



Cross-National Research Papers

Seventh Series:

European Cross-National Research and Policy

3. Learning from Employment and Welfare Policies in Europe

Edited by

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Contents

List of tables and figures	3
Series editor's foreword	4
1. Learning from employment and welfare policies in Europe <i>Marie-Thérèse Letablier</i>	5
2. A comparative analysis of 'employment precariousness' in Europe <i>Jean-Claude Barbier</i>	7
3. Comparing the relationship between flexibility and control of work in eight European countries <i>Barbara Haas and Claire Wallace</i>	19
4. Comparing labour market dynamics and service sector employment growth in Germany and the UK using household panel data <i>Jacqueline O'Reilly, Colette Fagan and Brendan Halpin</i>	30
5. Analysing the changing relationship between work and welfare in Europe <i>Nathalie Moncel</i>	41
6. Lessons for policy actors on employment and welfare in Europe <i>Reija Lilja</i>	50
Notes on contributors	56

List of Tables and Figures

Tables

2.1 Proxies for 'employment precariousness' across five countries	14
3.1 Regimes of regulation	20
6.1 Transition rates out of permanent and temporary jobs, 1995/96 (in %)	50
6.2 Year-to-year transitions between labour market status by job quality	51
6.3 Self-reported satisfaction with job characteristics, 1996	52
6.4 Preferences for working time adjustments among the population aged 30–44 in paid work (in %)	52

Series Editor's Foreword

The seminars on which this new series of *Cross-National Research Papers* is based are a response to the perceived need for a forum at which social scientists can discuss the issues arising in research that crosses national, cultural and disciplinary boundaries, thereby enabling participants to learn from past experience and to plan more effectively for future international work. The seminars maintain and build on the research of existing international teams. They are consolidating links between social science research and wider society. An important aim of the seminars is to provide an informal environment for the exchange of knowledge and ideas with policy actors interested in the lessons that can be drawn from social science research.

The papers address the theoretical, methodological, managerial and practical problems arising in comparative social science research projects across EU member states and candidate countries, with the overall aim of contributing to a better understanding of the research process, improving the quality of international social science, and encouraging dialogue and transfer of knowledge between researchers and policy actors.

Specific methodological objectives of the seminars and ensuing publications are:

- to contribute to methodological advances in cross-national research;
- to develop robust theoretical frameworks for comparative analysis of social systems and policies;
- to offer training opportunities to researchers embarking on international projects;
- to create synergy between researchers from different cultural traditions within the European context;
- to promote mutual understanding of regional diversity within the European Union and Central and Eastern Europe;
- to analyse social constructions of concepts, and factors affecting the comparability of quantitative and qualitative data, and indicators in European projects;
- to share and disseminate knowledge and promote dialogue between researchers, policy actors and users;
- to foster good practice in cross-national comparative research;
- to identify the conditions necessary for successful policy transfer and learning.

The six seminars are exploring the central theme of modernisation of the European social model within the context of socio-economic change, European integration and enlargement, and the policy challenges they present for governments.

We are grateful to ESRC for the Seminar Competition Award (RES-451-26-0020, 2003–04) that is funding the seminars and publications. We should also like to thank the Centre d'études de l'emploi, Paris, and the Science and Technology Service of the French Embassy in London for the additional support they gave for the third seminar in the series, which was held in Paris in March 2004.

Linda Hantrais

1. Learning from Employment and Welfare Policies in Europe

Marie-Thérèse Letablier

The third issue in the current series of *Cross-National Research Papers* on European cross-national research and policy addresses a range of investigative approaches to Employment and Welfare Policies in Europe. It examines the lessons that can be learned from analysing employment and welfare policies from a comparative perspective, which is a major issue in the context of the implementation of the European Employment Strategy. Most EU member states are being obliged to raise their employment rates and improve the quality of employment. The European Employment Strategy refers to a number of concepts, including employability and flexibility, as if they were readily understandable in all countries. However, as the contributions to this issue of papers show, these concepts do not have the same meaning in every member state, and are not used in the same sense by researchers and politicians. In some cases, they are not meaningful at all. The papers focus on the comparison of concepts. They also question the limits of the findings of research based on statistical data.

The contributions by Jean-Claude Barbier, Barbara Haas and Claire Wallace focus on concepts or notions over which consensus is not easily found. The first, *précarité* (rendered by 'precariousness'), is frequently used by French researchers and also in political discourse, but it is not a familiar term in the UK and has rarely been used in Germany. In his contribution, Jean-Claude Barbier explains the problems encountered when comparing precariousness across European countries: problems of statistical identification, in finding indicators, defining relevant dimensions and seeking cross-national equivalents. He questions the possibility of alternative concepts such as 'quality in work' or 'quality of jobs', which are being promoted by the Commission.

Barbara Haas and Claire Wallace raise similar issues about the concept of flexibility. Their paper sets out to compare how flexibility is conceptualised in different national contexts, and assesses different trends by considering whether flexibility leads to greater work satisfaction and whether the control of flexibility by the individual is an important contributing factor. The methodology used in their comparison between eight countries in Western and Central and Eastern Europe is questioned from the point of view of the value of the findings, which are limited due to the constraints imposed by the questionnaire design and the way in which the questions were framed.

The paper by Jacqueline O'Reilly focuses on labour markets dynamics, based on a comparison of employment growth in the service sector in Germany and the UK, using data from households panels. The potential for job creation in the service sector is of major interest for policy actors, but it raises a number of controversial issues associated with the quality of jobs, especially in a country like Germany, which is traditionally classified as having a high-skill and high-wage equilibrium. The paper recounts the problems of identifying transitions between employment statuses of workers and of assessing how precarious service employment is in each of the countries.

In her attempt to analyse the changing relationship between work and welfare in Europe, Nathalie Moncel explains how different approaches have been constrained by

the dominant functionalist perspective of most research on the topic. She suggests an alternative analytical framework that develops the concept of 'resource regime', in which wages and resources become the focal point in the construction of the modern wage relationship and welfare systems.

In her discussion of the four contributions to this volume, Reija Lilja comments on the lessons that policy actors can draw from comparative research into the relationship between employment and welfare in Europe. She concludes that the papers provide useful insights for policy makers, not least by unravelling some of the indicators, concepts and notions that are critical to an understanding of the policy process, more especially in a context of increasing job insecurity due to international competition and globalisation. The papers demonstrate that policy actors need researchers, not only to collect, analyse and interpret data, but also to identify examples of good practice and to find new ways of tackling persistent problems that prevent policy from being effective.

2. A Comparative Analysis of 'Employment Precariousness' in Europe

Jean-Claude Barbier

Few English speakers understand what is meant by 'precariousness of employment' or what is sometimes referred to as 'precarity'. By contrast, the equivalent terms in French, Italian and Spanish convey an unequivocal meaning. However, even those languages lack an analytical definition or tool, with which to measure the phenomenon. The explanation is that the term belongs to political discourse and is difficult to translate into a rigorous concept or a precise statistical indicator. The notion has rarely been used in Germany, except in limited academic circles. It has begun to appear in Eurospeak in English translations, and the erroneous term, 'precarity', has also gained currency in some EU circles. The European Study On Precarious Employment (ESOPE, 2001–03), a research project funded by DG Research, has explored not only whether the concept has a future in European social policy and labour market research at cross-European level, but also whether the phenomena to which precariousness refers in the Latin countries are present in the other large EU member states (UK and Germany). Inspired by previous research by Gerry and Janine Rodgers for the ILO in 1989, four dimensions were selected for analysis: stability and continuity of the employment relationship; stability of income; quality of working conditions; and access provided to social protection through the employment relationship. The statistical identification of such dimensions has remained patchy, and some of the existing indicators are misleading. Despite many attempts to circumscribe the relevant dimensions of what might constitute a cross-national equivalent of 'employment precariousness' in the five ESOPE countries, one of the findings from our research was that no satisfactory aggregated concept has yet been found. However, the research also showed clearly that, in the five countries, the risks of being exposed to job insecurity, poor quality working conditions, low social protection and irregular income are concentrated in certain groups. In recent years, only a few countries have implemented explicit policies to counter the effects of 'employment precariousness', and their outcomes are ambiguous. Because of the reluctance to use the term 'employment precariousness' across the five countries selected, the adoption of notions such as 'quality in work' or 'quality of jobs' might offer an alternative. Yet, these notions have only recently been coined at EU level and need further investigation.

Contemporary sociologists writing in English analyse the changing world of work from many different perspectives (see for example Barbier and Van Zyl, 2002). Much of the current literature focuses on flexibility both of work and of employment relationships (Barbier and Nadel, 2000). Translating the word 'flexibility' is not a problem. Related topics include job insecurity, 'uncertain' careers, deteriorating working conditions and downgrading of access to standard social protection.

By contrast, French sociological debate differs from mainstream international approaches: it focuses primarily on *précarité de l'emploi* (literally 'employment precariousness'), a notion that is very difficult to define and translate in comparisons across national boundaries because, in French sociology and public debate, *précarité*

has taken on multiple meanings, to the extent that it has come to be determined solely by its function in political discourse.

The research project, entitled 'European Study On Precarious Employment' (ESOPE)¹ provided an opportunity to examine whether phenomena, which in France (and also on Spain and Italy) tended to be seen as relating to *précarité de l'emploi*, took on equivalent forms in the UK and Germany. Denmark was considered as a more distant comparative case. The researchers involved in the project were surprised to find that they were confronted with such important definitional issues that the very question of 'What is employment precariousness?' became one of the key research questions in the project (Barbier and Brygoo, 2001; Barbier, 2002c; Laparra, 2004, p. 6).

By confronting cases in other countries, especially in France, the research team gained interesting insights into the multiple meanings of the French notion, as explored in the first section of the paper with particular reference to the various usages in French sociology from the late 1970s (Barbier, 2002a; 2002c).

The paper focuses more on the definitional issues of the concept of 'employment precariousness' in a cross-national perspective than on research findings concerning the causes or the extent of the phenomenon across five European countries (Laparra, 2004). It shows that, both in Germany and the UK, the notion of 'employment precariousness' proved inadequate to capture phenomena comparable to what is understood by the notion in French, whereas it proved adequate in all three Latin countries (Barbier and Lindley, 2002). A key obstacle was how to measure the extent of 'employment precariousness' quantitatively, where it was found that no satisfactory indicator could be devised, even in France where the notion originated. Similar problems occur with the recent spread of the use of the term 'quality in work' in Eurospeak jargon. Yet, the notion of 'quality' is certainly more international and raises fewer problems of understanding, since different countries are able to feed different conceptions into what is a very broad notion (Barbier, 2004). From the outset in the project, it was expected that operational categories used by practitioners would differ across countries; what was less expected was that even the notions or concepts used by researchers do not travel easily (Barbier, 2002b).

