become blurred as a result. This phenomenon is currently particularly evident in the IT services industry, but is also becoming widespread in other service activities (whether in the service sector proper or in manufacturing) and may well be a harbinger of future developments beyond the boundaries of individual industries and sectors.

These two contrary trends in the evolution of work organisation in services will be further examined below.

5.3.1 Service-sector Taylorism

The creation of standardised jobs on a large scale can be observed in various service industries, but it is in the large-scale retail trade that it is most evident as a widespread trend. In this archetypal service industry, competences are being centralised at corporate head offices in order to be able to exploit economies of scale in purchasing and the opportunities for logistics rationalisation offered by the new information and communications technologies. The specialist and technical demands on preparatory and organisational activities (for example, in logistics or the induction of temporary staff) are increasing as a result, while those on the majority of sales personnel are declining. Functional differentiation is increasing. In those areas where this process is particularly advanced, forms of time management have been put in place that are strongly reminiscent of Taylorist mass production. The separation of planning and execution, the high degree of standardisation and the division of tasks into their smallest constituent elements are similar to the organisation of work in industrial mass production.

Unlike in classic Taylorism, however, the standardisation of tasks has not been accompanied by any standardisation of employment and working time forms. Rather, the standardisation of tasks forms the basis for the destandardisation of working times. Non-complex service work

is frequently *fragmented* into small employment and working time units in order to adjust the volume of work as cost efficiently as possible to fluctuations in staffing requirements over the course of the day, week and year. This fragmentation does not in any way reflect the 'nature' of non-complex service work. Firstly, it is a product of the dominant forms of competition: the battle to sell at the lowest possible prices is the axis around which everything revolves. Secondly, it requires a large pool of (mostly female) labour for whom this type of paid work is not the only or the main source of income – a fundamental difference from the Taylorism of industrial mass production.

The *content* of work in 'service-sector Taylorism' is also different from that in traditional industrial mass production[5], at least at the customer interfaces. Even in non-complex and standardised service jobs, the specific nature of the customer interface (or 'front line') remains unchanged; in contrast to the factory assembly line, work rates cannot be derived solely from the remorseless logic of the production system but are also influenced, at least in principle, by interaction with human beings.[6] Consequently, most non-complex service activities are not quite as unconditional as they might at first seem. In non-complex service jobs involving direct customer contact, 'basic communication work' takes the place of 'basic physical labour'. Employees must be present as personalities, as individuals, even though in many cases their communicative and emotional contribution is prescribed by tightly defined standards. This specific characteristic of what we denote by the term 'service-sector Taylorism' has encouraged retail companies, where possible, to develop some very precise ideas about their target groups in the labour market. In essence, they are looking for workers to undertake non-complex tasks, which are sometimes divided into very small employment and working time units; at the same time, however, these workers are expected to bring social and communicative competences to their work as a sort of free 'bonus qualification'. Technical and professional standards, if they existed at all, are losing ground in favour of behavioural and sales training that encourages the development of 'soft skills' that can be deployed in a variety of situations.

This first basic trend in the organisation of service work takes a number of very different forms. It is most pronounced in the large-scale food retail trade, less so in those areas of the

[5] The Taylorism of industrial mass production is currently going through a process of change as well, with greater emphasis being placed on workers' self-responsibility and initiative in a work environment in which tasks remain standardised and broken down into their smallest constituent elements (cf. on the automotive industry Durand/Stewart/Castillo 1999).

[6] This distinction between 'front line' and 'assembly line' was made by Frenkel et al. (1999).

specialist retail trade that still have to attach considerable importance to specialist advice. The varying degrees of importance attached to the workforce's advice and sales competences in companies' market strategies also leads to the adoption of different approaches to work organisation within individual segments of the retail trade.

The retail trade is a particularly striking example of the development of service-sector Taylorism but, as already mentioned, not the only one. In the course of the NESY project, case studies were carried out in call centres operated by German direct banking organisations; these studies revealed significant similarities in work organisation between these very different service industries.[7] The particular demands of call centre work mean that the specific characteristics of service-sector Taylorism are perhaps even more evident here than in the retail trade. On the one hand, work processes in call centres are highly standardised; on the other hand, considerable importance is attached to the 'soft skills' deployed in dealing with customers' wishes, again in an environment characterised by standardised routines.

National labour market regulations also exert influences that modify the practices associated with service-sector Taylorism. The extent to which marginal part-time work is encouraged or hindered by tax and social security arrangements or collective agreements proves to be a particular important factor, one that has a considerable impact on firms' organisational practices.

However modified, the basic trend in the evolution of work organisation in the service sector outlined here is giving rise either to a gradual but fundamental reshaping and recomposition of large, mature service-sector labour markets, such as that in the retail trade, or to the emergence of new labour markets for so-called 'non-complex' services. In both cases, the basis is a combination of large numbers of standardised jobs with 'soft' skill requirements that stand in sharp contrast to traditional professional and technical skills.

5.3.2 Self-organisation

The diametric opposite of service-sector Taylorism is the trend towards the self-organisation of service-sector work by dependent employees themselves. This phenomenon is also encountered in various parts of the service sector. However, although it may yet not be very widespread in banking or in social services, it can already be regarded as characteristic of IT

[7] The call centre industry was investigated in depth in the SERVEMPLOI project, which was conducted in parallel with the NESY project. An intensive study of personnel practices in call centres in Germany is to be concluded shortly at the Institut Arbeit und Technik.

services, an industry with above-average skill requirements. The key feature of this form of work organisation is the extensive autonomy that employees enjoy. The boundaries between dependent employment and self-employment begin to blur. Here too, it is the interaction of several factors that has led to the emergence of a new form of work organisation.

Firstly, there are the demands on work organisation arising out of the specific nature of the product. Theoretical knowledge of the technology, the practical ability and creativity required to develop new IT solutions or to integrate off-the-peg products into existing IT environments, together with the ability to communicate with clients, to identify their IT needs and to advise them accordingly, are some of the basic requirements for work in this industry. IT services are frequently organised in the form of projects, whose precise contents and scope are not fully known when each new contract begins. Complex tasks require the specialist knowledge of different employees; in some cases, project teams also have to be constantly reconstituted in order to meet the requirements of each new project, which means that each particular configuration has only a limited life. Other IT services are provided directly on customers' premises, so that contact between the employees involved and their employer is sometimes extremely limited. What all these forms of service work have in common is that management cannot dictate either the outcome of the work or the methods used to produce that outcome but has to rely on the employees' creativity and independence. This is what inspired one of the Dutch IT service providers investigated to make his company's motto the '3 Vs': 'vrijheid, verantwoordelijkheid, vertrouwen (freedom, responsibility, trust) – a motto that could probably be adopted by all companies in the industry.

The other side of this particular coin is that project work of this kind presents management with a new and more acute variant of the old problem of maintaining company cohesion and ensuring that employees remain committed to company objectives. Old-fashioned 'command and control' is being replaced by indirect controls in the form of cost targets and deadlines. On the basis of competitive conditions in the market and the target operating results, numerical indicators are drawn up in order to provide the hard economic framework within which 'freedom, responsibility, trust' are exercised. This mechanism can be described by taking the example of a German IT company that is representative of many of the companies investigated: 'The price at which a project can be tendered for depends on the supply and demand situation in the product market. However, the pricing of a tender is also dependent on targets set at head office for the individual profit centres. These targets generally consist of four measurable quantities. Firstly, sales targets are set. Secondly, targets are set for returns to

capital. Thirdly, a target for the sales to profits ratio is set, which expresses the relationship between turnover and profits in a particular area. The fourth and final target relates to the degree of manpower utilisation, that is the ratio of the time spent directly on work to the time spent on overhead tasks, such as discussions, management duties, training etc. These targets are broken down to individual project level, thereby creating the environment in which project work takes place' (Voss-Dahm 2000: 37).

The more independently employees work, the more important it is for firms to put in place these indirect control measures. One factor they can exploit in doing so is the autonomy of the various units within a company. The effect of the cost-centre principle is frequently reinforced by the establishment of holding companies. Within such holding structures, responsibility for costs is borne by business units specialising in particular areas. This creates the conditions not only for the rapid integration of newly founded or acquired businesses but also for the equally rapid sale or closure of business units that are no longer profitable. By putting in place such structures, large firms are seeking to simulate as closely as possible the competitive position and working conditions of the many small firms in this industry. The flat hierarchies adopted by many IT firms have a similar objective.

In the German debate, the contradictions of the position in which these workers find themselves is encapsulated in the notion 'dependent self-employed' (Peters 2001). For employees, the boundaries between dependent employment and self-employment as well as those between work time and free time are beginning to blur.

Any moderating influences on this trend towards self-organised work are largely the result of different corporate strategies and of the competitive conditions in individual market segments. And just as with service-sector Taylorism, the way in which self-organisation is put into practice varies from country to country. This is reflected in the considerable differences in working time between the IT industries of the countries investigated, a point to which we will return later. Despite these differences, however, the same basic strategy of self-organisation was encountered everywhere.

5.3.3 Contradictory work requirements

It has already been noted that the trend towards self-organisation identified here is seldom encountered in its pure form. In many service industries, there is a greater likelihood of finding juxtaposed or conflicting organisational forms, as well as discrepancies in the organisation of work between skill requirements and devolved responsibility, on the one hand, and em-

ployees' competences, on the other. Thus the Third European Survey on Working Conditions found that service workers, together with plant and machine operators, experienced a reduction in job control between 1995 and 2000.[8] This is a remarkable finding in view of the continuing rise in average skill levels throughout the economy.

This discrepancy is particularly evident in the practices of some of the social services providers studied in the course of the project. Their ability to deliver services is becoming increasingly dependent on their employees' professionalism and on their ability to organise their own work; however, many of these organisations are not developing their management structures accordingly. For example, attempts are being made along Taylorist lines to define allowed times for all home care tasks, in order to be able to reduce costs through strict time planning. Now although 'task and time' may well be consistent with the low levels of social recognition and pay that are characteristic of social services, as reported in all the case studies, this organisational form is inappropriately rigid when it comes to meeting the needs of the people receiving care. It is the professional standards of employees themselves that ensure that such a system can operate irrespective of the targets that are set. As with the Taylorism of industrial mass production, these ideas borrowed from scientific management can be made to work only if they are adapted to the demands of their work by employees acting on their own initiative. The difference is that the workers being put through the same experience today have considerably higher vocational qualifications than those required of assembly-line workers, and their work cannot be done at all without a high degree of self-organisation.

The contradictions inherent in certain forms of work organisation can lead to a curious juxtaposition of self-organisation and hierarchical control structures. Several case studies carried out in service organisations with intermediate and high skill requirements highlight this issue particularly clearly. Thus in one of the banks that was investigated, the self-organisation of working time was not combined with the decentralisation of decision-making competences but used for the purpose of exerting increased top-down control over employee performance. Long working times were regarded as an indicator not of inadequate manning levels but rather of inadequate individual performance.

Inconsistencies of this kind can be interpreted as reflecting transitional processes. And yet even if this is true to some extent, it would be more realistic to assume that, in many areas of

[8] The criteria used in this survey to assess job control are control over order of tasks, methods of work and pace of work (Merllié/Paoli: 20).

the service sector, any attempts to introduce self-organisation will have to take place for some considerable time to come in an environment that is scarcely conducive to such innovations. In the German industrial psychology and industrial sociology, this widespread phenomenon is denoted by the phrase 'contradictory work requirements'.[9]

However, the finding that emerges from the empirical studies carried out in the course of the NESY project has further implications. Work requirements *remain* contradictory even if the discrepancy between individual room for manoeuvre and hierarchical control no longer prevails but the entire work environment is conducive to self-organisation. This becomes apparent when one of the basic aspects of work organisation in services is incorporated into the analysis, namely the management of flexibility requirements.

5.4 The flexibility problem in services

Any attempt to encapsulate in a single word the most important challenge to work organisation in services leads inevitably to the term 'flexibility'. The notion of flexibility gives expression to demands that are as fundamental to social services as they are to business and consumer services. Service organisations have to adapt qualitatively to individual customer requirements and rapidly shifting market conditions and quantitatively to considerable fluctuations in demand over time.

The need for flexibility is not, in essence, specific to the service sector. However, it is of particular importance in those services whose product can be stored only to a limited extent, if at all (this applies to social services as well as to the customer interfaces in retailing, banking and IT services in our sample). As the example of temporal flexibility shows, the principal characteristic of this kind of service-sector work is that the flexibility of *organisations* depends to a large extent on the flexibility of individual *workers*.