French *précarité*: from 'vulnerable' families to society in general

We would expect to find a universal meaning for the term *précarité* when considering the human condition. Human life is quintessentially transitory, which drives humans to pray to God or other divinities. Indeed, the verb 'to pray' comes from the Latin *precor* and 'precarious' from the Latin *precarious*. What is precarious is what is uncertain and what can only be obtained from praying. Uncertainty and contingency are at the heart of the human condition. German has no substantive, except in specialised language, but all five languages in the project have a substantive–adjective pair of Latin origin ('precariousness / precarious'; *precarietà / precario*; *precaridad / precario*; *précarité / précaire*; *prekär*).

Pierre Bourdieu (1963, p. 361) used the term *précarité* in his research in Algeria, in the early 1960s, long before it took on the present French meaning. He pointed to the social divide that separated permanent workers from contingent or casual workers (*travailleurs intermittents*). The fortune of the latter was precisely *précarité*, which left its mark on all their activities.

From the late 1970s, a new notion emerged in political discourse. However echoing its literary precursors, the *précarité* that we are dealing with in this paper has become a key term in French public debate and political discourse, to a point where it has been completely 'naturalised'. With its new meaning, unrecorded in any earlier dictionary, the term's integration into common language dates back to the late 1970s. It is now extensively used by politicians of all persuasions, union representatives, social partners, the press and novelists.

Key collective meanings, deeply embedded in French society, are associated with *précarité*, as testified by the expressions used by politicians. In his last meeting in the presidential election campaign in 2002, where he was fighting against the extreme-right candidate in very exceptional circumstances, candidate Jacques Chirac pronounced a solemn call to resist both *précarité* and xenophobia.

Such references are not accidental. They are continually being used both by right and leftwing parties in political debate. In the face of such cross-party and consensual usage of *précarité*, it is no wonder that the notion entered administrative jargon and has been extensively inscribed in law. Numerous official reports have been published since 1981. The first, issued in 1981, the Oheix report, was closely followed by a ministerial decision in 1982, under the Socialist Prime Minister Pierre Bérégovoy. As early as 1988, less than a decade after the first official occurrence, the term had reached the Ministry for Social Affairs. No less than 77 official documents had been issued on the theme 'précarité et pauvreté' by 1988 (Ministère des Affaires sociales et de la solidarité, 1988). *Précarité* is now positioned at the heart of Labour Law (*Code du travail*), specifically to deal with compensation for exceptions to the standard employment contract (*contrat à durée indéterminée*, CDI). The most recent report dealing extensively with *précarité*, published in 2000, proposed labour market reforms to adapt social benefits, unemployment insurance and tax policies to take account of the particular needs of employees who were deemed to be *précaires* (Belorgey, 2000).

For the benefit of foreigners, it is important to stress that this overview of the notion concerns only *précarité* (without adjuncts). One of the findings from the project was that France was alone in using *précarité* in this way. In Italian, *precarietà*, and, in Spanish, *precaridad* were used only in the context of jobs and employment, as shown below. What then was the common French meaning of *précarité* when it originated, and what has persisted to the present day, but has been relegated to a secondary role? To answer this question, we have to turn to how French sociology has dealt with *précarité* since the late 1970s (Barbier, 2002a).

In French sociological research, it was not until the late 1970s and early 1980s that *précarité* entered academic vocabulary as a notion connected to poverty but not to employment. Indeed, in the late 1970s, 'employment precariousness' was not an issue even among young people. It was very common to start work at an early age and to change jobs frequently. Sociological studies referred to the 'allergy to work' among young people (Rousselet, 1974; Barbier, 1982).

Agnès Pitrou (1978a; 1978b) pioneered the usage of the term. She focused on 'precarious families', vulnerable to all sorts of 'incidents', which linked precariousness to points of 'disruption'. It is important to understand that the precarious families of the 1970s were not standard clients of social assistance, and constituted a significant part of the lower classes. Pitrou (1978b, pp. 51–64) lists characteristics that, for her, define *précarité*: precariousness or absence of labour market skills, resulting in difficult working conditions and low wages, as well as the absence of any career prospects;

scarce as well as irregular financial resources; unstable or unsatisfactory housing conditions; health problems; uncertainty about the future number of children; relative lack of social contact and a rather precarious balance in terms of the life of the couple. At that stage, the employment dimension of precariousness was only a minor aspect; mass unemployment was still unknown. Claudine Offredi (1988) explained why poverty and *précarité* were at one and the same time similar and different, and why it was difficult to establish clear relationships with situations of employment or unemployment. She was among the first researchers to stress that *précarité* could eventually become a defining feature of society in general.

A turning point in the sociology of *précarité* came with the publication of an article by Dominique Schnapper (1989). Insisting that the main issue was not segmentation of the labour market, she theorised the importance of status categories in French society. Rights were attached to some employment situations, in terms of social protection and labour law: jobs with legal or statutory rights included public sector jobs and private, open-ended contracts. Other categories were in jobs 'without status' or in a 'status derived from employment': mainly unemployed people and pensioners. Jobs 'without status' were *emplois précaires*, including 'more or less fictitious jobs', such as employment or labour market programmes for young people (Schnapper, 1989, p. 11). This category also included fixed-term contracts and temporary agency jobs.

Serge Paugam *et al.* (1993) continued along much the same lines. In their study of the subject, they endeavoured to assess the number of people in 'precarious' situations in France. They concluded that only 53% of the French active population appeared not to be at risk of any sort of *fragilité*. From a comparative perspective, the extent of this measure in itself shows how widespread the feeling was among respondents of being at risk. Paugam (2000) extended his definition further in later work. *Précarité*, he wrote, should be studied along two lines: firstly, the relationship to employment or to one's job, *précarité de l'emploi*, and here he follows on from Schnapper's (1989) analysis; and, secondly, the relationship to work, *précarité du travail* ('work precariousness'). With reference to the second dimension of this extended definition, Paugam explains: 'The employee is precarious inasmuch as his employment appears to him to be without interest, badly paid and of little value to the firm' (Paugam p. 356). This amounts to a considerable extension of the scope of precariousness, in a manner independent from employment status, although the two types of *précarité* overlap.

Finally, in parallel with this continuous extension of *précarité* to *précarité de l'emploi* and then *précarité du travail*, a fourth extension of the phenomena to which the notion referred led to the introduction of *précarisation*: the process whereby society as a whole becomes more and more precarious, and is basically destabilised.

Explicitly drawing on 'regulationist' literature, Robert Castel (1995, pp. 324–6) describes a new form of society, *la société salariale* (literally the 'wage-earner's society') in the Fordist era. For him, society has been structured by the *rapport salarial* ('wage-labour nexus'), which is a global social relationship. But what we have been confronted with for the last 20 years is the erosion of the wage-earner condition ('l'effritement de la condition salariale') (Castel, 1995, p. 385). Indeed, precarious work is one of, if not the, most important features of the erosion. New forms of employment (*formes particulières de l'emploi*, FPE, see Table 2.1) are among the clearest manifestations of this erosion (Castel, 1995, p. 400), but they also affect the core labour force. Hence, work *precarisation* and unemployment are embedded in the

dynamics of modernisation, as consequences of the new modes of employment structuration and the jeopardisation of the very fabric of the wage-labour nexus, as well as the role of firms as channels for integration (Castel, 1995, pp. 403–4).

Luc Boltanski and Eve Chiappello (1999, pp. 291–343) present the view that society as a whole has become precarious. The world of work is being 'deconstructed' by current dynamics of capitalism. *Précarité* for them is one of the consequences of flexibility, and notably 'external' flexibility. All FPE jobs are precarious, a situation that befits the strategies of new firms'. For Boltanski and Chiappello, *précarisation* results in a dualisation of the labour force that has selected the fittest and rejected less employable people. This selection process is underpinned by a general reduction in social protection for the whole population, even protected employees. *Précarisation* then appears as a general trend in society that makes individuals more fragile, while also freeing them from certain social constraints (Boltanski and Chiappello, 1999, p. 526).

Bourdieu's (1998) more recent analysis, contrary to that of Boltanski and Chiappello, is phrased in explicitly normative and political language. For him, *précarité* is everywhere and affects society in ways that are most apparent in the case of unemployment. Like unemployment, common features define it, and precariousness also affects those who might seem to be spared from its influence. Hence, *précarité* appears as one of the aspects of a dominated condition in society, close to unemployment and exclusion, and these situations are the product of a new 'mode of domination', which is underpinned by a generalised state of insecurity. With Bourdieu's explicitly political statements in his last publications, the proliferating normative and analytical meanings of *précarité* in the French context seem to concur and merge into an elusive and fuzzy notion. In this context, only a small number of sociologists have tried to escape from a very pregnant influence and define 'employment precariousness' more precisely.

Chantal Nicole-Drancourt (1992, p. 57) is one of them. Distancing herself from the fuzziness of the term, she also sought to break with an 'alarmist conception' of the integration of young people into the labour market. For her, 'precariousness', in the absolute, should be distinguished from 'precarious employment', because fixed-term jobs could function as an entry to stable employment through sequences of intentional mobility. Secondly, holding a 'precarious job' did not deterministically mean that young people experienced it as being 'precarious'. Thirdly, even being unemployed does not systematically mean being *précaire*. 'Precariousness' should then be understood differently according to the young person's degree of investment in working life, which leads to the distinction between two sorts of precariousness: integration and exclusion (Nicole-Drancourt, 1992, p. 66). The second, which is not specific to the young, can be ascribed to the lack of demand for labour on the market, whereas the first is very specific to young people and women. 'Female flexibility' was primarily a strategy used by firms to oblige women to accept underemployment. This amounted to the general conclusion that precariousness is increasingly specific to certain sectors and categories of the workforce, without the overall employment system being destabilised or the 'typical employment relationship' being endangered (Nicole-Drancourt, 1990, p. 192). Yet, basic dynamics might eventually lead to a transformation of all social relationships, continuously hindering progress towards greater equality between men and women.

Why 'employment precariousness' encounters difficulties in crossing borders

Such a proliferation of meanings for a single notion is certainly bound to hinder its exportation to other linguistic and social systems. This is all the more true given that no consensual quantitative measure of *précarité* or *précarité de l'emploi* has emerged in France after 20 years of debate. French economists and statisticians make do with the term '*emplois précaires*' as a loose synonym for atypical jobs, and they readily use the distinction between open-ended contracts and fixed-term contracts as a proxy measure of employment precariousness: however this indicator contains major limitations (Barbier, 2002c).

AN ANGLO-SAXON PERSPECTIVE ON PRECARIOUSNESS

From a Gallo-centrist perspective, it is surprising to find that one of the most widely known accounts of the transformation of work in international sociology pays no attention whatsoever to precariousness. While he specifically addresses the consequences of flexibility on character, Richard Sennett (1999) ignores the notion. In one of the few case studies of American employees and workers, he builds his argument upon the fact that 'her identity as a worker is light' (Sennett, 1999, p. 74). The French translator over-translates: 'son identité professionnelle est précaire' (Sennett, 2000, p. 101). But Sennett's object is not 'precariousness' nor 'employment precariousness', and his statistical appendix makes no mention of distinctions between contracts, about which French sociologists and statisticians are so concerned. A Gallo-centrist perspective on the British labour market also brings amazement at the fact that this market, whose reputation for flexibility is well established, only harbours a relatively small but stable share of fixed-term contracts (6–7% compared with 15% in the French case and 30% in Spain, according to Eurostat statistics). A similar 'cognitive dissonance' would apply were the meaning of 'precariousness' to be confused, as for instance in Robert Reich's (2001) *Future of Success*, with the French meaning. Flexibility is here dominantly credited with social advantages, and when precariousness is used, it is strictly applied to variation in incomes and their structure (Reich, 2001, pp. 94, 253). Sennett and Reich write about changing conditions of work, tenure and instability of jobs, but no equivalent exists in their work to French-style 'employment precariousness'.

CROSS-NATIONAL COMPARISONS

Both the above examples are typical: for cross-national comparison with the UK or the US, French notions are inadequate; they are also inadequate for Germany. Only in Italy and Spain does 'employment precariousness' bear resonance and meanings similar to the French. In Denmark, the very notion is unheard of.

Does this mean that the social phenomena that indirectly gave birth to the Latin notion have no equivalents outside the Latin world? This was the difficult question addressed by our research, which led us to stress that conceptions of equivalents (proxies) of 'employment precariousness' were relative to a particular polity, a particular embeddedness in a 'societal coherence' (Maurice *et al.*, 1982). Comprehensive comparison (Barbier, 2002b) can certainly not take empirical phenomena at face value on the simple basis that they seem to look alike. They have to be set against the normative frameworks of each particular society (Barbier, 2002c).

Such a methodological pre-requisite does not contradict the fact that national representations are likely to evolve over time and are open to influences from abroad. A case in point is provided in the Anglo-French context. A marginal use of the term 'precarity' has been noted recently. Yet 'precarity' is not an English word, but a barbarism (or Gallicism) featuring in a few international English publications. Its present limited use can easily be explained by the importation of the French notion into international research, in the context of an Anglo-French research programme. A handful of international English texts circulated by the European Commission and other EU organisations also use the word 'precarity', which can be interpreted as the testimony of an interest for the French notion in a wider political debate.

However, no clear statistical measure of 'employment precariousness' has emerged so far (Laparra, 2004, pp. 15–17). One of the indicators most widely used for measuring 'atypical employment', distinguishes temporary from permanent contracts in Eurostat surveys. Despite harmonisation, this distinction has remained highly heterogeneous and problematic across the five countries studied (Barbier and Brygoo, 2001). Part-time work, another indicator, is frequently used despite similar flaws and the fact that it is almost impossible to separate 'voluntary' from 'involuntary' part-time in a cross-national context. Our research has confirmed earlier analyses (Rodgers and Rodgers, 1989). If we are to make comparisons, it is necessary to provide a qualitative construction of national equivalents.

NATIONAL APPROACHES TO THE QUALITY OF EMPLOYMENT RELATIONSHIPS

In France, the standard employment relationship is CDI, a norm enshrined in labour law since the regulation of fixed-term contracts in 1979, but in reality gradually regulated through a number of legal provisions from the early 1920s. Other forms of employment have been considered as 'specific' (FPE) or precarious, amounting to about 10% of the workforce.

In Spain, *empleo precario*, *precaridad laboral*, *temporalidad* are the most widely used terms in public debate and by social partners. The 1980 *Estatuto de los Trabajadores* is the basic law, which, although amended over the years, relies on an open-ended, full-time contract. From 1980, collective agreements and regulations were made with the explicit goal of reducing precariousness and increasing stability. This was for instance the case of *Acuerdo interconfederal para la estabilidad del empleo* in 1997. *Temporalidad* nevertheless accounts for as much as 30% of contracts.

In Italy, *precarietà del lavoro*, *del impiego*, *del posto di lavoro*, *impiego precario* are commonly used. As the May 2002 strike amply demonstrated, what is considered as the standard employment relationship is, as in France, an open-ended contract with statutory protection against dismissal under article 18 of the 1970 *Statuto dei Lavoratori*, although only a part of the workforce is covered by this article, mostly in firms with less than 16 employees. Recourse to part-time contracts in Italy was implemented much later (1997) than in other countries. The *parasubordinati* (see Table 2.1) are considered as precarious employees. They amount to about 10% of all workers.

Thus, in the three Latin countries, a more or less explicit consensus prevails, exemplified during social protests, about the fact that a standard job is open-ended and that all others are more or less exposed to 'employment precariousness' of some sort, including involuntary part-time jobs.

In Germany, by contrast, *Prekarität* is only used today in academic texts. An exact equivalent of ‘employment precariousness’ cannot be found. Yet, here again, the prevalent social norm is the *Normalarbeitsverhältnis*, a notion even more deeply entrenched in society than in the other Latin (and corporatist–conservative) countries. Basic regulations applying to contracts in Germany date back to the 1950s, including the principle of full time, open-ended contracts with associated social contributions and rights. Hence, the reason why ‘employment precariousness’ is inadequate in the German case does not derive from the lack of a legal or conventional norm for employment contracts. It is linked to the fact that atypical jobs have traditionally been marginal, as the expression *geringfügige Beschäftigung* implies. Marginal jobs (5–6% of the workforce in the late 1990s), which have only recently been expanded into mini-jobs, were traditionally considered mainly as second or additional jobs for couples, and were gender biased. At the same time, attention has only recently started to be paid to certain types of non-standard employment relationships, notably quasi-self-employment (*Scheinselbstständigkeit*). It is as a result of the debate on unemployment, the cost of labour and labour market rigidities, and the reforms being implemented, that

Table 2.1 Proxies for ‘employment precariousness’ across five countries

Notions and items	France	Italy	Spain	Germany	UK
Use of ‘employment precariousness’	yes	yes	yes	no	no
Key relevant notion	<i>Précarité</i>	<i>Precarità del posto di lavoro</i>	<i>Precaridad laboral (temporalidad)</i>	<i>Unsicherheit des Arbeitsverhältnisses</i>	None specified
Normal employment relationship	Permanent contract <i>contrat à durée indéterminée</i> , (CDI)	Permanent contract <i>tempo indeterminato</i>	Permanent contract <i>contrato indefinido</i>	Permanent contract <i>Normalarbeitsverhältnis (NAV) (unbefristeter Arbeitsvertrag)</i>	Regular work
Normal legal reference	<i>Code du travail</i>	<i>Statuto dei lavoratori</i>	<i>Estatuto de los trabajadores</i>	Various Gesetze and collective agreements	None
Key job category as cross-national ‘functional equivalent’	<i>Formes particulières d’emploi (FPE)</i>	Parasubordinato: <i>collaborazione coordinata continuativa; lavoro occasionale; associazione in partecipazione</i>	<i>Trabajo temporal</i> <i>Temporalidad</i>	<i>Geringfügige Beschäftigung</i> <i>Scheinselbstständigkeit</i>	Bad / poor jobs

a key question has emerged: Will flexibilisation reforms affect the quality of employment relationships and potentially affect standard employment relationships indirectly? Both marginal jobs and quasi-self-employment can then be seen as functional equivalents of 'employment precariousness'.

In the UK, whether in the academic field or in public debate, legislation or collective agreements, no significant reference is found to 'employment precariousness'. Despite the existence of a broad conception of what is meant by a regular employment relationship, the UK has no legal equivalent for what exists in the four other countries (see Table 2.1). Moreover, the notion of atypical jobs is not well established and used: here, part time, which would figure among atypical jobs in other countries, is typical. An implicit representation, embedded in the employment relationship, seems to be that these relationships, whatever their duration, may pass as regular work. Hence, we are left, as in the case of Germany, but for different reasons, with the need to look for functional equivalents. In a pragmatic sense, this means examining specific situations, for instance zero-hours contracts and casual workers, and jobs that could potentially be equivalents for 'precarious' jobs, in terms of their characteristics: for instance dead-end jobs, jobs that yield insufficient pay, poor career prospects and so on.

The inadequacy of the notion is explained by different reasons in Germany and the UK. In Germany, the main reason why it is irrelevant is because employment relationships overall have remained more stable and secure than in France, Spain and Italy, where clear segmentation occurred in the labour market in the 1980s and 1990s. From the postwar period on, it has even been claimed that the entire collective German endeavour was to create a secure environment, resistant to inequality (Vogler-Ludwig, 2002). In the UK, on the other hand, the research has identified occurrences of low paid and poor quality, insecure jobs, with limited or no career prospects, similar to the Latin countries (Laparra, 2004). Yet, it is the social perception of the phenomenon, linked to a different normative system, which appears to be completely different.

Denmark also displays completely different characteristics: while it is well known that, in all cross-national comparisons, the Danish labour market scores as being as flexible as the British, 'employment precariousness' is an unknown notion. Danes, who are easily hired and fired, enjoy generous social protection cover, which, for the low and lower median income groups, almost compensates for temporary loss of income. Poverty rates are, thus, only slightly different for employed and unemployed people (Jørgensen, 2002).

Flexibility, security and quality regimes?

Cross-national comparison of 'employment precariousness' is still in its infancy. The same is true of the on-going process at EU level of benchmarking quality in work or quality of jobs (Barbier, 2004). Quick-fix comparisons, based on gross and inadequate indicators, like 'temporary employment' or other proxies such as part-time jobs, are bound to display the same shortcomings. In this respect, Rodgers and Rodgers (1989) came to the same conclusion as we did 15 years later. To advance, it is necessary to understand in greater depth the nature and components of what we tentatively termed the 'flexibility / security / quality' regimes prevalent in different countries (Barbier, 2002c). These regimes are the products of systemic interactions between different components: a national system of social protection; an industrial relations system; and an employment and activity regime (i.e. a stable distribution of participation in the

labour market across age and gender). These components shape conditions for a particular conception of what is considered as standard (or regular) employment. They are consistent with a fourth component, a normative system, or a set of values and norms, valid for a given period, and expressed in regulations, collective agreements and practices within firms. Regulations and informal or conventional agreements that shape the conditions under which an equivalent of 'employment precariousness' can emerge in a specific national framework comprise three categories: those explicitly devised to limit and contain employment flexibility, including atypical forms of employment, as well as employment insecurity or, more positively, to enhance the quality of jobs; policies and regulations that have the same effect without being agreed upon for such an explicit purpose; and those which, on the contrary, enhance or increase employment flexibility and insecurity or degrade the quality of jobs.

With regard to 'employment precariousness', a crucial component in normative systems, which are so different across nations, is the notion of what is considered suitable for a job, and what is acceptable for a job offer, for instance by the public employment services for the unemployed.