5.4.1 Temporal flexibility requirements

All of the five service industries investigated in the course of the NESY project are, in one way or another, subject to considerable time flexibility pressures. One characteristic they all share is that the production and consumption of their services take place to a large extent simultaneously. True, this so-called 'single act principle' is limited to some extent by various rationalisation measures of a technical and organisational nature (in the retail trade, for exam-

[9] 'Contradictory work requirements is a term that describes the tension, specific to every case, between heteronomy and individual room for manoeuvre' (Moldaschl 2001: 143).

ple, through the use of self-service and new forms of logistics), and yet its impact continues to be felt at the customer interfaces, the so-called 'front line'. What are the time flexibility requirements to which these activities are typically subject?

Companies in the *retail trade* are faced with a sort of 'pincer movement'. On the one hand, the legal restrictions on shop opening hours have been relaxed in all European countries and in some cases (Sweden, England) lifted entirely, not least because of pressure from the large retailers. Longer opening hours generally require more staff and can therefore give rise to higher labour costs. On the other hand, sales do not necessarily increase to the same extent. Consequently, it is very much in retailers' interest to keep the ratio of labour costs to sales constant or even to reduce it in order to gain an advantage in the price war. As a result, they make every effort to adjust manning levels as precisely as possible to the very marked fluctuations in customer flows and sales over the course of the day, week and year. The ability to operate with the minimum of staff becomes of crucial importance.

In *IT services*, on the other hand, speed is the alpha and omega, as one Danish interviewee put it. However, speed is of importance only in conjunction with creativity and the ability to manage uncertainties. This is because many IT services involve the development of solutions that are tailor-made or adapted to each individual customer's requirements. Thus when a commission is accepted, the product is often defined only in outline, with the full specifications being developed in collaboration with the customer. Another form of temporal flexibility requirements is found in those IT services that are provided on the customer's premises by employees of the service provider. In this situation, work schedules and working time may be linked very closely to the customer's schedules, which may fluctuate considerably.

In comparison with these two service industries, banking may at first sight seem like a haven of peace and quiet. And yet the first impression is deceptive. At the customer interfaces, and with varying priorities from country to country and from bank to bank, efforts are now being made to extend opening hours and to adjust them to fluctuations in demand. At branch level, banks are increasingly concerned to extend the availability of customer advice staff to evenings and Saturdays in order to create competitive advantages for themselves. In the case of banking services that lend themselves readily to standardisation, the telephone is now the preferred medium. In many EU member states, banks are setting up increasing numbers of call centres, which operate either as departments of the bank in question or as direct banking organisations set up as independent companies. Call centres are open until late in the evening and at weekends, and some even operate round the clock. All of these developments are

taking place in an environment in which management is exerting considerable downward pressure on labour costs ('lean banking'). At a result, the extension of the times at which banking services are available is to a large extent synonymous with increased temporal availability on the part of individual employees.

In contrast to the banks, nursing services in *hospitals* have always been provided round the clock; fluctuating workloads are also typical of such services and in some areas, such as accident and emergency and maternity wards, little can be done to influence the fluctuations. However, the temporal availability and flexibility that have always been demanded of nursing staff are now becoming much more noticeable to staff and are being experienced as stressful, since manning levels have been cut in the wake of budget restrictions. In consequence, there are fewer people available to absorb the fluctuations in workloads.

In *home care services for the elderly*, on the other hand, there are new demands for temporal flexibility that are the result primarily of the shift of priority from in-patient services to care provided in the home. In the past, a large proportion of care services could be provided in the mornings and early afternoon. It is in Italy that the traditional system is still most widespread. Here, the family is still the mainstay of the care system, and the provision of external services can be confined to certain clearly defined times of the day which fit in easily with the daily schedules of the female part-timers providing the services. If the working and employment conditions of these female part-timers are also well protected under public-sector conditions of service, as is the case in Italy, then the symbiosis is complete. However, the more frequently home care services provided from outside go beyond merely supplementing families' effort and the more intensive the care provided for elderly people living in their own homes becomes, the greater need there is to deliver professional home care services in the evenings and at weekends. The traditional system is starting to crack. In Italy and Great Britain, for example, evening and weekend work is being contracted out to organisations that are not subject to public-sector regulations. In the Netherlands, long-established contractual commitments on working time are being rescinded and in Finland shift work and annualised working hours are being introduced.

One simple initial conclusion can be drawn from this brief overview: temporal flexibility requirements are not a specific problem that can be dealt with in isolation from work organisation as a whole. For this reason, the flexibilisation of working time must be regarded as *one* element of work organisation and personnel flexibility. The creation of internal markets also plays a key role in adjusting the workforce to external flexibility requirements. As our studies

show, the boundaries between various different forms of flexibility are blurred by the internalisation of market relations within service organisations.

5.4.2 External and internal flexibility

In the literature on workforce flexibility, a distinction is traditionally made between the flexibility generated within the internal labour market, that is an organisation's core workforce, and the flexibility produced through recourse to the external labour market. It is frequently assumed that it is advantageous to companies to rely on the core workforce in adjusting to changes in job content or technical requirements (functional flexibility) but easier to adjust to fluctuations in demand (numerical flexibility) through recourse to the external labour market. On the basis of this assumption, and with the aid of the NESY case studies, a diagram illustrating the forms and methods of personnel flexibility can be drawn up (Figure 13; for further literature see the sources listed there).

Figure 13: Forms and methods of personnel flexibility

	quantitative (numerical)	qualitative (functional)
internal	Working-time organisation: - variable working times – employment of part-time workers	Work organisation: - multitasking, multiskilling – job enrichment, job rotation – delegation of responsibilities
external	Outsourcing of working time: - workers with temporary contracts - agency staff	Outsourcing of competencies: - self-employed subcontractors - external companies, networks

Source: Own representation, drawing on Atkinson 1984, Gadrey et al. 1999, Lehndorff 1999, Merllié/Paoli 2001

Analysis of the forms of workforce flexibility adopted in the five service industries under investigation here reveals two things. Firstly, external flexibility is certainly not used solely for the purpose of making quantitative adjustments. Secondly, the diversity of purposes to which external flexibility is put has an effect on internal flexibility, which remains the main pillar of workforce flexibility.

Both of these points can be very well illustrated by taking the example of home care services for the elderly. As already noted, certain competences are being increasingly purchased from outside providers. We are not dealing here primarily with specialist skills but largely with low-paid basic tasks such as cooking or cleaning. And yet the boundaries between functional

and numerical external flexibility become blurred when the provision of services in the evenings and at weekends is transferred to external subcontractors or, as reported in a Danish case study, the flexibility reserve consists of care staff provided by a temporary employment agency. External flexibility is particularly important not only in the British[10] but also in the Italian care system. Whereas in many cases local authority care services still represent the 'old world' (family-based care of the elderly supplemented by professional help at fixed times of the day), non-profit-making cooperatives are becoming increasingly important as alternatives.[11] They also employ people without vocational qualifications and pay lower wages than the public sector. Working times are flexible and only the hours worked are paid for; travelling time to clients' homes is not counted as working time. The competitive advantage these organisations enjoy in the market for care services is self-evident, as is the pressure they place on the core workforce in local authority care services to adjust.

A similar basic trend can be observed in IT services. In this industry, with its high skill requirements, external functional flexibility is encountered very frequently, contrary to what might be expected from the traditional definitions of core and peripheral workforces.[12] It is common practice to buy in specialist knowledge that is only required occasionally from small firms or self-employed experts (in contrast to home care services, it is specific competences that are being outsourced here). This phenomenon is encountered in all the countries investigated, but is most widespread in Great Britain, where the tax legislation in force until recently offered strong incentives for workers to provide services through the intermediary of one-man companies established for the purpose.

The IT services case studies also show that the boundaries between external functional and external numerical flexibility occasionally become blurred. When large numbers of commissions are received, particularly at short notice, larger IT companies also tend to have recourse to self-employed contractors. However, this in no way alters the clear priority of the firms in

[10] Private care providers offer longer service hours but, because they pay lower wages, charge only two thirds of the cost of public-sector care services (Fagan/Nixon 2000).

[11] Public-sector care jobs offer fixed working times, trade union membership is high and only Italian nationals with a vocational qualification are employed. The cooperatives, on the other hand, employ many immigrant women. These women provide care services for lower rates of pay than those earned by local authority employees but do benefit from the further training provided by the cooperatives and frequently use the experience they acquire as a springboard for obtaining better paid jobs in the public sector (Degasperi/Villa 2001).

[12] This is a recent finding from the FLEXCOT project, also funded by the EU as part of its TSER programme (Valenduc et al. 2000: 69 ff.).

question and of their customers: 'Clients want total flexibility, ideally with permanent staff as they are cheaper' (Smith 2001: 21).[13]

These findings call into question the picture suggested by the traditional model of the 'flexible firm'. External flexibility is by no means confined any longer to numerical flexibility. It is apposite, therefore, that the most recent Business and Consumer Survey in the EU (European Commission 2000: 42) should find that 'there has been much overlap between internal and functional flexibility, and external and numerical flexibility'. However, certain reservations have to be expressed about the conclusion inferred from this finding, namely that companies in which external flexibility is particularly highly developed, as it is in many British firms for example, are giving priority to increasing their own internal functional flexibility, while 'in the more protected European setting, the shift has been towards greater use of numerical flexibility and external functional adjustments'. The qualitative studies conducted in the course of the NESY project lead to a different conclusion: it is precisely because of the increasing overlapping of different flexibility instruments that greater pressure is being put on skilled members of the core workforce to make the decisive contribution to internal quantitative flexibility as well (the unspoken implication being: 'What you can do, others can do as well').

We must be clear in our own minds that the 'outside world' from which an organisation derives its external flexibility is also increasingly made up of organisations (and not primarily of casual workers or individual freelancers). However, these organisations have no flexibility reserves other than their own internal ones. In short, external flexibility intensifies the *total* pressure for flexibilisation within service organisations. Thus the ultimately decisive question for all service organisations is how to increase their *internal* flexibility.

At this point there is a parting of the ways between, and in many cases also within, the service industries under investigation here. The two basic trends in the evolution of work organisation – service-sector Taylorism vs. self-organisation – have their counterparts in two very different flexibility paradigms.

[13] The cost difference alluded to here arises out of the fact that external service providers in Great Britain are paid on the basis of the number of hours worked, even though they are sometimes described as 'slave companies'. Although dependent employees in large IT firms are of course officially entitled to payment for any overtime worked, in practice they often work additional hours without any extra pay.

5.4.3 Contrasting flexibility paradigms

'Technically' speaking, service delivery times can be flexibilised with the aid of two forms of flexible working time organisation. Firstly, it is possible to vary *the number of workers deployed* over time – even at short notice. Firms adopting this approach have all the more room for manoeuvre the shorter their employees' individual working times are and the more standardised their jobs are. Secondly, and particularly in the case of high-skill jobs, *individual working times* can be varied over time. To date, this has largely taken place through overtime and work at so-called 'unsocial' hours, both of which were regarded as exceptional and therefore attracted premium payments. The tendency now is to redefine such hours as part of normal working time, so that premia do not have to be paid any more. When these two basic variants of flexible working time organisation are combined either with forms of shift work or with extended working times, service delivery times can be both flexibilised and extended.