Different national normative systems are legitimated (and de-legitimated) and prevail in each society for given periods of time. They define the broad and specific dimensions of what is (or is not) acceptable or suitable – *zumutbar*, *convenable*, *adecuado* are among the terms used – with regard to employment relationships. They express demands on employees (wage earners) in terms of instability, working conditions, labour standards, wages and insecurity. It is in this context that relevant social actors agree on compromises, which are in a way 'expressed' in the political notions used in politics. Compromises are made over what is globally 'acceptable' and evolve over time, possibly due to influences from abroad. The minimum wage provides an interesting case in point. In the UK, partly because of European standards, the Labour government introduced a national minimum wage in 1997. However, a lower rate was applied for 18–21 year-olds, and no minimum rate for those under 18, although such a rate was due to be introduced in 2004. In France, on the other hand, 'acceptable' rules have been very different. When, in 1993, Prime Minister Balladur attempted to introduce a minimum wage rate for young people, demonstrations forced him to retreat. Ever since, no government has tried to dispense with the norm that the minimum wage is independent of the age of the worker or employee. Of course, in both countries, specific circumstances provide cause for exceptions. However, the overall norm that is acceptable remains very different.

Often, within a country, a large part of the normative framework is implicit but, seen in a comparative context, the possible implicit content of national norms tends to become explicit. Understanding 'employment precariousness' in a cross-national perspective, and the grounds upon which policies are designed and legitimated, thus entails an in-depth analysis of standards of acceptability, which diverge significantly across countries.

Note

1. The research was funded by the European Commission, DG Research, under Framework Programme 5. The research was coordinated by Miguel Laparra (Navarra University), and dealt with five country cases studies: France, Germany, Italy, Spain and the United Kingdom (see Barbier et Lindley, 2002).

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3. Comparing the Relationship between Flexibility and Control of Work in Eight European Countries

Barbara Haas and Claire Wallace

Flexibility is seen both as an opportunity to organise working life more freely and as a threat. In some countries, policies introduced since the 1980s have aimed to increase the power of employers to promote flexibility, but in others an explicit attempt has been made to promote the power of employees in encouraging flexibility through individually tailored and à la carte contracts. The paper sets out to compare how flexibility is conceptualised in different national contexts and to assess these divergent trends by considering whether flexibility leads to greater work satisfaction, and whether the control of flexibility by the individual is an important contributing factor. The data draw upon findings from a survey carried out in 2001 for a Framework Programme 5 project, entitled 'Households, Work and Flexibility', in eight countries chosen to represent both Eastern and Western Europe, as well as different approaches to flexibility: Bulgaria, Czech Republic, Hungary, the Netherlands, Romania, Slovenia, Sweden, and the United Kingdom (N=10123). The survey relied on quantitative measures of control, flexibility and satisfaction. The paper uses multivariate analysis to look at the influence of different contextual variables, such as gender, age, education, economic situation and region, on flexibility, work satisfaction and control of flexibility with a view to understanding their relative explanatory power. It considers the issues arising in cross-national comparisons of flexibility regimes and the impact these different regimes can have on the relationship between flexibility, control and work satisfaction. The guiding hypothesis is that flexibility on its own does not necessarily lead to greater work satisfaction because it is usually outside the control of the employee. However, the ability to control flexibility is an important factor leading to work satisfaction. The extent of variation between nations give an idea of how the different policies aimed at promoting flexibility can have positive or negative effects for individual workers.

The flexibility debate tends to divide between those who see flexibility as something negative, eroding working conditions and introducing insecurity (Dex, 1997; Standing, 1999; Beck, 2000; Bradley *et al.*, 2000), and those who see it as positive, as a way of integrating home, work and life (Hörning *et al.*, 1995; Spoonley and Firkin, 2002; Tietze and Musson, 2002). This contradictory debate raises the question of whether flexibility is imposed upon an unwilling workforce or whether the workforce embraces it positively.

Flexibility has been introduced in different ways in different parts of Europe as a major plank of labour market reform since the 1980s (Lodovici 1999; Esping-Andersen and Regini 2000; Regini 2000). This has been encouraged in a context of increased global competition and where governments have been tackling high unemployment. While de-regulation has been seen as a major strategy for flexibilisation in the UK, time flexibility with security of contract has been considered as the way forward in Sweden and, especially, the Netherlands. In Central and Eastern Europe (CEE), flexibility mainly took the form of de-regulation, but this was in the context of strong state control of labour markets, which had existed previously, and the need to create a free and open labour market. Flexibility was seen by those populations as threatening,

something which eroded their working conditions and was described as a 'deathly cocktail' in the public debate in the Czech Republic. Important differences were found even within CEE countries, since Hungary was swift to introduce flexibilisation of various kinds, whereas more resistance was encountered in the Czech Republic and Slovenia. Slovenia is now among the countries of Europe with the greatest degree of employment protection. In some ways, Bulgaria and Romania are the most flexible of all, since unemployment or underemployment forced many people into casual work, but some groups of workers still enjoyed considerable protection in a highly segmented labour market. In the last two countries, contradictory policies and over-regulation of some aspects of flexibility, such as self-employment, has led to the growth of a large and very flexible informal economy alongside unflexible regular employment, as employers and employees find their own solutions outside the policy framework.

Flexibility is normally seen in terms of the extent of de-regulation of the labour market (Riboud *et al.*, 2001). It is assumed that, if job protection is removed, workers will become more flexible. We would question these assumptions. The paper examines the countries selected in terms of the degree of strictness of the employment protection legislation providing the policy framework with reference to 'regulation regimes', using an OECD and ILO study of employment protection legislation (Jager *et al.*, 2004). It then goes on to look at the real nature of flexibility based on the experiences of the individual workers who were interviewed.

Regulation regimes are affected by the culture of work as well as the culture of care: the extent to which people are prepared to work part time, full time and under what circumstances depends upon the way in which family life is organised and on traditions of work in different contexts (Haas, 2003; Wallace, 2003a, 2003b). Table 3.1 summarise the flexibility regimes of the countries studied and contrasts the 1980s with the 1990s and the current decade in the context of efforts to respond to pressures to make labour markets more flexible.

Whereas all the countries studied have experienced similar pressures towards flexibilisation, the impact is very different. In the (de-)regulated flexibility countries (Netherlands, Sweden and UK), levels of labour market participation, part-time work

Table 3.1 Regimes of regulation

	1980s	1990s and 2000s
UK	De-regulated flexibility	De-regulated flexibility
Netherlands Sweden	Highly regulated labour markets	Regulated flexibility
Slovenia	Strong state control of labour markets with de-centralisation	Strongly regulated flexibility
Hungary (enthusiastic flexibilisation) Czech Republic (reluctant flexibilisation)	State control of labour markets	Partially regulated flexibility
Bulgaria (widespread precariousness) Romania (sectoral precariousness)	State control of labour markets	Strong regulation on the one hand and unregulated flexibility on the other

and self-employment are higher than in the other countries (Bulgaria, Czech Republic, Hungary, Romania and Slovenia).

Flexibility is often measured by the extent of part-time, self-employed work and temporary contracts. It is our argument that none of these provides a particularly good indicator of flexibility, since temporary contracts are used most where the labour market is most regulated (Giesecker and Groß, 2004), and part-time work depends upon the family–work context. While, in the Netherlands, the tradition was for women to remain at home and care for children, the introduction of part-time work has enabled women to continue to care for children in the absence of alternative childcare facilities, although the situation may be changing. In the UK, part-time work is also the response of women who have no alternative childcare facilities, or who prefer to look after their children themselves, whereas the excellent public childcare facilities in Sweden mean that part-time workers have longer hours, and it is seen as a way of integrating caring and work over the lifetime. Both men and women have the right to work part time until the child is eight years old within the context of their regular jobs, but take up is essentially by women. In the CEE countries, no tradition exists of part-time work because women traditionally worked full time, and public childcare facilities enabled them to do so. Policies in the 1990s have encouraged women to remain at home for two, three or four years after the birth of a child on paid leave, but nearly all women have access to public childcare facilities after that period, enabling them to work full time. Thus, they are either full time at home (subsidised) or full time in the labour market. In Bulgaria and Romania, the crisis of public funding has meant that nursery places for full-time working women have been lost and have had to be replaced by family self-help, private sector or a care deficit, whereby children are left unsupervised. In CEE countries, part-time work was traditionally a pre-retirement strategy rather than a way for women to combine work and care. Attitudes to working time are, therefore, different from those in Western Europe.

Whereas, in Western Europe, at least in the north-west, the trend is increasingly towards employee-led flexibility, in CEE countries the trend has been mainly towards employer-led flexibility, with erosion of working conditions. This was also the dominant form of flexibility in Western Europe until the end of the 1990s. The European Commission's National Employment Action Plans often embody a model of employee-led flexibility by allowing employees the right to negotiate their own hours. This model is now being introduced in some CEE countries as a result of the accession process, but to what extent and how it is implemented in reality is a topic requiring further research.

These observations raise the question of flexibility for whom. Is flexibility in the interest only of employers or also of employees? This question is important for the development of flexibility in labour markets and the directions that it might take. It is also important in considering whether a 'European model' of flexibility might be emerging (Ganßman, 2000). Thus, while the dominant Anglo-American model of flexibilisation is one of de-regulation, a start can be made in documenting alternative modes of flexibilisation, including regulated flexibility with enhanced employee control, which has been successfully introduced at least in some parts of Europe.

However, it may be that differences between regulation regimes are less important than differences between workers. What kinds of workers might find flexibility an advantage? It may be a working arrangement that is enjoyed by more highly skilled workers and not by less skilled workers, by men and not by women. Stark contrasts

are found between highly paid professionals in Germany who may prefer to arrange their daily timetables around leisure pursuits or other life goals (Hörning *et al.*, 1995) and the low-paid piece worker who has to perform out-work on demand (Phizaklea and Wolkowitz, 1995).

Another dimension of the question is the extent to which workers can actually control flexibility. Several studies have indicated that the extent of control and 'structuring' of flexibility can be important in determining whether it is in the employee's interests or not (Perrons, 1998; Purcell, 1999). Flexibility that takes place only at the employer's behest (employer-led flexibility) does not necessarily benefit the employee, and it might be assumed that flexibility under the employee's control might be viewed more positively. The idea of control of flexibility, therefore, needs to be introduced into the equation in line with the hypothesis that individuals who have control over their flexibility are likely to be more satisfied than those who do not. This dimension is seldom addressed in discussions of flexibility, but it is crucial if we want to understand the impact of policy approaches. The dataset collected for the project 'Households Work and Flexibility (HWF)'¹ allowed us to address this question.