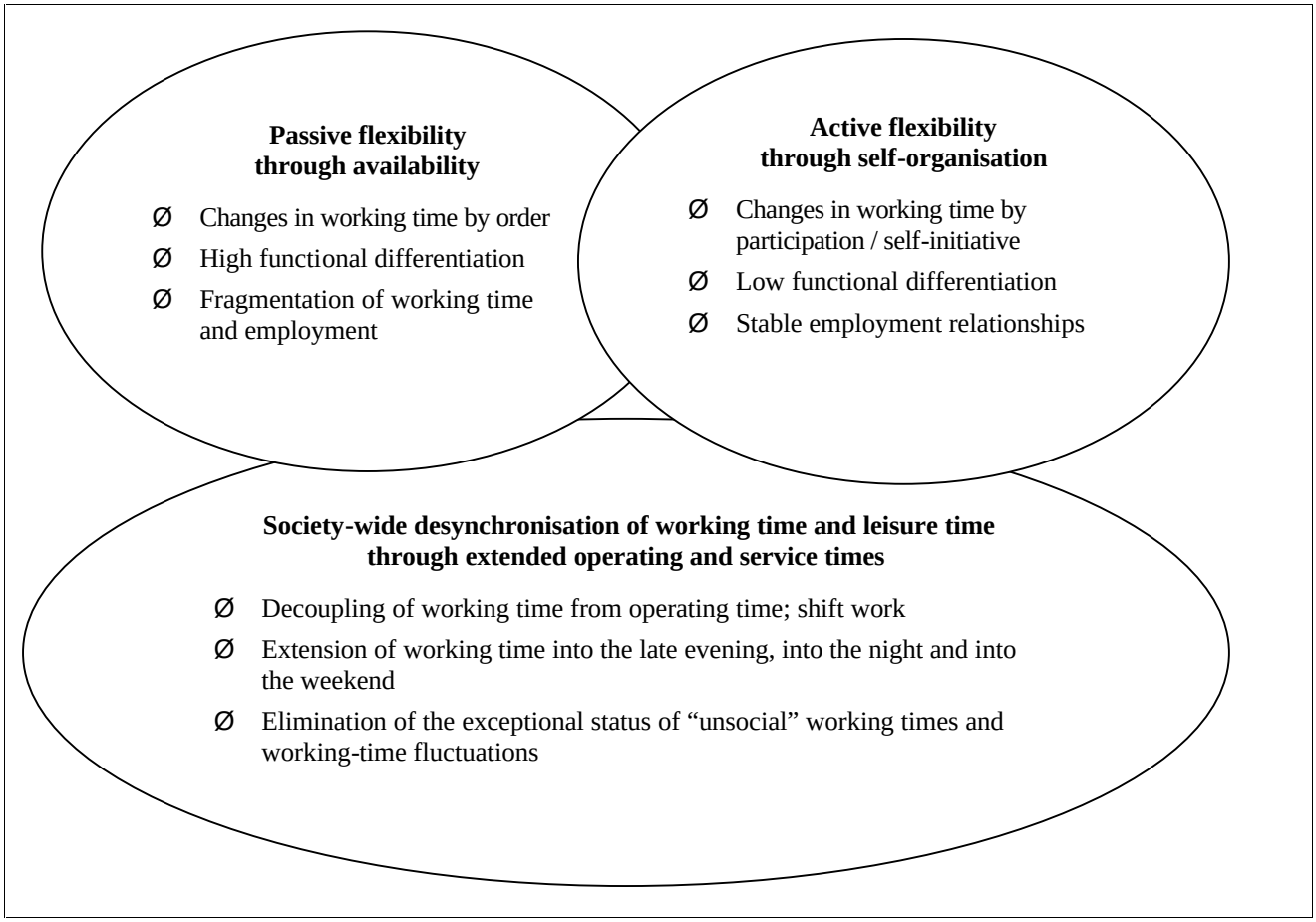
Now as we have seen, temporal flexibility is not primarily a technical challenge but rather an integral element of workforce flexibility. Thus the management of temporal flexibility requirements cannot be divorced from the role that workers play in an organisation as a whole. However, as has already been shown above, this role varies quite considerably with the different forms of work organisation. Depending on whether it is service-sector Taylorism or self-organisation that prevails, the organisational paradigms for service-sector work differ very considerably.

The essential difference between the paradigms of market-oriented work and working time that are effective in practice lies in whether management responsibilities are devolved to employees and, in conjunction with that, whether the increased temporal flexibility is derived primarily from the passive or the active cooperation of employees (Figure 14):

When tasks are broken down into small units and standardised, as they are in service-sector Taylorism, workers can, in theory, be replaced at any time at short notice and manning levels can be varied greatly in accordance with need. In this form of work organisation, temporal flexibility is based essentially on the *availability* of workers at the times at which they are required by the organisation. For this reason, we use the term 'passive flexibility' to characterise this variant.

On the other hand, when firms are unable or unwilling to dispense with their employees' individual knowledge, abilities and experience, then they tend to rely more heavily on the *self-organisation* of work and working time by those employees. This variant is denoted by the term 'active flexibility'.

Figure 14: Paradigms of flexible working-time organisation



Source: Own representation

We are dealing here with paradigms. The reality we encountered in the case studies does not usually reflect those paradigms in their pure form; what is observed in practice, therefore, is a continuum between two poles. In large organisations, moreover, different approaches to flexibility are often pursued simultaneously, depending on the sphere of work involved and the specific flexibility requirements. The two paradigms are linked, and the adoption of one requires the other to be put in place elsewhere (an example of this reciprocal relationship is given in footnote 11). Nevertheless, it is advisable to consider the implications of these flexibility paradigms separately, since it turns out that they *both* have their specific contradictions and problems.

5.4.3.1 Passive flexibility in service-sector Taylorism

The strategy of passive flexibility is based on two simple premises. Firstly, service-sector Taylorism reflects a certain understanding of the characteristics of the service in question that

are particularly important to customers. Secondly the labour market must provide an adequate supply of labour available for work within the required time slots.

Let us look first at the labour market. Any form of flexibility that relies on the temporal availability of workers, preferably with short and variable working hours, in some cases at inconvenient and possibly variable times, requires a corresponding labour supply. Women have traditionally been the main target group for retail companies, but they no longer necessarily have unlimited availability for work under these conditions. It is true that, in most EU member states, very many women still have a preference for part-time work, but it should not be assumed that part-time work is generally flexible. On the contrary: most women – and hence most part-time workers in the EU – prefer part-time work because (or provided that) it is *not* flexible. From this perspective, the whole point of part-time work is that it is a means of combining labour market participation with domestic responsibilities, particularly caring for children. This becomes impossible in any case with variable working times, but even regular schedules that include evening or weekend work, for example, require a considerable coordination effort within households. Thus the recruitment of workers for these non-complex services is often more complicated for firms than it might appear; in some cases, considerable management capacities have to be devoted constantly to this task.[14]

It is reasonable to assume, therefore, that the prevailing structures of female labour market participation in any given society, together with the regulatory framework, play an important role in the matching of labour supply to demand. Particularly in countries whose tax and social security systems still offer rewards for women who remain in the 'housewife' or 'second earner' role, firms have at their disposal a relatively large pool of women, with the 'bonus qualifications' alluded to above, who are interested in short-hours or marginal part-time jobs. In other countries, however, in which the equal participation of women in the labour market is relatively far advanced and institutionally supported, firms have either to make concessions to their female employees, by making only limited use of marginal part-time jobs, for example, and instead offering part-time jobs with hours close to the full-time level, or recruit high-school and university students.

[14] It is worth recalling at this point the link between the raising of skill and qualificational levels and new forms of standardisation referred to above in the context of social services. Personnel management becomes all the more demanding the more highly developed service-sector Taylorism is and the more non-complex service jobs are broken down into small employment and working-time units. The organisation of large numbers of standardised jobs places considerable demands on the remaining skilled personnel. This is also reflected in the organisation of flexibility: passive flexibility for the majority requires active flexibility for a minority.

As the case studies in German direct banking organisations show, call centres face a similar problem to that faced by the retail trade. For this reason, they too have become an important source of employment for students in some countries. *Young people still in education or training are gradually becoming an important reserve of labour for non-complex service jobs.*

This confirms the growing importance for the labour supply of certain categories of individuals in transitional phases of the life course, a phenomenon already identified in earlier EU research (TRANSLAM). There is an increasing share of workers for whom a retail job represents nothing more than some extra income, an episode in their working lives or even just a casual job. Particularly in countries with high youth unemployment and underdeveloped vocational training systems, it is often young women who are prepared to accept a retail job for a limited period of time. In Portugal, for example, a country with an extremely low part-time rate, the large retail companies would be quite unable to pursue their part-time strategy if such transitional groups, particularly of young people, were not present in the labour market.

This is gradually giving rise to a fundamental change. Workers in the retail trade are not necessarily earning a living wage, and they may possibly not even be aspiring to such a wage. It is to be expected, therefore, that gradually only a minority of retail workers will be seeking to make a career in the sector.[15]

This brings us to the first of the conditions for passive flexibility, namely that the type and quality of service must meet customers' expectations. As long as retail firms can assume that the lowest possible price is the most important service that has to be offered to customers, most firms will regard passive flexibility as the most obvious, perhaps even the only practicable choice. Active flexibility, in contrast, requires a much more highly developed policy on staff loyalty, that is long-term personnel strategies; in companies driven by short-term capital market performance, however, advocates of such strategies frequently have a tough time.[16]

However, the case for alternatives to passive flexibility can be strengthened by recognising that low prices are not the be-all and end-all of competition but merely the precondition for everything else. Every retail company must constantly be taking steps to acquire particular competitive advantages over and above selling at the lowest possible prices. This is why service quality remains an important issue even for the large-scale retail trade. Particularly if

[15] Incidentally, it follows from this that we should not harbour unwarranted hopes that non-complex services will become a rich source of jobs for low-skill workers displaced from the manufacturing sector.

[16] Cf. Gadrey (2000: 87 ff.) and, on the retail trade in particular, Baret/Lehndorff/Sparks (2000).

shopping in malls is to be turned into an ‘experience’, firms need staff who fit that particular profile. Considerable efforts are made to match personnel profiles to customer profiles. The value of a committed workforce and the connection between customer loyalty and staff loyalty is being recognised again in some segments of the retail trade. This may well be one of the reasons why retail companies in some EU member states complain that they are finding it difficult to extend shop opening hours because of a lack of skilled (!) staff (European Commission 2000: 21).

This is the starting point for the attempts being made by a minority of retail firms investigated to ‘activate’ passive flexibility. They are dispensing with marginal part-time jobs and transferring the organisation of working time to a greater or lesser degree to employees themselves, stipulating only the manning levels deemed necessary within the various time slots. Experiences show that employment and working time can be stabilised in this way, even when part-time rates and flexibility requirements are high. At least this is true at times, for there is of course another side to the coin. When the scheduling of working time is left to employees themselves, as is characteristic of active flexibility, those employees are confronted directly with the economic environment in which they operate. There is no supervisor to tell them when they have to turn up for work; rather they see for themselves when they are needed (by means of electronic personnel assignment planning tools, for example). If there are not enough people to fill the work schedules, they have to find a solution themselves, in consultation with their colleagues. This can lead to greater dissatisfaction than under the old system of passive flexibility. They become caught in a contradiction: their responsibility is being increased, but the resources made available to them are insufficient for them to fulfil their responsibilities properly. From here, it is but one step to *self-managed work intensification*.

As we show below, this contradiction is being experienced by workers in very different parts of the service sector.

5.4.3.2 From passive to active flexibility – organisations entangled in contradiction

Social services offer a wealth of examples to illustrate the problems that can occur on the road from passive to active flexibility.

As service delivery times are extended, social service organisations are dependent on an increasingly skilled workforce that combines a high level of professional commitment with a willingness to accept the need for considerable time flexibility. The main difficulty is that the financial conditions under which such organisations operate are only imperfectly adapted, if at

all, to these increased requirements. The restrictions arise either directly from the budgetary resources available to them or indirectly from competition with other providers. This leads to a sometimes highly problematic interaction between the twin challenges of ensuring high service quality, on the one hand, and recruiting an adequate number of suitable workers, on the other.

It may at first sight seem surprising that it can sometimes be difficult to recruit suitably skilled staff in this sector. After all, the trend towards professionalisation in the social services is in tune with the rising expectations of many women, who still account for the majority of workers in this area. Their skill and qualificational levels are rising and women are accordingly becoming increasingly concerned to use the knowledge, abilities and experience they have acquired in jobs that offer them full professional status. One sign of this is the fact that even in the Netherlands, where the part-time culture is particularly highly developed, young care workers in particular press to be employed on full-time contracts. A similar phenomenon can be observed in Great Britain. The part-time rate among female care workers is higher than that for women in the economy as a whole, but among skilled nurses it is only one third of the economy-wide rate, and is even lower among midwives. And in the other countries investigated, it is also the case that more skilled care workers (in both home care services for the elderly and hospitals) work longer hours on average than auxiliary staff.

This should actually create favourable conditions for the care service providers, which increasingly have to provide their skilled services at times outside the time slots preferred by part-time auxiliaries. And yet it is clear that they frequently do not manage to exploit this potential. One important reason for this is that newly recruited staff are frequently expected to display greater flexibility without being offered any quid pro quo.

In Great Britain, for example, although the practice is not confined to that country, new employment contracts are being concluded without any agreement on the scheduling and distribution of working times, because it has proved impossible to put in place new arrangements for the workforce as a whole that would address the flexibility problem. The idea is to exploit natural wastage in such a way that employees with the new contracts will gradually replace those on the old ones.[17] Skill requirements for care workers are certainly being raised in

[17] The FLEXCOT project (Vallenduc et al. 2000: 83) produced the same finding for other sectors. Incidentally, this development is also confirmed by the increased priority companies are giving to internal flexibility, as already noted above. At first sight, workers on the new employment contracts may appear to constitute a sort of peripheral workforce providing the numerical flexibility required. In fact, they are the core workforce of the future.

Great Britain as well, with the state even introducing regulations to that end, but there are no national collective agreements that would improve both employment conditions and pay levels. Great Britain may be a conspicuous example, but the basic problem applies to other countries as well: higher levels of professionalism and a greater willingness to work flexibility are being expected of employees with nothing being offered in return.

Under these conditions, care service providers come up against difficulties in seeking to extend their service delivery times. The outsourcing of services to private organisations occasionally provides a temporary solution (in Great Britain, for example, private care service agencies provide their services especially at times when the local authority providers find it difficult to deliver services). However, this then raises, in a particularly acute form, the problem of service quality in an area in which staff continuity is particularly important for the client/provider relationship. And yet if the pressure this form of external flexibility exerts on the internal organisation of local authority care services (see above) is exploited by management in order to rescind the fixed work schedules stipulated in workers' employment contracts, turnover will rise, which also has disastrous consequences for service quality. What is frequently lacking, obviously, are the frameworks – but usually above all the opportunities[18] – for new, better funded compromises on flexibility to be put in place.

The combination of the unresolved flexibility problem and the high workloads in care occupations gives rise to a phenomenon that is characterised in the report on nursing in Belgium as an 'escape into part-time work' (Plasman/Lumen 2000: 11). Despite their professional commitment, many female nurses are opting to reduce their working time in order to escape the pressure of work. This seems to them to be the only way of coping with the growing pressure of work and controlling their personal working time. In home care services for the elderly, this trend is to some extent competing with the above-mentioned trend towards full-time work resulting from increasing professionalisation; in hospitals, it is omnipresent. The painful consequences for nursing include spiralling organisational problems,[19] increasing work intensity, a withdrawal from full-time work and quality problems (e.g. longer waiting times).

In other words, the potential of a skilled workforce cannot be fully exploited because working and employment conditions stand in the way. Neither pay rates nor the social recognition

[18] In some case studies, it is reported that local authorities are perfectly capable of solving their flexibility problems in the short term through a high degree of self-organisation. In the medium to long term, however, local 'win-win' solutions come up against the limited financial resources made available to local organisations.

accorded social services are keeping pace with the increased demands for professionalism *and* flexibility.

5.4.3.3 Active flexibility through self-organisation

On the face of it, active flexibility would appear to be the ideal way of reconciling high professional standards with high levels of flexibility – with the proviso of course that pay levels are also good. The experiences reported in the IT services case studies would also seem initially to lend credence to this impression. Many IT workers regard their jobs as an individual challenge; they are self-motivated and internalise both the substantive and the temporal demands of their work. They feel they have an obligation to customers and to their own colleagues to deliver quality work on schedule. It is precisely these workers that IT companies are looking for in the labour market: 'IT firms seem to have a clear profile of their 'ideal employees' and recruit in a fairly limited segment of the labour market. … Yet a rather narrow focus may contribute to recruitment problems' (Plantenga/Remery 2001: 22).

In fact, in no other service industry are there more reports of labour shortages than in IT services. One obvious cause of these shortages are inadequacies in education and training systems, which lead to bottlenecks in the labour supply. Less obvious causes, however, and this is intimated in the passage from the analysis of the country reports on IT services quoted in the previous paragraph, are certain organisational mechanisms within the industry itself. To exaggerate somewhat, the industry could be said to be causing its own labour shortages through the mode of work organisation it favours.

The most obvious symptom of this are working times, which in several EU member states are considerably longer than the respective national average (Table 24). The differences may not seem dramatic, but we are dealing here with average values. A not inconsiderable share of the dependent employees in this industry normally work more than 48 hours per week (around 10% in Western Germany, for example, and more than 16% in Great Britain). The country reports show that, for specialized personnel in IT services, working times of around 50 hours per week over long periods are nothing out of the ordinary, although there are considerable differences depending on country, firm, size of firm and sphere of activity. Against this background, it should be borne in mind that long working hours that also fluctuate with varying workloads make it particularly difficult to recruit well-qualified women, who are willing (and

[19] In sharp contrast to the retail trade, hospitals are very concerned to recruit full-time staff in order to avoid hand-over and coordination problems as far as possible.

able) to make a serious commitment to their careers but may be unwilling to accept this form of work organisation.

Table 24: Average weekly working hours in IT services as compared to the service sector and to all sectors (1999, employees)

	IT 1999	Services 1999	Total 1999
Austria	41,27	41,1	40,81
Belgium	39,93	38,65	39,03
Denmark	41,25	39,83	39,61
Germany (W)	41,47	40,87	40,34
Spain	40,34	40,5	40,78
Finland	39,45	39,46	39,71
France	42,84	40,51	40,43
Greece	40,8	40,84	41,42
Ireland	41,29	40,13	40,79
Italy	40,14	37,37	38,62
Luxembourg	41,15	39,68	39,89
Netherlands	39,85	39,25	39,29
Portugal	40,85	40,75	41,39
Sweden	40,62	41,06	40,91
UK	43,79	43,69	43,95

Source: Eurostat LFS special tabulation

The long working hours are closely linked to self-organised, active flexibility: although work organisation at the so-called 'doing' level has evolved, the wider environment in the shape of company organisation, working-time regulations and so on has not kept pace with the changes in work organisation. A precise match between planned work volumes and the resources required is most likely to be achieved if the employer has to pay for each hour actually worked. With projects, on the other hand, for which an all-in price is charged, there is a tendency for internal work scheduling and, in particular, pay to be driven by results as well. However, this increases the risk that decentralised business units will in practice be unable to make available the resources required to achieve the agreed objectives. As already noted with regard to indirect controls (cost targets, deadlines etc.), there is a great tendency under such conditions to make insufficient allowance for overheads. However, if there are no or only limited capacities for further training and regeneration, then there is a great temptation for firms to seek out fresh know-how in the external labour market. As one of the German experts interviewed predicts: 'The industry will find itself in trouble if it stops growing, because then it will have no way of bringing in new knowledge' (Voss-Dahm 2000: 14). The disadvantages will be felt not only by firms in the industry but also, and more keenly, by their employees: 'A great deal is demanded in this sector. Those who put in the effort will be rewarded. How-

ever, sustaining the intensity of work required over an entire working life is difficult' (ibid.: 24).

Thus the problem is obviously that the considerable potential for productivity gains and improvements in service quality created by the self-organisation of work and active flexibility is not subject to any checks and balances within the wider organisational framework that would help to ensure the long-term sustainability of this form of work organisation. The traditional institutional environment, such as the regulation of working time through collective agreements, is proving itself in some cases to be ineffectual. Factors capable of counterbalancing the internal dynamic of working time increases seem to come largely from external sources: 'Probably the most effective means for controlling working hours is having children, and at the same time to be the main caretaker at home' (Csonka/Boll 2000: 33). It is also noticeable that in Finland and the Netherlands, two countries with firmly rooted societal working- time cultures (strict regulation in the former case, short working hours in the latter), the discrepancies between working times in IT services and the respective national average are not as great as they are in Germany, for example, where the overall working time situation is highly differentiated. Thus societal working-time standards are acquiring new significance.

5.5 Conclusion

Connections are often made between the tertiarisation of the economy, on the one hand, and the flexibilisation of the labour market and the erosion of standard employment relationships, on the other. Clearly, this is far too simplistic a view and can easily lead to dubious policy recommendations. As the studies outlined here reveal, the expansion of service-sector employment is associated with changes in labour markets that are both multi-layered and differentiated by country and industry. In some areas, there is a broad trend towards the standardisation, devaluation and reorganisation of non-complex service activities that is associated with the fragmentation of employment and working times. This trend is denoted by the term service-sector Taylorism. In some labour markets, such as that in the retail trade, this trend is leading to radical change and restructuring. In other areas, in contrast, the trend is towards the development and expansion of professional labour markets (home care services for the elderly). It is in service activities with high skill requirements that this countertrend to service-sector Taylorism is particularly pronounced. Despite strong employment growth, employment forms remain outwardly unchanged; however, the substance of employment relationships is changing fundamentally, with dependent employees organising their work themselves and operating 'autonomously' in the market. The boundaries between dependent

employment and self-employment are beginning to blur. The developments outlined here by reference to IT services are indicative of future changes not only in many service activities but also in the core areas of manufacturing work.

These trends in work organisation may well be highly contradictory, but they are equally firmly rooted in a fundamental change in work organisation, which we characterise as the market orientation of work. The market and competition are being adopted by organisations as their internal organising principle. Employees' working conditions are being directly exposed to internal and external competition. Outsourcing and other forms of external flexibility are becoming increasingly important as a result of this process, although firm's main priority is still to increase their internal flexibility. As a result, temporal flexibility requirements within service-sector organisations are increasing discernibly. Depending on whether the work organisation system tends more towards service-sector Taylorism or to self-organisation, organisations are adopting passive or active flexibility strategies, which bring with them very different risks for employees.

6 Conclusions and policy implications: the need for a socially sustainable organisation of service work

In the framework of our investigations on the change of employment structures and of work organisation in the service sector, we have detected several problem complexes which are found across all branches of the economy and across all countries. Although the scope of such problems differs according to the industries and countries considered, they should be taken seriously in that they constitute symptoms of a more general phenomenon which we term *the lack of sustainability* in the organisation of service work.

6.1 Work intensification and extension of working time

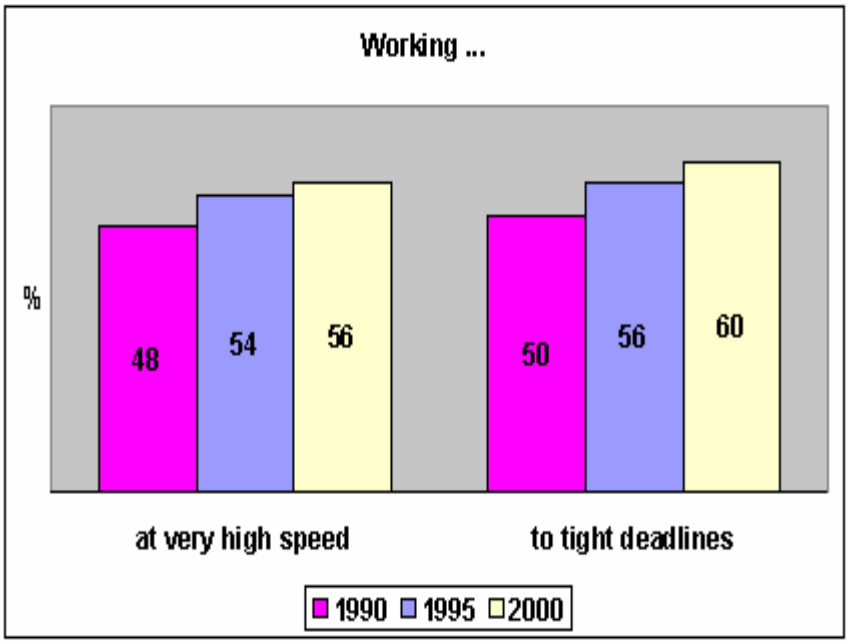
At the core of the change in work organisation in the service sector is, as we have just seen, the market orientation of work. Market and competition are transported into an organisation. Employees are confronted with an economic setting in which an organisation's conditions of competition intimately enter the sphere of each and every worker in his or her everyday work life. This is done by means of numerical indicators and measures of performance formulated by the upper management. Resources are made scarce, but management contends that it is not in a position to change this situation so that the task of mastering these difficulties is left to the initiative of employees themselves.

The effects on the conditions of work brought about in the wake of this organisational change depend on the specific features of a given organisation. However, independent of such differentiation, one common basic tendency can be identified: it is the intensification of work and the increase in the pace of work. The relevance of this finding may be refuted by arguing that it is based on a limited number of case studies. However, a number of representative surveys, amongst others, the recently published "Third European Survey on Working Conditions", confirm that it is a widespread and increasing phenomenon in many areas of the economy (Figure 15).[20] Especially industry workers frequently state that they have to work both "to tight deadlines" and "at very high speed", yet also 23% of all "service and sales workers" in the EU reported in the year 2000 that they were working "continuously at very high speed". Five years before, the figure had been at 20% (Merliée/Paoli 2001: 22). It is against this back-

[20] According to the Third European survey on working conditions, having to work at high speed all or nearly all the time was reported by 24% of respondents while 56% claimed to do so for at least a quarter of the time. These figures include the self-employed. Among employees, the highest increase since 1995 (6%) was observed among temporary agency workers.

ground, the NESY case studies carried out in various large service sectors allow a deeper understanding of the mechanisms of such dynamics residing in work organisation.