Rather than assuming that flexibility results from removing employment protection or from the incidence of part-time, self-employed and contract work, the paper considers the kinds of flexibility that are actually taking place both inside and outside regular employment. In particular, the paper focuses on three kinds of flexibility – of time, of place and of contract – seen from the individual's point of view. Flexibility of time concerns working hours and different working schedules; flexibility of contract indicates the duration of the contract and the extent to which it varies from place to place. The paper considers whether flexibility leads to greater work satisfaction. It is assumed that people with more flexibility in their choice of time, place and contract are more satisfied with their general working conditions, especially when they can exercise control over them. The issue of satisfaction with flexibility can help in deciding whether this kind of flexibility is really in the worker's interest. The extent to which satisfaction with work and control over flexibility varies with different regimes of regulation can be tested by looking, firstly, at the extent to which these variables are associated across countries and, then, at variations within countries.

Methodological approach

Hitherto, most comparative studies have adopted a traditional approach to the analysis of flexibility. They identify a relationship between part-time or full-time jobs, self-employment or fixed-term contracts and the regimes of flexibility mentioned above. The regulation of flexibility leads to fewer people on irregular contracts and in the black economy. Although the numbers of people in part-time work appear to be higher in countries with de-regulatory (UK) and regulatory (Netherlands and Sweden) regimes, this probably has as much to do with the traditions of work and care as with regimes of regulation. Attempts to introduce part-time work in Hungary and elsewhere resulted in low take up because of the lack of tradition of part-time work, low wages for part-time workers and the tradition of women as full-time workers (Wallace, 2003a, 2003b). Finally, the number of temporary workers is likely to be a response to the lack of flexibility in labour market regulations rather than their presence.

For these reasons, conventional indicators do not offer a very good measure of flexibility from a comparative perspective. Using data from the HWF survey, we have,

therefore, developed new ways of looking at flexibility. Flexibility is taken to mean variations in place or time of work, making it possible to measure flexibility in relation to typical rather than atypical employment. In other words, it is possible to measure the degree of flexibility within regular, full-time or part-time jobs, thereby producing a broader notion of flexibility that more accurately reflects the variety of working patterns that do exist. To capture different forms of flexibility, data from the HWF survey were used to analyse time, place and contract flexibility. In addition, the analysis takes into account the extent to which people can control their work conditions as well as the satisfaction they express with them.

The investigation was based on a representative sample survey of 10,123 interviews with people aged between 18 and 65, carried out in eight countries in 2001: Bulgaria, Czech Republic, Hungary, Netherlands, Romania, Slovenia, Sweden and UK. Variance analysis was used to look at the extent of flexibility and associated satisfaction. The model cannot tell us the 'causes' of European satisfaction with different sorts of flexibility; it is rather about the effects that are 'carried' by situations and experiences. In contrast to traditional ways of looking at flexibility, which focus on either working hours, type of contracts, part-time or full-time jobs, a more complex model has been constructed, which goes beyond description of the dataset, and identifies the main and interactive effects resulting in satisfaction with work conditions. In addition, the multivariate analysis provides a far better understanding of the relationship between satisfaction, flexibility and control, given that bivariate correlations between variables do not show significant results. Only by building a multivariate model are we able to assess the differential impact of the many factors involved. Moreover, these variables are mostly of a categorical nature. They have to be treated as dummy variables, which is how they are coded in the General Linear Model Univariate (analysis of variance), because linear effects cannot be assumed upon the satisfaction variable.

This method provides a powerful tool for explaining the different effects of independent variables on one dependent variable, making it possible to explain differences between people with different work schedules, working hours or types of contract, and belonging to different socio-demographic groups, compared to a reference group. Furthermore, by looking at the main and interactive effects between countries and at factors other than gender, we are in a better position to elucidate the role of differences either between countries or between men and women, both of which are highly significant in the model.

Analysing satisfaction with main job

With a view to understanding their relative explanatory power, factors were included in the model that might influence the degree of satisfaction, such as different kinds of flexible work, hours of work (for Hungary, travelling time is also counted in working hours), control over time and place, type of contract as well as the country where the workers were based, gender, age and income.

An explanation was sought for the answers to questions, including how satisfied people are in general with their main work. 'Main work' is taken to mean the main income-generating activity. Respondents were also asked about second or third income activities, although they are not analysed here. As independent variables, three

different dimensions of satisfaction with working arrangements were included: flexibility of time, flexibility of place and flexibility of contract².

The study also considered how influential the possibilities are for controlling working conditions. For the different dimensions of control over working hours, a summary index³ was created for a series of questions. Regarding this activity do you decide or does someone else decide on the number of hours that you work; the general working schedule, the overtime that you work? For each question, three response categories were possible: 'I decide'; 'Employer and I decide together', or 'Employer decides alone'. Regarding this activity do you decide or does someone else decide on the place of work? The same categories were used as in the control time index. Finally, demographic variables were included: country, gender, age groups (18–29, 30–59, 60–65), education (primary, secondary, tertiary); income (low, mid-low, mid-high and high).

The model explains about 12% of the variance in the satisfaction with the main job. The coefficients (B parameter estimates) of the model had a baseline respondent with the following characteristics: female, aged 60–65 years, a high income, living in Bulgaria, has no control over working time, working schedule and/or overtime, and is working between 1 and 20 hours a week, with an irregular work schedule, an irregular working contract and with a very flexible place of work (abroad, always changing) and whose working place is determined by the employer.

The respondents with a regular schedule were found to be more satisfied than those working irregular schedules with varying conditions. Also, flexitime workers were more often satisfied with their main work. This supports the arguments of Kate Purcell (1999), who found that structured flexibility was preferable to unstructured flexibility. Long working hours did not lead to greater satisfaction with work conditions: those working between 35 and 40 hours or more were more dissatisfied compared with part timers working only up to 20 hours.

As expected, the possibility of controlling working time and place arrangements (hours of work, schedule, overtime and place) enhanced satisfaction with conditions. Those who can decide alone, but also those who decide together with their employer, were significantly more satisfied than those who had no chance of controlling their working conditions. In general, not having a contract resulted in great dissatisfaction.

Gender differences were rather small, but men tended to be more dissatisfied with their main job than women. Compared to gender, country differences were more important: respondents in Western countries were more satisfied with their jobs, and those in CEE countries less satisfied. The strong country differences meant that countries need to be analysed separately to look at the interactions between these different factors in different contexts.

Cross-national differences

The paper has considered the issues arising in cross-national comparisons of flexibility regimes and the impact these different regimes can have on the relationship between flexibility, control and work satisfaction in eight EU member states and candidate countries. The aim of the analysis of the HWF survey was to understand what factors influenced satisfaction with time, place and contract flexibility and whether the ability to control flexibility made an impact. Our hypothesis was that, if people controlled their flexibility, they were more likely to be happy with it. Control of working time did make a difference to satisfaction with both time flexibility and the working contract, and also

with overall job satisfaction. However, important variations were found across countries.

Satisfaction with the main job and the factors that affected it were different in Eastern and Western Europe. Long hours could mean less satisfaction, but this was only the case in the Netherlands, Sweden and the UK, where all respondents working longer than the statutory working week were unhappy about the arrangements. It should be noted that, in general, the working week was much shorter in Western than in Eastern and Europe and was shortest of all in the Netherlands (Wallace *et al.*, 2003). Control over working time was important in explaining satisfaction with the main job, especially in Sweden. The place of work and control over it were not generally significant, although country analysis showed that, in Sweden and the Netherlands, respondents like to work at home. Strong employment protection regimes were found to be associated with a strong relationship between satisfaction and flexibility and greater importance of control. It could be that, in the CEE countries, because flexibility is mostly employer-led and outside the control of individuals, control was not such an important issue. Certainly, these variables were most important in the Netherlands, where policy debate had given considerable prominence to flexibility.

The level of income was very important in determining satisfaction with the job only in CEE countries, where it was the most important overall factor. It could be argued that, in the CEE countries, where the working week had always been long for men and women (for example, it was reduced from 42 hours in Bulgaria only in 1993), people were accustomed to long hours of work. Wages were low and people needed to maximise their income by working the maximum number of hours. Therefore, in these countries, material considerations were more important than work satisfaction, and flexibility was seen as a threat because it might erode what are already precarious material conditions. In the affluent North-West European countries, by contrast, post-materialist considerations about work satisfaction and balancing work and life have become more important (Inglehart, 1990). The survey showed that working hours for men and women were shorter, but people would like to work even less. The country most closely approaching the values of Western Europe was Slovenia, where wage levels were highest and where employment protection was strongest compared to the CEE countries.

Overall, respondents in Western European countries were more likely to be satisfied with their hours of work and were more likely to be able to exercise control over working time. Nevertheless, a difference was found between de-regulated flexibility regimes like the UK and the regulated flexibility regimes of Sweden and the Netherlands. On the one hand, the respondents of these countries do not differ in their satisfaction with work conditions, their main work, hours of work, location of work, stability of work and duration of contract. On the other, the extent of control differs: workers in the UK had less chance of controlling their working schedule, overtime or place of work compared to the Netherlands or Sweden. Furthermore, British respondents were not very happy with fixed-term contracts, and women did not like working 40 hours or more. In the Netherlands, by contrast, men were more satisfied with working conditions if they were employed part time, with up to 20 hours per week, than if they were working 21–39 hours. In Western countries, workers were not unhappy with variations in the workplace, especially working at home for Swedish people, and in working time (flexitime, other regular schedules), but an important factor was the opportunity to exercise control over these conditions.

Strongly regulated and regulated employment regimes (Netherlands and Sweden) are important for determining the extent of control and satisfaction with working-time arrangements. This 'structured' time flexibility is especially well developed in the Netherlands with its flexicurity system. The type of working schedule is consistently found to be important for an understanding of satisfaction with work in the strongly regulated regime of Slovenia. Most people preferred regular full-time working schedules (five days a week), flexitime and other regular schedules. Furthermore, the opportunity to control time dimensions of work together with their employer increased satisfaction with work. In all CEE countries, regardless of the kind of regulation regime, income was the most important factor in explaining satisfaction with the job in general. It could, therefore, be concluded that, whereas in Western Europe the employee-led flexibility characterised by individual control was more important, and material considerations were less important, in most CEE countries, where people were less likely to control flexibility, and it was more often employer led, material considerations assumed greater importance.

The overall conclusions can, therefore, be drawn that the regulation regime and the type of flexibility being developed affect the extent to which people are satisfied with flexibility. However, not all kinds of flexibility have the same meaning and impact. For example, in affluent countries, time flexibility is seen as a way of integrating work and life, especially family life, but in less affluent countries, people want to work more hours to maximise their income. Control of flexibility makes more sense in countries where flexibility is strongly regulated than in countries where it is not. Place flexibility means the freedom to work from home in the Netherlands and Sweden, but the necessity of working from home in Bulgaria and Romania, where regular jobs have disappeared.