Figure 15: Pace and Intensity of Work



Source: Merllié/Paoli 2001

In many service activities, the acceleration of work is taking place in a setting of fixed working times. The opening times of retail outlets, work-shift duration in hospitals or the times of the day during which home-care services have to be accomplished constitute a frame within which work is intensified. However, the location and duration of working time are not predefined everywhere. Especially service organisations which encourage and request their employees to behave and act on their own initiative "like entrepreneurs" tend to not only intensify work, but, at the same time, to extend working time.

This trend especially concerns high skilled employees. In many EU countries, the level of qualification increases the probability that work intensification will open up the gates to working-time extension (Table 24). Only in Spain, Portugal and Greece does high qualification continue to be a privilege entitling employees to work shorter hours than workers with low qualification. In other countries – the Netherlands and Finland are standing out in this respect - the limitation of working time seems to be effective across all levels of qualification. However, in a remarkably large group of countries, to which especially the three economically most powerful EU countries belong, the share of service sector employees usually working more than 48 hours per week is increasing dramatically, depending on the level of qualifica-

tion. In 1999, the usual weekly working time of 11% of the high skilled service-sector employees in West Germany, of 12% in France and of 20% in Great Britain thus exceeded the limit set by the European Directive on Working Time (within a four-month average).

Table 25: Service sector employees working usually more than 48 hours, breakdown by educational attainment (1999, percentage of all employees in skill brackets)

	low (ISCED 1+2)	medium (ISCED 3+4)	high (ISCED 5+6)
Austria	2.6	3.2	7.9
Belgium	4.3	3.6	7.3
Denmark	2.2	4.7	6.2
Germany	4.2	4.5	9.4
West	4.3	4.9	11.2
East	3.5	3.0	4.4
Spain	7.7	5.3	4.1
Finland	5.4	4.0	5.6
France	6.9	7.7	12.3
Greece	12.8	7.9	5.0
Ireland	n.a.	n.a.	n.a.
Italy	5.2	2.7	5.4
Luxembourg	2.7	3.5	7.5
Netherlands	1.3	0.6	1.0
Portugal	7.7	6.0	3.5
Sweden	1.4	1.5	3.2
UK	7.2	10.9	20.2

Source: Eurostat LFS special tabulation

It is on no account paradoxical that it is the same employment categories which – according to the "European Survey on Working Conditions" – are most likely to be able to influence their working time, as such employees themselves state: "As with other facets of job autonomy, the higher skilled and better qualified the worker, the greater the level of control over working hours" (Merllié/Paoli 2001:21). If, in the case of high skilled persons, long working hours and working-time control coincide statistically (with the latter being understood as control on the location and distribution of working time - not on its duration), then the effectiveness of the very paradigm of flexible working-time organisation is evidenced, which we described as active flexibility in our study example of IT service employees. In many cases, it is not an individual wish for long working hours which is thus expressed (cf. below), but rather the fact that employee autonomy is exercised in a setting imposed by the top management with a tight grip especially on the supply of resources. Under such condition, employees do not work long hours despite their autonomy, but *because of* their autonomy. It is here where the true new challenge for the conventional system of working-time regulation lies.

The potential impact of increasing work loads on employees' health differs individually, because everyone develops his or her own subjective mode of coping with work pressure.

However, as the most recent ILO report on mental health in the workplace also emphasises (Gabriel/Liimatainen 2000), statistical correlations between work load and physical illness as well as mental disturbances can in fact be detected. An important indicator are illnesses which induce employees to quit gainful employment. In 1984, for example, 9% of the male cases and in 8% of the female cases in West Germany accounted for mental illnesses, entitling to the state pension granted for reasons of work disablement. By the year 1999, these figures had risen to 19% and 32%, resp. (Association of the German Social Security Insurance Office, quoted acc. to Bröder 2001:6).

The unability to pursue gainful employment until the statutory pension age because of specific workloads may be the clearest symptom of lacking sustainability in certain forms of societal and corporate work organisation. It is not only the persons concerned who suffer from this, but also entire societies and national economies.[21] Valuable human productive power is thus paralysed doomed to lie dormant. This is especially problematic in view of the demographic development expected for the EU countries in the coming decades. The lower the share of labour potential in the overall population, the more important will it become to exploit this potential: by avoiding detrition which forces employees to put a premature end to their gainful employment period as well as by high employment participation and value creation during such periods of gainful employment.

6.2 Organisation of service work and female labour supply

Illnesses forcing employees to quit gainful employment constitute one of several aspects by which potential productive power at societal level is reduced. It is much more frequent that people reduce their preparedness to work and thus their contribution to a society's or nation's labour supply "on their own initiative". In various service industries studied by us, this can be observed especially in women. The causes for this trend often lie in the organisation of service work – with "organisation" having another two-fold meaning in this context: The term refers both to the organisation of work within a *company* and to the way in which a given *society* organises the services it intends to offer, and both may have a hampering and inhibiting effect on female labour supply.

[21] For more detailed information on the concept of sustainable working-time systems, cf. Brödner (2001). The term of "lacking social sustainability" can be defined in a broader sense, including the "repercussions of work beyond the workplace", which were studied in the framework of the TSER project SERVEMPLOI implemented in parallel with NESY.

6.2.1 Corporate work organisation: insufficient *use* of female labour supply

Work may be organised in a way inducing persons to hold back or reduce their preparedness to work and thus their own contribution to a society's or nation's labour supply. As our investigations have shown, the withdrawal from full-time to part-time work symbolising the workers' wish to flee from increasing workloads and their side effects is an example often found in nursery activities. If work organisation and conditions of work are insufficiently adapted both to increasing qualification and flexibility requirements on the one hand as well as to the employee expectations going along with it on the other hand, this may be pointedly termed a scarcity in the supply of labour induced by the features of labour (and job) demand.

It is highly probable that this problem is not at all or only partly reflected in the statistical findings on "involuntary part-time work" (e.g. in the European Labour Force Survey). When part-timers are asked if the only reason for their having chosen this form of employment lies in that they couldn't find full-time work, very different pictures are suddenly unveiled within the EU, especially for women (Finland and France attain peak values in this respect). A decisive role in this respect plays the aspect of unemployment which, as case studies carried out in the NESY framework again confirm, induces many women to take on jobs, for example, in the retail trade – despite other preferences. However, the problem caused by the scarcity in the supply of labour induced by the form of labour/job demand is different: In the retail trade sector, companies push part-time work, whereas in the health sector many employees withdraw from full-time work contrary to their employers' wish. This hidden form of "involuntary part-time work" is probably difficult to capture by means of surveys. However, similarly like the openly shown involuntary part-time work, skilled labour is again used insufficiently.

6.2.2 Societal service organisation: Insufficient *promotion* of female labour supply

Apart from the open and hidden forms of involuntary part-time work, there is a large majority of women in a number of European countries who work part-time and who expressly wish for this form of employment. However, it must be considered even in this context that such wish may have been nourished or even provoked by a given institutional setting. The supply of child-care facilities and all-day schools has an obvious significance for the employment behaviour of women; and tax as well as social security systems may equally contain strong incentives for couple households to maintain the classical role distribution in a different form – man full-time, woman part-time (cf. Anxo/Flood/Rubery 1999). As NESY has brought to light, this is of paramount significance for economic segments such as the retail trade.

This finding holds both national economic and social implications, which may be easily overlooked if the diagnostic view is exclusively oriented along the lines of individual companies or trades. Due to the institutional setting, companies offering non-complex services can, in the short and medium term, be sufficiently supplied with female workers of whom only low technical qualifications are required and who at the same time offer the necessary "soft skills". This may even lead to the phenomenon, paradoxical as it may be at first sight, that job tenure in the German retail trade is very high compared to other countries although the share of marginal part-time workers is also far above the European average. However, this congruence in the profiles of labour supply and demand, which seems so fortunate, has the side effect of encouraging retail trade companies to fragment work still further. This is not really beneficial for the overall national economy, but rather constitutes a strategic misallocation of resources. It is basically a form of under-using social/"human capital", and its long-term workability has to be called into question.

In the long run, it will be more promising to foster forms of corporate and social work organisation which are in line with the increasing levels of female qualification and the higher requirements in terms of work contents and conditions of work going along with such development. Examples to this effect are offered by those member states of the EU in which a virtuous circle consisting of increasing gainful employment of women on the one hand and of service offers with higher qualification requirements on the other hand is developing (cf. Chapter 3). There is a close relationship between the volume of work in social and society-oriented services and the expenses incurred for social security, which is attributable to both pull and push factors (social services facilitate gainful employment of women and at the same time increase job offers). In view of the increasing gainful employment of women, this course of action may well prove to be a sustainable variant of the societal organisation of service work rather than a primary promotion and support of non-complex services. However, this virtuous circle can only be closed if corporate work organisation and conditions of work are equally adapted to the significance of these social services. As NESY findings so far suggest, signs of lacking consistency regarding societal models for the gainful employment of women and men as well as regarding the organisation of service work continue to prevail in large part of the EU.

The most obvious expression of these inconsistencies stands out like the peak of an iceberg: It is the shortage of skilled labour, which was deplored in several of the service segments studied by us.

6.3 Labour shortage in times of unemployment

The symptoms of lacking sustainability in the organisation of service work – work intensification and constraints on gainful employment of women – culminate in the shortage of skilled labour. It plays an important role in many NESY case studies, however, in view of the high levels of unemployment which continue to reign in a number of EU countries, this wants explanation.

The paradoxical phenomenon, which is not only found in the service sector (European Employment Observatory 2001), is only partly due to a mismatch of qualification profiles in labour demand and supply. Of equal relevance is the problem of work organisation and work conditions described in the previous section of the text on hand.

This is especially obvious in the health care sector, where the shortage of personnel related to the required volume of work is estimated at running between 5% (France) and 11% (Netherlands). The problems lying at the bottom of the phenomenon play a central role in all of the countries included in the survey – from Italy up to Sweden. On the one hand, the qualification requirements are increasing, and all countries are making great efforts at providing training and further training to their care personnel; on the other hand, however, authority and thus empowerment do not grow as fast as requirements increase. In the wake of restrictions to the personnel budget, work loads are increasing, however, wages do not keep pace. Career possibilities are limited, and increases in income are equally low with advancing age. Low incomes have the side effect that it becomes difficult to use working-time reductions, by means of which flexibility requirements at least in terms of time could be mastered, as a *general* tool approved by a vast majority of employees (cf. below).

All this is also considered a symptom of the low prestige which care jobs have in today's society. The result is a dualism of increased training activities on the one hand and – in some countries – of increasing part-time rates as an expression of *individual* movements of withdrawal which, however, further aggravates the labour shortage.[22] A similar dilemma is developing in the home-care services. Here, the lack of personnel is even estimated at up to 17% (Netherlands) of the required volume of work. The issues are the same as in the hospitals: high workloads, low remuneration, discrepancy between increasing demands on work, work

[22] In contrast to such individual manoeuvres, *overall* working-time reductions would offer advantages, amongst others, of inducing the parties to collective bargaining to confer with each other on strategies to combat the causes of the labour shortage (cf. below, Chapter 6.4.2).

expectation and work reality. To all this adds the largely unsolved problem of finding generally accepted arrangements to cope with time-related flexibility requirements.

The causes of the labour shortage in the IT services sector differ in part greatly from those encountered in the area of social services – however, often at first sight only. There is no doubt that the lagging behind of state and industry-wide training activities as compared with the rapidly growing labour requirements plays an important part in this segment of the service sector. The training deficit is not confined to EU countries; even the US are staging intense efforts at recruiting foreign IT specialists. Especially in Great Britain, this aggravates personnel bottlenecks and leads to high fluctuation. As NESY case studies report from Finland, which counts among the countries leading in this area worldwide, managers there have to spend a considerable part of their working time on personnel recruitment.

These unfavourable external conditions contribute to reinforcing various causes of the labour shortage, which lie in the industry and in the companies themselves. They are clearly summarised in the case study of a Danish software company which "may contribute to its recruitment problems by the very same features that attract so many (apparently unqualified) applicants: The young, trendy culture itself may limit the pool of applicants considerably. It is hard to picture a middle-aged family man, not to mention a working mother, fitting into this setting. In times of labour shortage, this rather one-sided cultural environment may be a short-sighted strategy, contributing to the problem of long working hours. Another part of the recruitment problem may be strengthened by the fact that they do not train their employees themselves ..." (Csonka/Boll 2000:28). Large parts of this sector of the economy are obviously moving around – seen against the backdrop of public education deficits - in a *vicious* circle consisting of long working times, extreme demands on employees, high pressure to perform and lacking offers for internal training and further training. Therefore, even the currently observed weakening of the IT boom will not lead to expect a solution to the problem.[23]

The lacking sustainability in this form of service work organisation lies open: It concerns the development possibilities of the industry as much as its ability to attract and retain workers in sufficient number and with sufficient qualification. Especially as regards the far-reaching disregard of the possibility of winning over large numbers of women as employees – an op-

[23] Most of our case studies were conducted at a time when the boom in the IT industry continued to be unbroken. At present, however, many firms are in difficulty so that the current labour shortage may be felt less strongly than in the year 2000. Nevertheless, our findings are by no means obsolete. The causes of this labour shortage are not eliminated by cyclical fluctuations – to which this industry is quite susceptible – but at most vanish from sight for a while.

tion which is, at present, of rather theoretical significance – the inherent link to the problem described in the previous section becomes clear.

The concluding finding for two very different service areas, such as the IT and the health-care sector, can be reduced to one common denominator: In both cases, the current labour shortage is to a large extent linked with a limitation in the supply of labour induced by the form of the respective demand.

6.4 Approaches and possibilities of reform

In the framework of our investigations, we did not only come across problems, but also saw a range of corporate-level attempts at increasing the sustainability of service work organisation. This is true for both private and public employers. Such examples are characterised by the fact that, at least basically, they try to take account of the emerging long-term changes and reshuffles in the structure of labour supply, although they do so with differing accentuation. The demographic change is one important element in this context. Growing parts of the younger age cohorts have to acquire excellent training; the further-training efforts of those engaged in gainful employment have to be reinforced and fostered; but first and foremost, conditions allowing these employees to make their knowledge and experience available to the national economy until they reach the statutory pension age have to be improved. Among these lasting and sustainable changes also counts the increasing gainful employment of women. Women in EU countries are usually as well trained as men so that they must be given the possibility of using their qualification within business life in the same way and with the same social recognition as men.

Not all, yet most of these approaches of reform have emerged from endeavours in mastering an acute labour shortage. They do not represent, to emphasise this once again, the mainstream of personnel policy within service organisations. However, we consider it important to give a brief presentation of their major starting points and approaches.

6.4.1 Attempts of service organisations to face labour shortage

The measures by means of which jobs in the service economy are to be made more attractive for skilled labour relate to the areas of training and further training, pay, “family friendliness”, as well as to the organisation of work and working time.

6.4.1.1 Training and further training

In order to enhance their attractiveness as employers, a number of organisations are launching initiatives for training and further training. For example, one of the Italian hospitals visited has created a fund out of which further training grants are financed. One of the British hospitals elevates its further training activities to a new level by making them a kind of trademark ("training ethos"), by means of which it strives for a competitive edge in the labour market.

Several important initiatives have been taken in the German IT sector. On the one hand, the parties to collective bargaining have agreed to establish four new apprenticeable occupations in the framework of the dual system of vocational training, with a view to improving the prerequisites for a broader recruitment of skilled young personnel in this trade. Furthermore, collective agreements are occasionally concluded at the corporate level, which also gives highly qualified employees more possibilities to avail themselves of further training periods.

6.4.1.2 Pay

As shown above, payment increases in the social services sector are a key issue - not only as a means of increasing the attractiveness of individual employers,[24] but generally also for a gradual strengthening of the societal sustainability in the organisation of these service activities. Major initiatives have been reported from the Belgian, the Swedish and the Dutch health service sectors.

In the year 2000, the Belgian government introduced a bonus for the care personnel of state hospitals to be paid to workers of and above the age of 45. Employees have the possibility to have this bonus paid out to them or to turn it into shorter working hours. With this arrangement, the government slightly accommodates the trade unions' efforts at achieving general working time reductions for health-care personnel.

In Sweden, where decentral elements in the collective agreement system have been strengthened for several years in all trades and industries, local negotiations are taking place, also in the hospital sector, on the basis of central framework agreements. Some organisations use the mass of distribution available to them for stronger income differentiation. Skilled personnel shall thus be won over or retained in the health-care area.

The maybe most comprehensive attempt at tackling the income problem in the care sector was undertaken in the Netherlands. There, the parties to collective bargaining agreed to implement

[24] Pay issues have this significance in the IT services sector.

a structural reform of the wage groups in hospitals - in order to eliminate or at least moderate the systematic undervaluation of work performed mainly by women. This reform led to a higher classification of approximately one quarter of all nurses.

6.4.1.3 "Family-friendly" workplaces

Starting points for improving the "family friendliness" of workplaces especially lie in the supply of childcare facilities as well as in a stronger accommodation of employees' individual working-time preferences.

Especially in the Netherlands, private and public employers are trying to win over or retain skilled female workers by organising childcare facilities. In the health care sector, this task is not confined to individual organisations alone; the parties to collective bargaining have created a sector fund out of which corresponding local efforts are supported. Both the establishment of kindergartens as well as measures for personnel training and further training, along with good co-operation with the labour office, are supported.

Again in the Netherlands, a "national task force" has been set up in order to win more women over for jobs in the IT service area. One of the case-study companies specifically aims at recruiting women (one quarter of all new recruitments in 1999). To this end, flexible working-time arrangements such as part-time, flexitime and care leave are offered.[25] Another company aims at introducing the 36-hour week as standard working time. However, the comment of Plantenga/Remery (2000:23) is important, who emphasise that such measures, when implemented in a sector or industry with comparatively long working times, depend on the interaction with a societal environment which is open for working-time reforms: "Clients start to accept part-time work by posted employees, especially clients with a high part-time rate amongst their own personnel ... Explicit part-time policies are rare; generally, employees have to negotiate individually with the employer. Nevertheless, the new opportunities may create a more 'open' atmosphere in which long working hours and standard overwork are no longer taken for granted."

6.4.1.4 Organisation of work and working time

Comparatively extensive reforms of working-time organisation, such as those just described, have to be rooted in corporate work organisation. One of the Dutch hospitals visited, for example, copes with part-time preferences of its female employees by putting working-time

[25] Smith (2001) reports about similar local initiatives in the US.

organisation fully into the responsibility of its employees. There are fixed "pairs" among part-timers who mutually agree their shifts.

Another example for the prerequisites of decentralised working-time organisation is described in the case studies of German branch banks. In one of the branches, working-time organisation was officially laid in the hands of the employees; factually, however, superiors used this tool in order to intensify control "from above". All accounts made, the work situation of such employees has even worsened in the wake of the working-time reform. In another branch, however, work organisation has kept pace with the decentralisation of working-time organisation so that it became possible to increase work efficiency and even to decrease actual working times for some time. However, new problems emerged when the company headquarters continued to cut back personnel so that the tendency towards self-organised work intensification as described in Chapter 5.4.3.3 began to gain ground.

The manner of how even in IT companies working-time arrangements can be effectively rooted in work organisation is especially illustrated by some Finnish case studies. Along with the Netherlands, Finland belongs to the countries where average working times in the IT services area hardly differ from country-specific working times – although this is only true for larger companies (cf. above Table 23). The case studies reveal that there are periods with very long working hours, but that the accumulated "time credit" is actually used. Even when electronic time recording was abolished in the case-study companies, employees continued to note down their overtime hours individually. There is no doubt that industrial relations[26] and national "working-time cultures" play a very significant part in the rooting of such practices, as do factors such as the age structure of a workforce. In the IT service area, too, the preparedness to work very long hours decreases with advancing age, and IT specialists often also change their working-time behaviour when they bear responsibility for children. But the case studies furthermore illustrate the importance held by the relationship between such factors and work organisation. In one of the companies visited, several experienced employees estimate the necessary number of hours to be spent on a project on an individual basis and these estimations are compared. Accurate planning is being regarded as crucial in order to reduce the workload and overwork of employees, since the risk in case of extensions is the company's and not the employees'. The company has thus an interest in implementing this organisational

[26] Finland is the only country covered by NESY which has a collective agreement binding for all companies in IT services. Even though this agreement offers the opportunity to negotiate working times at a local level, only few organisations resort to this clause.

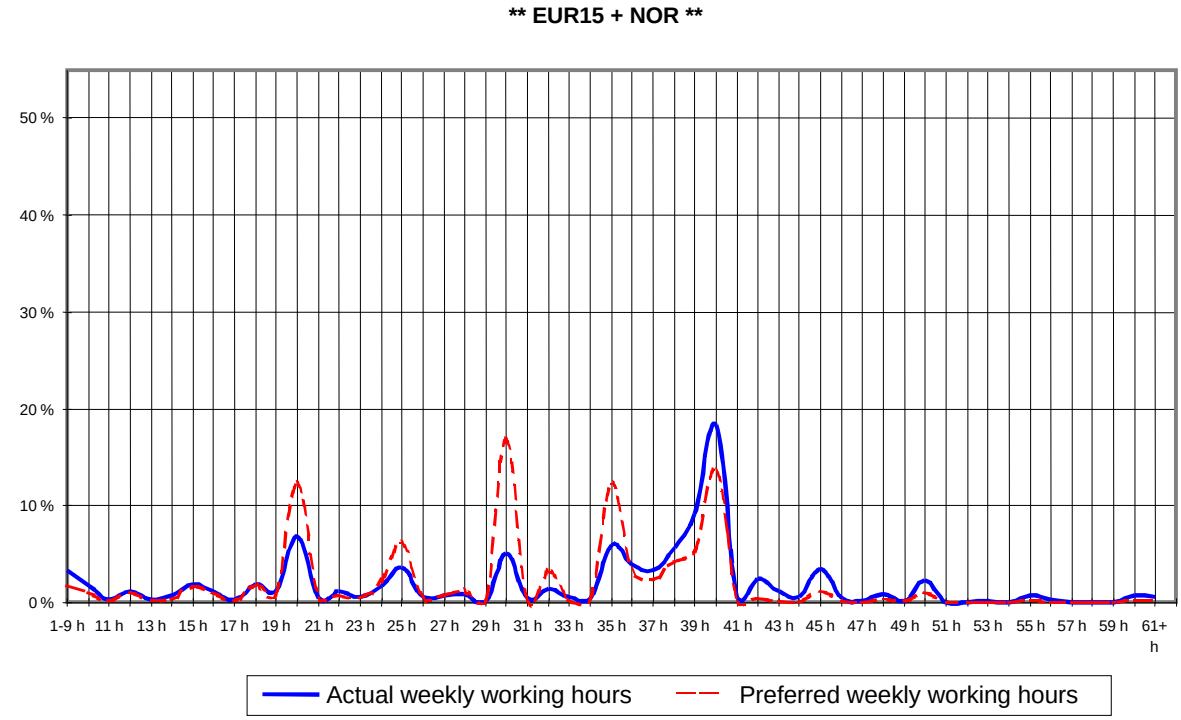
effort because it has to pay for actually worked hours, which is anything but a matter of course in this industry (not to speak of bonus payments for overtime). The organisation of work and working time thus contains in-built incentives to increase efficiency increases, with working-time extensions hence becoming superfluous.