Flexibility is often attributed to the extent of de-regulation, meaning the removal of worker protection, the withdrawal of state interference in the labour market, the lowering of social protection and weakening of the power of worker representation. The paper has shown that removing employment protection is not the only way to introduce flexibility. The regulation of flexibility and the involvement of social partners, with significant worker control of the process, can represent a more progressive 'European' style of flexibility within the context of social and job security, in contrast to the Anglo-American style of labour market liberalisation. Indeed, it is precisely the regulation of flexibility that can help to create employment and provide a flexible labour market rather than the opposite. Increasingly, in some countries, a more progressive form of employee-led or negotiated flexibility is taking over from employer-led flexibility in the individualisation of work contracts and conditions. Furthermore, the enlightened regulation of flexibility can help to produce progressive forms of flexibility, characterised by employee satisfaction and control over the work process, whereas lack of regulation can lead to unfavourable forms of flexibility where the worker has little control and little satisfaction. However, the regulation of flexibility needs to be developed in such a way that workers are not driven into the black economy. This can be done for example by reducing the number of permits and documentation needed to develop self-employment and by liberalising working hours.

Another common measure of flexibility is the extent of so-called 'atypical' work, such as part-time employment, fixed-term contracts and, sometimes, also self-employment. We argue that such indicators are also likely to prove to be inadequate because extensive regulation can also be found within the context of atypical jobs. Sweden and the Netherlands could serve as examples of good practice; paving the way towards

more employee-led flexibilisation rather than solely employer-led flexibilisation: flexibility that is negotiated according to needs between the worker and the employer.

Due to the varying cultures of work and care across Europe as well as the different structures of employment in each country, different routes would seem to lead to flexibility, and different reasons can be found for being satisfied or dissatisfied with conditions. Therefore, flexibility needs to be seen not only in terms of the extent of de-regulation, as if one measure would fit all societies, but rather in terms of the varying cultures of care and work as well as the different kinds of regulatory regime. In addition, it is important to see what forms of flexibility really exist in practice rather than assuming flexibility automatically follows from de-regulation.

Reflections on cross-national research methods for studying flexibility

A number of methodological issues emerged in the course of the research concerning concepts and the country mix. Topics such as 'part-time work', which are of most obvious concern for women with children in North-West Europe, can have very different meanings and implications elsewhere, as in CEE countries. However, other variables such as 'control of flexibility' also suffer when applied cross-nationally to contexts where workers might have much less control over their work or, perhaps, too much control, as in the case of a peasant producer. Even the idea of 'flexibility' can mean rather different things (Wallace, 2002). As shown in the paper, its meaning can be both positive and negative. However, it can also refer more to time or to contractual conditions in different parts of Europe. While the Dutch 'flexicurity' has specific connotations with individually tailored rights to flexibility, elsewhere it more often refers to precarious employment, which might not be the same thing at all.

In the research, satisfaction with the main job has been selected as the main dependent variable. However, satisfaction with the main job may reflect real contentment with work or a degree of resignation to existing conditions. Hence, women are more satisfied with their working hours because they can combine work and caring responsibilities. Since they do not have many alternatives in countries without affordable childcare facilities, they are forced to accept this solution and appear to be 'satisfied', even though it may not represent an ideal solution. In the analysis, 'satisfaction' was broken down into satisfaction with working hours, working schedules, place of work, and so on. However, measuring satisfaction remains a problem. How should we interpret the fact that, in all these models, men seem to be more dissatisfied with their conditions than women? Maybe, the low or even precarious labour market position of women does not necessarily lead to a high degree of dissatisfaction. This supports Jean-Claude Barbier's thesis (presented in this volume) that holding a 'precarious' job does not necessarily mean that people experience it as being 'precarious'.

As shown in the paper, women's labour market position has to be considered not only in the context of paid working conditions, but also with reference to the unpaid work sphere: the double load of paid and domestic work. Scrutiny of differences between women and men with children of different ages did not show significant differences in satisfaction with hours of work, the main job or contract.

The countries chosen in the research were intended to illustrate different strategies of flexibilisation, particularly in Eastern and Western Europe. However, by not including Southern European countries, a whole range of flexibility regimes has been omitted

that might offer interesting contrasts. For example, the very high rates of unemployment in some Mediterranean countries, the widespread informal economy and the role of peasant producers could offer some interesting parallels and contrasts. The countries selected in Western Europe for the survey are some of the most successful and advanced European economies, which may make the CEE countries look more disadvantaged than they would have been if they were compared, for example, with Southern Europe. The choice of this particular group of countries reflected the expertise of the core team and the limitations of funding. The approach would need to be applied to a wider range of countries before any firm conclusions can be drawn. The Dublin Foundation for the Improvement of Living and Working Condition has since carried out surveys across the whole of Europe (EU 25) where some of these points can be tested.

Acknowledgements

We are grateful to Mag.Mag. Peter Steiner, our statistical expert at the Department of Sociology for his helpful statistical support. We would also like to thank the sponsors of the project: Directorate-General Research at the European Commission and, especially, Fadila Boughanemi, our scientific officer, for funding and supporting the project. We are grateful to the Austrian Ministry for Science, Education and the Arts for additional support and to the staff at the Bureau for International Research and Technology Co-operation for their helpful advice. The contents of the paper do not necessarily reflect the opinion or position of the sponsors.

Notes

1. The survey was conducted for a project, called 'Households, Work and Flexibility', carried out for the European Commission under Framework Programme 5 (HPSC CT99-00030). The survey investigated different kinds of flexibility and family-work balance in the countries selected. The data are available in a series of reports on our home page: <http://www.hwf.at>.
2. Is your working schedule regular full-time working hours: Monday morning to Friday afternoon; shift work; flexitime (meaning regular hours but can arrive or leave a little earlier / later; usually this means not more than one hour of flexibility in the day); other regular schedule; irregular, it varies? Respondents were also asked: How many hours do you usually work per week on this activity? What sort of contract do you have with your employer in your main activity? The response categories were: permanent contract; self-employed; fixed term; no contract or others.
3. The index sums up control over hours of work, work schedules and overtime.

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4. Comparing Labour Market Dynamics and Service Sector Employment Growth in Germany and the UK Using Household Panel Data

Jacqueline O'Reilly, Colette Fagan and Brendan Halpin

The project described in this paper set out to examine the development of service sector employment in Germany and the UK. Given the poor jobs record in Germany in recent years, much political interest has been shown in the potential for job creation in the service sector. However, service sector jobs raise a number of controversial issues in a country like Germany, associated with the encouragement of low-skill, low-wage employment and traditionally classified as having a high-skill, high-wage equilibrium. The project was designed to compare the characteristics of service work, using data from the British Household Panel Survey and the German Socio-Economic Panel. The analysis covered the different patterns of growth in service occupations and industries in the two countries. A particular interest was in tracking the previous employment status of workers – from the traditional sector or non-employed – with a view to identifying who is most likely to take up service sector jobs. Transition patterns between occupations and employment and non-employment were also examined comparatively. In conclusion, the empirical analysis was set within national debates in economics, concerning the role of macro-economic policy impacts on the domestic demand for services. The findings were also located in relation to the sociological literature on self-serving households and the impact of strong male breadwinner households, which dampen demand for service jobs.

The service sector has been the main source of job growth for most European economies in recent decades (Anxo and Storrie, 2001). In the research presented here, we were interested in examining what types of service sector employment have been growing in Germany and the UK, and what impact it is having on labour market transitions. The research was set in the context of structural change in employment with a loss of jobs in the manufacturing sector, a growth of service sector employment, and the problem of integrating the unemployed into the labour market.

In Germany, a controversial debate exists over the development, or under-development, of the service sector. Initially, such debates were concerned with discussing whether or not Germany really has a service sector gap (*Dienstleistungs-lücke*), compared to the US or UK, or whether this is purely a statistical artefact (Haisken-DeNew *et al.*, 1996; Wagner, 1998; Streeck and Heinze, 1999; Bosch, 2000; Freeman and Schettkat, 2000). The debate has largely focused on the issue of the comparability of firms and sectors in the two countries. Those that argue there is no service sector gap support their case with the claim that Anglo-Saxon firms are more likely to outsource service tasks to companies that would be classified as belonging to the service sector (Haisken-DeNew *et al.*, 1996). German firms, on the other hand, are more likely to integrate these tasks within traditional industrial organisations (Bosch, 2000). This means that a straightforward comparison of sectors is inappropriate as service employment in Germany is more likely to be found in the industrial sector. One way around the problem, which we pursue later in this paper, is to compare occupations across countries and cross-tabulate the data with sectoral location as a

way of measuring the gap. Nevertheless, due to differences in occupational coding schemes used in the two national databases, this solution is also not without its problems, as explained below. Even researchers who have also used occupational comparisons still come to the conclusion that employment structures in the two countries are different, leaving Germany with a job deficit in service employment (Erlinghagen and Knuth, 2003).

Persistently high levels of unemployment in Germany have increasingly focused attention around the job creation potential of the service sector and explanations for the existence of this gap. Those who accept that more could be done to encourage service sector employment have made a variety of policy recommendations at the micro and macro-economic level. An explanation often given for the gap by labour economists using micro data is that high wages and non-labour costs in Germany make the creation of low productivity jobs prohibitively expensive. One of the most controversial sets of policy remedies focuses on wage costs. Hans-Peter Klös (1997) has suggested reducing unemployment and welfare benefits so as to push wage reductions into the labour market. Alternative proposals advocate the introduction of tax credits and wage subsidies to compensate those taking up lower paid jobs, or to reduce the social contributions these workers make (Fels *et al.*, 1999). In a moderated form, the German government has sought to experiment with both strategies through the Hartz reforms. Richard Freeman and Ronald Schettkat (2000), on the other hand, dismiss the argument that wage costs are the key factor in explaining the service gap in Germany. In their view, the problem lies in more than just wage costs at the micro level.

From a macro-economic perspective, more emphasis has been given to the impact of European monetary policy and, in particular, the over-cautious strategy of the European Central Bank (ECB) with regard to interest rate policy. The impact of not reducing interest rates earlier, in line with US policy, has meant that, under conditions of low levels of inflation in the German economy, together with long-term co-ordinated wage restraint, the potential to generate employment by domestic demand has been extremely constrained (DIW, 2001, 2003). In fact, according to the Deutsches Institut für Wirtschaftsforschung (DIW), the indication that job losses are now occurring in the service sector is a result of 'too little too late': neither attempts to set macro-monetary policy by the ECB, nor reforms to fiscal policy through tax reductions as a means of stimulating domestic consumer demand have been effective (see DIW, 2004, for an explanation). It is widely recognised in this literature that the domestic demand for personal domestic services in Germany remains weak, partly as a result of these macro-economic policies.