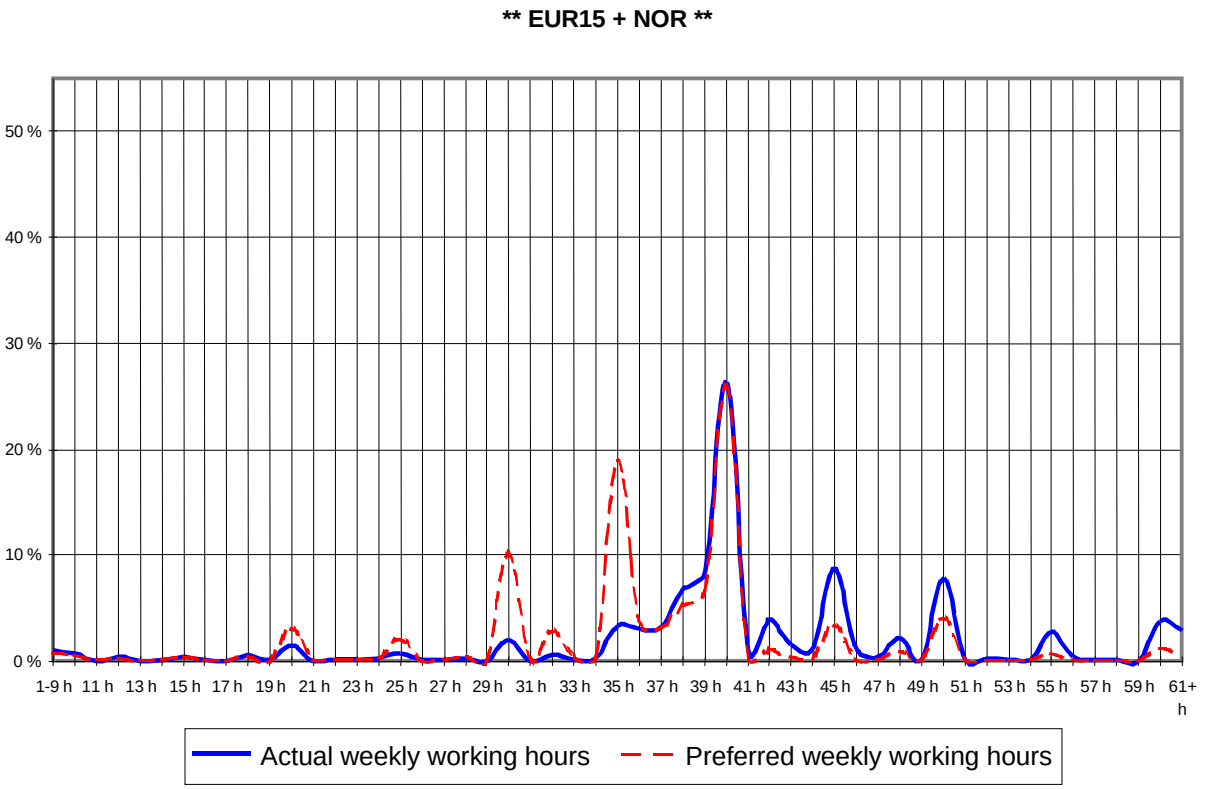
6.4.2 Providing tail wind for reform by accommodating working-time preferences

The preceding examples of "better practice" in service work already show that the consideration of employees' working-time preferences is an important foothold in the efforts launched by service organisations at accommodating the expectations and demands of their employees on work organisation and conditions of work. However, reforms of working-time organisation at a local level can be effectively supported by the parties to collective bargaining and by the respective governments, who may find a starting point for pertinent action in the working-time preferences voiced by employees. On principle, survey results on working-time preferences among employees should always be interpreted with caution because the respondents' answers will always be influenced by the formulation of the questions and by the political environment of the survey etc.. Nevertheless, they may yield interesting hints and clues.

Usually, representative findings on working-time preferences are shown in the form of global comparisons of preferences in terms of shorter working times as set against higher wages. For a number of European countries, these investigations usually reveal a medium-range tendency towards shorter working times, however, with marked country differences and fluctuations, depending on the respective level of economic development (cf. the OECD analysis (1998) and recently European Commission (2000)). Behind such global figures on working-time preferences, however, there are highly differentiated developments in terms of form of employment, household type etc., on which a survey commissioned by the European Foundation is now extending more information (Fagan/Warren 2001; Bielenski/Bosch/Wagner 2001). The highly significant basic pattern is that, on average, full-timers wish to work shorter hours and that part-timers strive for longer working times. This tendency represents something like a European mainstream or basic current. Figure 16 provides an overall impression of the relationship between actual and preferred working times of dependent employees.

Figure 16: Actual and preferred weekly working hours of female and male employees (EU + Norway 1998)





Source: Bielenski/Bosch/Wagner (2001)

If full-timers wish to work shorter hours, and part-timers request longer hours, the corresponding numbers of preferred hours must be expected to be closer to each other than the columns of actual figures are. In fact, the average difference between the actual working hours of full-time and part-time workers is 18.8 hours in Europe, but the gap shrinks by more than half, to 9.2 hours, when it comes to preferences. Especially employees with very long working times express their wish for considerable reductions. Working times of more than 40 hours per week are unpopular, also in men and also in high skilled employees. To this adds that many currently inactive individuals would like to enter the labour market, although with somewhat shorter working hours than those currently in employment.

A glance at the profiles of individual countries shows that working-time preferences of full-timers tend to orientate themselves strongly along the lines of actually established working-time standards in their respective societies. In Germany, this largely continues to be to a large extent the 40-hour-week, in Denmark where the 37-hour week is the collectively agreed standard throughout the country, it constitutes both the standard in people's minds and in reality. In France, the 35-hour week had been a popular public idea already in 1998 when the survey was conducted so that the government could take up the idea and develop it further to become the building block of amended working-time legislation.

In contrast to the preferences voiced in EU countries, the interest of full-timers in shorter regular working times, however, has only exceptionally come into play over the past years in its political dimension. The low incomes may be one explaining responsibility factor in many service areas. From Sweden and Belgium it is reported that the trade unions' demands for overall working-time reductions for care personnel meet with approval among employees, but that such demands have won only little practical support. The only counterexample over the years was found in the Netherlands, where the 36-hour week was agreed for hospital care personnel in 1993. Meanwhile, however, working-time reductions in France are gradually being extended to the public services sector. A law passed in October 2001, for example, provides for the introduction of the 35-hour week in hospitals (32 hours for night shift workers), linking this perspective with the goal of creating 45,000 new workplaces over the course of three years. Care personnel shall then get the possibility of turning time credits accumulated by then into time off in lieu (Le Monde, 14 September and 26 October 2001).

Only a minority of European countries have chosen to reduce the statutory weekly working time, but there are possibilities of implementing targeted political measures against extremely long working hours. In the Netherlands, for example, the maximum working time also of

medical personnel, whose working hours are extremely long in many European hospitals, has been limited by law since 1993. An evaluation of the law shows that the goals linked with such procedure have not been fully reached: Part of the hospital personnel continues to work longer hours than statutorily provided, but the share of extremely long working hours has decreased. What Plantenga/Renery (2000:6) emphasise as a positive impact of the law is "that employers pay more attention to the scheduling of work".

There is a surprisingly large number of women and men who prefer working times of approx. 30 weekly hours (which roughly corresponds to a four-day-week). This arrangement in particular is currently being offered by only a very small minority of employers. Especially in the Scandinavian countries such as Denmark or Sweden, where full-time work of women is on the increase, the wish for a 30-hour week is particularly pronounced. It would not be appropriate to interpret this fact as expressing the workers' wish for a return to part-time work. It is rather that the actual trend towards full-time employment shows an interest in gainful employment which is equal for women and men and which corresponds to the increasing level of qualification. Demanding activities with high qualification requirements have so far usually been offered in the form of full-time employment. Obviously, the wish of many Scandinavian women for shorter full-time work expresses the dilemma that changes in the domestic division of labour are not keeping pace with the changes in gainful employment of their respective society.[27]

The interest in substantial part-time work which is thus expressed is of particular significance for many service organisations. This can be seen in the implementation of the 35-hour week in the French retail trade, which is currently 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. In this context, too, the indirect though efficient influencing possibilities of state policy become evident.

Another topic which is of particular relevance to service organisations is the wish of many workers to vary their working times over the course of their working lives. Thus in the 15 EU member states and in Norway, 12% of full-time workers would like to work part-time for a

[27] Cf. the standpoint of Swedish women's organisations on working-time reduction discussed by Nyman (2000).

given period. Figures for the individual countries range from 8% in Spain, Portugal and the UK to 23% in Norway. The case studies from Sweden show how service organisations are increasingly forced to adapt to the varying life working times also of their skilled – mostly still female – employees. In this context, the example of Sweden also draws attention to the responsibility of state policy, for employees in Sweden have long been legally entitled to limited periods of time out or part-time stretches, and the shift between full-time and part-time for women has gradually developed into social normality (also cf. Evans/Lippoldt/Marianna 2001). The most important reason for resorting to time-out and part-time periods has so far been the upbringing of children, but in the future the compatibilisation of work and continued training will assume ever increasing importance especially for employees who perform high-quality services.

In our view, the overall conclusions which we draw from our findings on working-time preferences relating to the gradual development of a future European working-time standard (Bielinski/Bosch/Wagner 2001) can form an important element for the support of societal sustainability in the organisation of service work. We see its essential components, first, in the upper limitation of weekly working time (the 40-hour week has not yet been rooted in all EU countries as the statutory working time), second, in the gradual reduction of full-time norms or standards in the societies of most EU countries, third, in expanded options and alternatives below the full-time standard, and, fourth, in the support of substantial part-time instead of marginal part-time which is still usual in many EU countries(amongst others, in the form of tax privileges).

6.5 Summary and outlook: Political support of company reform

The fundamental organisational change in service activities has very different impacts on the conditions of work; however, an intensification of work and an increase in the speed of work can be identified as a common basic tendency. In service organisation with strongly developed autonomy in work organisation, this may go along with working-time extensions organised and managed by the employees themselves. For the time being, this refers especially to high skilled employees.

These findings suggest that the organisation of many service activities in EU countries is *societally not sustainable.*

The most obvious symptom of this predicament is the phenomenon observed in a number of countries, namely that employees, mainly due to mental burdens in the wake of massive

workloads, cannot remain gainfully employed until they reach the statutory pension age. It is not only the immediately concerned persons who suffer from this status quo, but also entire societies and national economies who are thus deprived of valuable human productive power.

Another characteristic of the lacking societal sustainability in the organisation of service work is the constraints and restrictions imposed on the use and support of female labour supply. While *corporate* work organisation often *uses* female labour supply insufficiently (holding back of preparedness to work and thus of work capacity on the part of workers and thus resistance to contribute to labour supply due to heavy work loads, low remuneration and low social prestige of many typically "female" service activities), the *societal* organisation of service work is often responsible for the fact that female labour supply is only insufficiently *fostered*. A key role in this respect plays the development of social services which contribute significantly to creating a broad and continuous supply of skilled female workers and to offering large numbers of demanding jobs.

However, these chances offered by social service activities can ultimately only be used if corporate work organisation keeps pace with the societal significance of this activity. This means that, both at corporate and at societal level, forms of organising service work have to be found which take into account not only the increasing qualification of women, but also the greater demands made on work contents and the conditions of work going along with such development. Consistent *models for a socially sustainable organisation of service work* both at a societal and at a corporate level are required.

The extensive lack of such models currently finds its clearest expression in the lack of skilled labour in various service sectors. The paradox – labour shortage in times of unemployment – suggests the necessity to undertake increased efforts in the area of training and further training. Of equal importance, however, is the solution of the problems described in this sector, namely those concerning work organisation and the conditions of work in service activities. A major share of the current labour shortage is due to the constraints on labour supply induced by the specific features of current labour demand.

The development of *consistent models for service work organisation* in European societies will require public discussion and debate. Two highly controversial issues will be on the agenda in this respect.

First, it would be important to conduct an open debate on the so-called "service paradox": The more person-related services are enlisted, the more likely will there be the possibility that – depending on the type of service and its societal organisation – people will be forced to work

at times when other people do not work. Moreover, as many activities in manufacturing industries, too, are getting more and more service-oriented, societal time structures may be expected to become increasingly desynchronised. On the individuals' level, a great deal of efforts to manage the increasingly unpredictable working-time patterns and to co-ordinate times of work and reproduction, including leisure, within households and the respective social environments may be required. However, the question is if only the immediately affected individuals are encumbered with the task of mastering of these problems and the costs related to it. If high-quality services are desired, *there is no way to service at any time at zero cost.* If there is a broad social consensus that the service offer be expanded in terms of time, then it must be clear that this will also require *new flexibility compromises*, the cost of which will be reflected in the service costs. Regulations both at state level and at the level of collective agreements can be of great help in this respect.

This aspect leads over to the maybe most intricate controversial issue: What is the worth of good services in a society? Nowadays, this fundamental question is becoming a pressing problem especially as regards the area of social services. So far, the organisation of social services has been increasingly becoming input-oriented, i.e. it has been "hooked" on reducing the costs of labour-intensive service activities. In a pictorial sense, this corresponds to the primary use of fever-reducing medicines in order to fight the "cost disease" haunting parts of the service sector. Output orientation, on the contrary, focuses on the quality required for service accomplishment in the interest of consumers or of society; it looks for the most promising and efficient means of service creation under given conditions and for ways of attracting demand for the products it intends to offer (or, in the case of the state: of supporting demand in the wake of democratic decisions). This does of course not mean that input criteria are becoming irrelevant, however, accents are shifted noticeably. Also, and especially if public suppliers of social services compete with private or "third sector" organisations, the state has a wealth of options as to the accomplishment of such shifts in accent. Among the tools serving this goal are both the indicators and standards of service quality, of quality assurance and of service personnel qualification (Social Public Services Research Group 2001). However, the specialist group of the European Foundation (ibid.: 1) also emphasises the following: "The introduction of quality assurance mechanisms and the greater requirements of organisation reflection and evaluation have worked best where there has been worker participation in job and service design, where team working structures have operated, and where Management methods have been flexible and open." The recognised necessity of resorting to multi-level procedural dovetailing which is emphasised in this statement fully coincides with the conclu-

sion which we draw from our NESY case studies, namely that the development of reliable and consistent models guiding the organisation of service work is indispensable.