More sociological approaches to explaining cross-national differences can be drawn from the work of Jonathan Gershuny (1978, 2000), using micro-level time-budget data and more macro-level comparisons of the impact of different welfare state regimes (Esping-Andersen, 1990; Gottfried and O'Reilly, 2002). Gershuny argues that, as societies become more prosperous, and working time is reduced, families spend more time and money on purchasing domestic goods to provide self-servicing activities rather than buying in services from the market. He also argues that different welfare state regimes have an impact on the varied use of time within the household and at the workplace. This argument, together with more macro-level research on conservative welfare states and societies with strong male breadwinner households, suggests a dampening in demand for bought-in services, because these 'services' are provided

unpaid by the mother who is less likely to be in paid employment than is the case in other European countries (Esping-Andersen, 1990; Lewis, 1993; Gottfried and O'Reilly, 2002). At the heart of this debate in Germany lies a 'political' choice of continuing to support the traditional characteristics of the German model with high-quality diversified production (Streeck, 1992), associated with a high-wage, high-skill equilibrium (Soskice and Finegold, 1988), alongside the development of low-wage and marginal employment, more often associated with higher levels of female employment (Fels *et al.*, 1999; O'Reilly and Bothfeld, 2003).

Employment in the UK is more heavily concentrated in the service sector compared to Germany, which still has a larger manufacturing base than most other EU member states. The deregulated UK economy stands in contrast to the more regulated or corporatist German model. Structural adjustment has been managed differently due to different institutional systems (labour market regulations, education and training, social protection regimes), policy debates and government agendas (Hall and Soskice, 2001). In part, policy debates in the UK have been more concerned with the polarisation effects of differentiated forms of employment generated by the growth of service work. On the one hand, the service sector economy is seen as generating jobs associated with low wages and poor employment conditions. On the other, service employment in higher status occupations has also been evident in both of these 'liberal' economies (Freeman and Schettkat, 2000; Anxo and Storrie, 2001). Given the critical levels of unemployment in Germany, what lessons can be learnt from the job 'boom' in the UK service economy? The research questions fall into two parts: What type of service sector employment is growing in Germany and the UK? And, what impact is it having on labour market transitions in terms of integrating, excluding or enabling upward mobility?

Defining services: industry and occupation

As outlined above, a number of different attempts have been made to define service sector employment, which is not quite so straightforward as might initially be assumed. The simplest approach is to take sectoral definitions as given in established datasets. One of the first problems we encountered was related to the different industry coding schemes used in the British Household Panel Survey (BHPS) and the German Socio-Economic Panel (GSOEP)¹. The GSOEP uses the *Nomenclature générale des activités économiques dans les Communautés Européennes* (NACE) throughout, while the BHPS uses the UK Standard Industrial Classification (1980) (SIC80). However, in waves 4, 7 and 11, the BHPS also uses the 1992 SIC, which is compatible with NACE. This classification has been used to cross reference the sector breakdown based on SIC80, and has been made as compatible as possible with NACE. About 95% agreement is found in the three years where SIC80 and SIC92 are both available. Inconsistencies are partly due to coding problems (for example, the same case coded to retail in SIC80 is coded to wholesale in SIC92), and partly due to incompatibilities in the 4-digit categories. Given the different claims about how firms are organised, this sectoral base comparison could underestimate the extent of tertiarisation in Germany (Erlinghagen and Knuth, 2003, p. 11). Therefore, researchers have tended to move towards an activity-based (occupational) definition, rather than an industry-based approach.

Using an occupational definition to identify service employment is also not without its problems, because, until fairly recently, the GSOEP only used the ISCO 68 classification scheme, while the BHPS used the more updated version of ISCO 88. The main problem with ISCO 68 is that it tends to classify jobs on the basis of their area of activity, but does not make it possible to distinguish between different skill levels for employees working in similar fields. ISCO 88 is much better at allowing these important distinctions to be made between skill levels. Fortunately, later waves of the GSOEP have started using ISCO 88 and have been able to apply the recoding to previous waves, thus facilitating our comparison.

Using both sector and occupational definitions, we found that, in both countries, the growth rate of services defined by industry is higher than that defined by occupation, with convergence occurring by 2001. Comparing trends over time, all series show strong growth and produce figures of 74% for the UK and 67% for Germany in 2001, whether measured by occupation or by industry definitions. This is consistent with an interpretation that suggests re-structuring activities are responsible for part, but not all, of the service activity growth. The research sought to categorise service sector employment both in terms of occupations and industry location, so as to avoid this under-representation. Nevertheless, we still found a relatively smaller number of service sector jobs in Germany than in the UK.

Employment change in sub-service sectors

Given the heterogeneous nature of service sector employment, it is common practice to differentiate between different sub-sectors. Here we distinguish between: Distribution, Consumer services (Retail / hotels / catering), Transport, Business services, Public administration, and Health / Education and Social services (voluntary organisations).

The biggest loss of jobs in both countries has been in the traditional production sector: in Germany, between 1984–2001, employment in this sector fell by nearly 14% compared to an 11% decline in employment in Britain between 1990–2001. Nevertheless, Germany continues to have a significantly larger non-service sector than is the case in the UK, with nearly 42% of all jobs in Germany found in the sector, compared to 28% in the UK. Job growth has been located in the service sector in both countries, although more recent data for Germany indicate that job losses have also occurred in the German consumption sector (DIW, 2004). The consumer sector has the highest rate of employment of all sub-service sectors, accounting for nearly 22% of jobs in the UK, compared with 16% in Germany in 2001. Despite rapid growth of this sector in Germany during the mid-1990s, since 1999 employment here has fallen significantly. As shown by subsequent analysis, this is the sector where a number of intermediate service occupations are found, and these types of jobs are lacking in the German economy.

The second largest sector in terms of employment has been in Business services, which are more developed in the UK than in Germany, although this is a sector that has increased rapidly in terms of employment since the late 1990s, accounting for nearly a 5% increase in jobs. Employment in Distribution and Transport account for around 5% or less of total employment and have not changed radically over the observation period.

During the 1990s, the Health and Education sector in Britain tended to employ more people as a percentage of total employment than was the case in Germany. Since 1992, employment rates in the sector have increased more in Germany than in the UK, although this could also be due to the integration process of German unification. A small fall was recorded in employment in Public administration in both countries.

Distribution of skilled jobs in the service and non-service sector

Using the ISCO 88, four skill groups can be distinguished: Professional/managerial, Intermediate, Skilled manual and Unskilled manual. The proportion of high-skilled professional and managerial jobs increased most in the German service sector during the 1990s, rising from 26% in 1984 to 35% of all employment by 2001. The UK had more of these high-skilled jobs at the beginning of the 1990s, but a significant and continuous increase meant that the number of people in such jobs is now broadly similar between the two countries.

One of the striking differences between Germany and the UK has been in the development of intermediary skilled jobs in services. Here, Germany has seen little change, whereas, in the UK, a much larger proportion of employment can be found in this category, which includes mainly jobs as office clerks, personal care and protective service workers in retail. As shown below, these jobs provide an important 'sponge' in the UK economy both for integrating those not in employment and for absorbing downward and upward occupational mobility. Contrary to much debate in Germany about encouraging low-wage, low-skilled employment, our analysis would suggest that it is in these intermediary jobs that Germany has the biggest deficit compared to the UK.

The proportions of unskilled manual jobs in the service sector have been converging between the two countries, whereas the picture of employment in the non-service sector shows a continued downward decline, in particular for skilled manual jobs. The slight 'glitch' in the proportion of professional and managerial jobs in 1990 is most probably due to the integration of employees from the former East Germany. In the UK, traditional industrial employment is considerably lower than in Germany, and it is unskilled manual jobs that have seen the biggest fall here, while intermediary and higher skilled jobs have remained fairly constant.

Professional and managerial occupations in German services increased by just over 9% of total employment between 1984 and 2001. Occupations such as physical and engineering science, associate professionals and life science and health professionals saw a fall in the UK; in Germany these are the occupations that have grown most. The most significant growth since 1991 in the UK has been among corporate managers.

Intermediate service workers account for around 32% of all jobs in the UK compared to 22% in Germany. While there has been an overall decline in these types of jobs in Germany, in the UK, this group of workers increased during the period 1991–2001. Office clerks, although one of the largest groups in the category have seen employment decline as a percentage of overall employment in both countries. The fall in these occupations is most likely due to the increasing integration of these tasks into other more senior managerial jobs through the use of information technology. Customer service clerks have increased their share more so in the UK than in Germany, and they include jobs such as cashiers, tellers and information clerks (Rubery *et al.*, 2000). The sector that has grown most in the UK, but less in Germany,

is in the category of Personal and protective service workers. These differences could be related to the fact that German women drop out of the labour market to provide these services unpaid at home, whereas in the UK, they are more likely to be commodified and purchased on the market.

Transitions and turnover

Transition patterns for service workers by pooled cross-section time series analysis were used to compare an individual's employment status in the previous year and where they ended up in the following year. These data give an indication of the types of mobility patterns observed in each country as well as indicating the relative importance of different occupations for absorbing people from outside employment.

The vast majority of those without employment tended to stay in the category from year to year. However, German women were less likely to move out of non-employment compared to all other groups. Of those that did move out of non-employment, German women ended up in professional and managerial jobs (4%) or intermediate services (6%). This was fairly similar to transition patterns for British women, except that nearly twice as many moved into intermediate services, with almost 11% of female transitions ending up in this status a year later. Transitions to manual service jobs were negligible for women. German men also ended up in professional and managerial service positions (4% of transitions), intermediate services (2.5%) or unskilled manual services (2.5%) after a period of non-employment. A higher proportion of British men moved out of non-employment, and their transitions were fairly similar to those of German men, although twice as many British men ended up in intermediate services (5%). Intermediate services in the UK clearly absorb a lot more people who were previously not employed than is the case in Germany.

Unskilled manual service workers are less likely to move than those in skilled manual jobs. However, British workers seem to have a greater likelihood of ending up in a better job than is the case in Germany. Among British women, over 16% of transitions out of these jobs were into the intermediate services, which was much higher than in Germany, where only 6% of female transitions fell into this category. A similar pattern is also identifiable among skilled manual service workers: British women are the most likely to move out of these jobs compared to all other groups. When they move, they are also more likely to end up in intermediate jobs (14%) or professional and managerial jobs (13%). Only around 5% of the transitions made by German women are in this direction. It would seem that British women have more opportunities to move up the occupational structure than appears to be the case for German women in lower manual skilled jobs (O'Reilly and Bothfeld, 2002).

British men were more likely than any other group to move out of intermediate services, and they usually ended up in professional and managerial jobs (nearly 15% of transitions), which is nearly twice as many as the case for German men (just under 8% of male transitions). More British than German women also appeared to be able to move up to a higher status job from intermediary service work (6.5% in Germany, compared with 10% in the UK). This difference in mobility patterns between the two countries could well reflect the impact of the more regulated credential and training system in Germany, which effectively acts as a barrier to movement between different occupations (Gangl, 2001).

In the category of professional or managerial jobs, German men were the least likely to move out of these higher status jobs, while British women had a higher rate of transition out of this employment status. Nevertheless, nearly 5% of transitions for German men ended up in non-employment and 2.4% in intermediate services. British men who moved out of professional and managerial jobs were more likely to end up in intermediate services (4.5%) or to a lesser degree in manual occupations; nearly 4% of transitions were into non-employment. Women in these higher status jobs had a higher risk than men of moving to non-employment. Nearly twice as many British women moved into intermediate services.