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7 Dissemination of results

7.1 Conferences

Dissemination of intermediate findings and project results took place on various conferences in the course of the project:

1. Annual meeting of the International Working Party on Labour Market Segmentation in September 1999 in Bremen/Germany
2. International Conference “The economics and socio-economics of services: international perspectives”, held in Lille-Roubaix / France on the 22 and 23 of June, 2000
3. Annual meeting of the International Working Party on Labour Market Segmentation in August 2000 in Manchester/UK
4. 8th International Symposium on Working-Time held from 14 to 16 of March in Amsterdam
5. Unity and Diversity. The contribution of the social sciences and the humanities to the ERA. Bruges/Belgium, October 29-30, 2001 (EU/Belgian Presidency)
6. Private and Professional Spheres: Towards a Recomposition of Roles and Actions. Gembloux/Belgium, November 8-9, 2001 (EU/Belgian Presidency)
7. Developments in European Services: implications for work, skills and gender equality. Brussels, 23 November 2001 (EU/ DG Research)
8. Congrès « La métamorphose du temps de travail en milieux hospitaliers social et médico-social », AFNH-GREFIGE-Université Nancy 2, 2001
9. Journée d'Étude CLERSÉ : l'organisation sociale de l'économie, Lille, 8 juin 2001

7.2 Conference papers

Baret, C. (2001), « L'emploi et le temps de travail des personnels soignants hospitaliers. Une comparaison Belgique, Italie, France, Grande Bretagne, Pays-Bas et Suède », Congrès « La métamorphose du temps de travail en milieux hospitaliers social et médico-social », AFNH-GREFIGE-Université Nancy 2, avril, 20 p.

Boll, J. L. (2001): The "transitional workforce": A source of time flexibility in Danish retail trade. Paper for the 8th International Symposium on Working Time, Amsterdam, 14 – 16 March 2001

Jany-Catrice F., Pernod-Lemattre M., The management of working time in large-scale non-food retailing in France : extension or reduction of working time ? Paper for the 8th International Symposium on Working Time, Amsterdam, 14 – 16 March 2001

Jany-Catrice, F. / Pernod-Lemattre, M.: The management of working time in large scale non-food retailing in France: extension or reduction of working time?, 8th Symposium on Working time, Amsterdam, 14-16th of march, 2001

Lehndorff, S. (1999): Striving for greater personnel flexibility: the retail trade and the segmentation of internal labour markets. Paper to be presented at the International Working Party on Labour Market Segmentation Bremen, 9-11 September 1999

Lehndorff, S. (2000): „Tertiarisation", work organisation and working-time regulation. Paper presented at the International Conference „The economics and socio-economics of services: international perspectives", Lille-Roubaix, 22-23 June 2000

Pernod-Lemattre M. (2001): L'offre de travail dans les services : logiques temporelles et segmentation : le cas du grand commerce non alimentaire et de la banque. Journée d'Étude CLERSÉ : l'organisation sociale de l'économie, Lille, 8 juin 2001

Plantenga J. & Remery, C. (2000). The absent employee. The organisation of work and working times in the Dutch IT sector. Paper presented at the conference The economics and socio-economics of services: international perspectives. Lille-Roubaix, 22-23 June, 2000.

Voss-Dahm, D. (2000): "Service-sector Taylorism" and changes in the demands on working-time organisation: the example of the retail trade. Paper presented at the International Conference "The economics and socio-economics of services: international perspectives", Lille / Roubaix, 22 – 23 June 2000

7.3 Publications

7.3.1 Book project

A major publication drawing on NESY will be a book to be published by Routledge in 2002 .

The plan for the book at the present stage is as follows:

Bosch, G. / Lehndorff, S. (eds.):
Working in the service sector - a tale from different worlds

Introduction (editors)

Part I: The "tertiarisation" of European economies and new forms of employment and working time

- Service economies - a European landscape (Bosch/Wagner)
- Incidence of new forms of employment in service activities (Smith)

Part II: Working in the service economy - reports from five different worlds

- IT Services (Plantenga/Remery)
- Retail trade (Jany-Catrice/Lehndorff)
- Banking (Haipeter/Pernod-Lemattre)
- Hospitals (Baret)
- Home care (Anxo/Fagan)

Part III: The factors behind diversity (125 pp.)

- What makes services grow and service work so diverse? (Bosch)
- Trends in the organisation of service work (Lehndorff/Voss-Dahm)
- New forms of employment and working time in services - the labour market segmentation theory revisited (Rubery)
- Services and flexibility (Lehndorff)
- Part-time work as destiny? Service work of women - contrasting features in Europe (Plantenga/Gonzalez/Nätti/Wagner)
- Service work and changes in industrial relations (Plasman)

Conclusion: High roads and low roads into the service society (Bosch/Lehndorff)

7.3.2 Other publications

The following list of publications includes first articles of individual members of the NESY ream already published and papers submitted to journals so far to be published in 2002.

Baret, C. / D. Piovesan (forthcoming) "Hôpital : le temps de travail sous tension. Une comparaison Belgique, Italie, France, Grande Bretagne, Pays-Bas et Suède". Proposition d'article à la revue "Sciences sociales et santé", Paris

Haipeter, T. (2002): Innovation zwischen Markt und Partizipation. Widersprüchliche Arbeitsgestaltung im Bankgewerbe, in: Zeitschrift für Soziologie 2 (forthcoming)

Haipeter, T., (2001), Vertrauensarbeitszeit in Bankfilialen, in Arbeit 3 S. 278-285

Haipeter, T., Vertrauensarbeitszeit in einer deutschen Großbank, in: Handbuch Human Resource Management, Zürich 2001,

Haipeter, T. / Voss-Dahm, D. (forthcoming): Nachhaltige Dienstleistungsarbeit? Front-Line Work in IT und Banken

Lehndorff, S. (forthcoming): „Tertiarisierte“ Arbeit und die Zukunft der Arbeitszeitregulierung.

Plantenga J. & Remery, C. (forthcoming) Organisatie van arbeid en arbeidstijden in de IT (Organisation of work and working times in IT) to be submitted at Tijdschrift voor arbeidsvraagstukken (journal for labour market issues).

8 References

8.1 NESY synthesis reports

Anxo, D. / Fagan, C. (2001): The family, the state and now the market - the organisation of employment and working-time in home care services for the elderly

Baret, C. (2001): Hospital care workers - employment and working time. A comparison of Belgium, Italy, France, Great Britain, the Netherlands and Sweden

Haipeter, T. / Pernod, M. (2001): Flexible Banking. Retail and Direct Banking in France and Germany

Jany-Catrice, F. / Lehndorff, S. (2001): Who works for the retail trade? – A European comparison

Plantenga, J. / Remery, C. (2001): Organisation of work and working times in IT

8.2 NESY country reports

Antilla, T. / J. Nätti (2000a): IT services in Finland. University of Jyväskylä

Antilla, T. / Nätti, J. (2000b): Home Care for the Elderly in Finland. University of Jyväskylä

Anttila, T. / Nätti, J. (2000c): The retail trade in Finland. University of Jyväskylä

Anxo, D. / Nyman, H. (2000a): Home Care for the Elderly in Sweden. Centre of European Labour Market Studies, Gothenburg

Anxo, D. / Nyman, H. (2000b): Swedish Health Report. Centre of European Labour Market Studies, Gothenburg

Anxo, D. / Nyman, H. (2000c): The retail trade in Sweden. Centre of European Labour Market Studies, Gothenburg

Boll, J. L. (2000): The retail trade in Denmark. The Danish National Institute of Social Research Copenhagen

Csonka, A. / Boll, J. L. (2000a): Home Care for the Elderly in Denmark. The Danish National Institute of Social Research Copenhagen

Csonka, A. / Boll, J. L. (2000b): IT services in Denmark. The Danish National Institute of Social Research Copenhagen

de Castro, A. / Figueiredo, H. / González, P. (2000): The retail trade in Portugal. Universidade Catolica Portugesa, Porto

Degasperi, P. / Villa, P. (2000): Home Care for the Elderly in Italy. Dipartimento di Economia, Università degli Studi di Trento

Fagan, C. / Nixon, D. (2000): Home Care for the Elderly in the UK. University of Manchester

Haipeter, T. (2000): The retail trade in Germany. Institut Arbeit und Technik, Gelsenkirchen

Jany-Catrice, F. / Pernod-Lemattre, M. (2000): The retail trade in France. Centre Lillois d' Etudes et de Recherches (CLERSE) / Université de Lille 1

Piovesan, D. (2000): French Health Report. IAE, Université Jean Moulin Lyon 3

Plantenga, J. / Remery, C. (2000): Dutch Health Report. Institute of Economics, Utrecht

Plantenga, J. / van Everdingen, M. / Remery, C. (2000): Home Care for the Elderly in the Netherlands. Institute of Economics, Utrecht

Plantenga, J. / Remery, C. (2001): IT services in the Netherlands. Institute of Economics, Utrecht

Plasman, R. / Lumen, J. (2000): Belgian Health Report. Département de l'économie appliquée, Université Libre de Bruxelles

Rubery, J. / Smith, M. / Caroll, M. (2000): UK Health Report. European Work and Employment Research Centre, University of Manchester Institute of Science and Technology (UMIST)

Smith, M. (2001): IT services in the UK. European Work and Employment Research Centre, University of Manchester Institute of Science and Technology (UMIST)

Villa, P. / Zeni, E. (2000): Italian Health Report. Dipartimento di Economia, Università degli Studi di Trento

Voss-Dahm, D. (2000): IT services in Germany. Institut Arbeit und Technik, Gelsenkirchen

8.3 NESY literature reviews

Belgium: Plasman, R./Stocker, M./Rycx, F.

Denmark: Thaulow, I./Boll, J.

Finland: Antilla, T./Nätti, J.

France: Jany-Catrice, F./Pernod, M.

Germany: Dingeldey, I./Schroth, J./Wagner, A.

Italy: Villa, P.

Netherlands: Plantenga, J./Remery, Ch.

Portugal: de Castro, A. / Figueiredo, H. / do Pilar González, M.

Sweden: Anxo, D./Nyman; H.

UK: Rubery, J./Smith, M.

8.4 NESY working papers

The shaping of work and working time in the service sector
by J. Rubery

Striving for greater personnel flexibility: the retail trade and the segmentation of internal labour markets
by S. Lehndorff

The Welfare State and the Service Economy
by I. Dingeldey

Industrial relations and "tertiarisation" of the economy
by R. Plasman and F. Rycx

Productivity of Services
by J. Gadrey/F. Jany-Catrice

Macro- and micro-perspectives on the growth of service activities
by J. Plantenga and J. Hansen

Dienstleistungsbeschäftigung in Europa - Ein Ländervergleich
by G. Bosch and A. Wagner

Service work and changes in industrial relations
by R. Plasman

Annex

1. Bosch, G. / Haipeter, T. / Lehndorff, S. / Voss-Dahm, D. / Wagner, A. (2001): Changes in employment practices in service activities. Findings from five sectors and ten countries. Report 71. Institut Arbeit und Technik / European Trade Union Institute, Brussels (published in English, French and German)
2. Mermet, E. / Lehndorff, S. (eds.), 2001: New forms of employment and working time in the service economy (NESY): country case studies conducted in five service sectors; documents compiled for the Conference organised by the European Trade Union Institute (ETUI) and the Institut Arbeit und Technik (IAT), 26 and 27 April 2001, Brussels, Belgium. Brussels. European Trade Union Institute: Report, Vol. 69
3. Anxo, D. / Fagan, C. (2001): The family, the state and now the market - the organisation of employment and working-time in home care services for the elderly
4. Baret, C. (2001): Hospital care workers - employment and working time. A comparison of Belgium, Italy, France, Great Britain, the Netherlands and Sweden
5. Haipeter, T. / Pernod, M. (2001): Flexible Banking. Retail and Direct Banking in France and Germany
6. Jany-Catrice, F. / Lehndorff, S. (2001): Who works for the retail trade? – A European comparison
7. Plantenga, J. / Remery, C. (2001): Organisation of work and working times in IT
8. Smith, M. (2001): Services and Access to Work in Europe