Among intermediate service workers, nearly 4% of transitions for British men were into unskilled manual jobs in the service sector, compared with 2% for German men. Transitions from intermediate services to unskilled manual work accounted for 2% of transitions for British women and just over 1% for German women. Women were more likely than men to move into non-employment in both countries.

German women employed in skilled manual services were more likely to end up as non-employed (14%). To a lesser degree, German men are also more likely than British men to end up in non-employment: 9% in Germany compared to 6% in the UK. German workers in these types of jobs have a higher tendency to end up outside employment than is the case for British workers. Unskilled manual service workers had the highest drop out rates of all workers.

Finally, among workers who moved out of the traditional sector, women were more likely to end up in non-employment than men. British workers were more than twice as likely to find employment in the service sector than was the case for German workers, and women in both countries were more likely to be able to make this transition than was the case for men. It does not appear to be so easy for German workers to cross sectors, which may well be due to the importance attached to the training and qualifications system in Germany.

Several messages come out of these findings. There is more mobility in the UK, where workers seem to experience both more downward and upward status mobility, than is the case in Germany. Intermediate occupations in the UK provide an important 'sponge' absorbing a lot of incomers and movers both in terms of downward and upward occupational mobility. When German workers move out of a job, they are more likely to end up in non-employment, especially women. German men have a higher likelihood of being able to move up to a better status job than is the case for women, and lower status jobs are associated with higher rates of transition into non-employment. Finally it would appear that transitions across sectors are easier in the UK than in Germany.

Some initial methodological conclusions

One of the most significant differences in the composition of service sector employment in the two countries is related to the much higher proportion of intermediate jobs in the UK economy. This group appears to be more open for those outside employment. It also plays an important role in Britain in absorbing workers who are upwardly mobile, from both skilled and unskilled manual service sector jobs, as well as those who were previously employed in higher status professional and managerial jobs. One of the reasons for the apparent gap in these types of occupations in Germany can be found in the comparison of the development of

different sub-sectors. The consumer sector in Germany has experienced a significant fall in employment since 1999, and this is where we might expect to find more of these intermediate types of employment. A number of factors could account for this development. One of the major issues in German debates has been the impact of macro-economic policy. Given the relatively low rates of inflation in the German economy, the effectively high interest rates maintained by the ECB, together with lower wage rises has meant that there has been an effective lack of purchasing power in domestic demand. In particular, it would appear to affect the consumer sector most immediately. This type of explanation would seek to identify the reasons for the lack of domestic demand for services that could lead to a growth of employment in the sector.

Additionally, we also need to attempt to explain why German mobility is more closely associated with labour market exits, in contrast to the absorbing effect played by intermediate service occupations in the UK, both in terms of accommodating downward and upward occupational mobility. One potential explanation could lie at the door of the much-exalted apprenticeship training system, which tends to be orientated towards manufacturing occupations so that a smaller proportion of training positions are available in newly developing sectors and, in particular, in consumer services. The development of these intermediate jobs is taking place more slowly in the German employment system than is the case in the UK (see Rubery *et al.*, 2000).

Other explanations for the gap focus on the constellation of institutions that serve to encourage a male breadwinner household model, where the wife drops out of paid employment and provides these services to the home. This would also tie in well with the arguments made by Gershuny (1978, 2000) that reduced working time together with increased overall levels of wealth tend to encourage households to become increasingly self-providing, which chimes with the German constellation.

Finally, in terms of the methodological implications of making such comparisons using household panel data, we can identify a number of issues that both complicate and facilitate research using this type of data. As outlined earlier in this paper, our initial analysis was complicated by the different coding schemes used in each national data source, both in terms of industrial and occupational coding. Fortunately, the integration of updated coding schemes permitted greater compatibility and comparability. Using household panel data rather than labour force survey (LFS) data has a number of advantages. LFS data are nationally representative, but it is also possible, with the use of different weights, to make the same claims with panel data. More importantly, the longitudinal aspect of panel data makes it easier to trace individual transition patterns over a longer time span. At best LFS data can only allow us to examine transitions of the same individuals over five quarters (see Smith *et al.*, 2000, for an example). Finally, although we have not presented the results here, household panel data allow us to situate individual labour market behaviour more closely to other household characteristics, in particular the presence and activities of other household members including children and spouses. This potential is very important from a theoretical perspective (Gershuny, 2000; Blossfeld and Drobnič, 2001, chapter 2). It is becoming increasingly obvious in cross-national employment and welfare research that labour market participation patterns, in particular for women but also for men, need to go beyond the individualist conception of the worker in relation to the firm. Future research needs to examine employment decisions and opportunities in relation to a broader social context, which includes not only the family, but how other social institutions impinge on household governance structures.

Acknowledgement

This paper describes work in progress for a project funded by the Anglo-German Foundation.

Note

1. Our analysis is based on data from the British Household Panel Survey (BHPS) and the German Social Economic Panel (GSOEP). These datasets are a representative sample of households, and their members are surveyed repeatedly each year (panel wave). The first GSOEP panel wave started in 1984. There are approximately 13 000 individual respondents living in 6968 households, which, since 1990, includes eastern Germany, as well as western German and foreigners belonging to the original sample. The BHPS has a similarly sized household and individual sample with approximately 9000 individuals living in 5000 households. The first wave of the BHPS contains the survey results from 1991, including work-history data for the previous year. Data management and processing were carried out using STATA.

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5. Analysing the Changing Relationship between Work and Welfare in Europe

Nathalie Moncel

Key developments in European labour markets have been widely documented in recent years. Similarly, major changes in welfare systems have been closely scrutinised. However, from an analytical point of view, accounts of institutional diversity and the dynamics of the relationship between employment and social protection systems have been restrained by dominant functionalist perspectives: social protection is analysed according to its impact on the labour supply and demand; and the functioning of labour markets is seen as independent from social protection, except in terms of the tax burden on labour costs. The paper begins by presenting a comparative overview of the relationship between employment and social protection as a resource regime, using an analytical framework developed by the European Network on the Social Construction of Employment. An attempt is made to reconceptualise comparatively the components of the work–welfare nexus. The paper focuses on the centrality of wages and resources in the construction of the modern wage relationship and welfare systems. Core issues are the constitution of rights in relation to resources and the processes of change in institutional forms of resource flows. The approach is applied in the analysis of the contribution active labour market policies make to changes in the relationship between employment and social protection, with reference to their impact on resource regimes. Comparative data on employment are used to capture such changes. The paper concludes by examining the value and limitations of the approach.

While key developments in European labour markets have been analysed extensively in recent years, few studies have examined the relationship between change in employment and social protection systems. Social policies tend to be portrayed either as possible responses to labour market transformations or as one of the causes of labour market dysfunction. Similarly, major changes in welfare systems have also been closely scrutinised since the 1970s, particularly with reference to the retrenchment or revival of welfare state regimes (Esping-Andersen, 1990, 1999; Kuhnle, 2000; Pierson, 2001). However, in these studies, labour market developments are seen as being related primarily to economic forces existing outside the scope of politics.

More recently, the relationship between social protection and employment has been analysed in greater depth to evaluate the extent to which welfare systems are 'employment friendly' (Atkinson, 1995; Scharpf, 2000); or to examine how to reconcile work flexibility with protection for workers in a context of increasing risk (Bosco and Hutsebaut, 1997; Esping-Andersen and Regini, 2000; Schmid and Gazier, 2002). In relation to these debates, this paper presents an original conceptual framework, developed by a TSER European network¹, based on the following hypothesis: an analysis of changing institutional forms of the resources flowing through wages makes it possible to account for significant changes in the spheres of employment and social protection. The approach aims to characterise resource regimes in terms of several dimensions concerning social rights to resources and control over them. The paper

proposes new cross-national research perspectives, focusing, more specifically, on the analysis of labour market policies.

The wage–welfare nexus at the heart of the wage relationship

The TSER network began by comparing the way employment is socially constructed in five European member states, by considering wages as the central institution channelling resource flows through employment and the financing of social protection. Historically, the wage relationship has progressively been established as the dominant form of employment in European capitalist societies through the interweaving of work and welfare regulations. A central feature of this work–welfare nexus stemmed from the institutionalisation of resources to finance social protection of employed people and their families. Whatever the welfare model, these resources flow through wages to finance social rights, through either wage-based contributions or income tax, in a situation where wages constitute the main component of personal income for the employed population.

The nature of the resources of employees – a wage paid by the employer including compulsory transfers to finance social protection – is, thus, the distinguishing feature that defines the employment status in comparison with other labour situations, such as self-employment, the employment contract or contracts for services. As Simon Deakin (2002) notes:

The ‘contractualisation’ of the employment relationship was associated with the gradual spread of social legislation in the fields of workmen’s compensation, social insurance and employment protection. The terms ‘contract of employment’ and ‘employee’ came into general use as a description of wage-dependent labour only as a result of this process. Contractualisation had two central aspects: the placing of limits on the employer’s legal powers of command...; and the use of the employment relationship as a vehicle for channeling and redistributing social and economic risks, through the imposition on employers of obligations of revenue collection, and compensation for interruptions to earnings. (Deakin, 2002, p. 3)

The institutionalisation of social protection resource flows has been interpreted as a trend towards the de-commodification of labour that is considered necessary if the capitalistic system is to survive. It refers to the degree to which individuals can maintain a livelihood independently of market participation (Polanyi, 1944). However, the nexus between work and welfare has rarely been addressed in these terms. Following Karl Polanyi’s perspective, Gøsta Esping-Andersen’s (1990) typology of welfare regimes was based on the clustering of countries as a result of correlating two dimensions. Firstly, he calculated the level of de-commodification by combining three variables: the rules that govern peoples’ access to benefits; the level of income replacement; and the range of entitlements provided. The second dimension he used was the impact of welfare systems on social stratification, mainly measured through the type of intervention in income distribution and the level of occupation-based insurance, the salience of means testing, and the degree of universalism of social programmes. His typology has been widely adopted as a heuristic tool in comparative studies, despite the many criticisms levelled against it (Arts and Gelissen, 2002). We would stress its limitations as far as any understanding of the linkages between employment and social protection is concerned.

Most welfare studies focus on the welfare sphere and related social policies to develop top-down analysis of welfare, assuming the existence of the welfare state and

looking at its development by focusing on specific areas of social policy. Thus, welfare system analysis is set apart from other socio-economic spheres. However, major findings from cross-national studies present some puzzling evidence, exemplifying the need to re-examine the embeddedness of social policies. Examining trends in de-commodification over a period covering three decades, Lyle Scruggs and James Allan (2003) highlight common trends across welfare regimes, such as the general expansion in the generosity of social benefits from the 1970s, until they entered a period of stagnation or decline in the 1980s and 1990s. These authors conclude that the distinctive differences in welfare systems are more recent than was commonly assumed. Most social policy research has focused on the redistributive impact of welfare regimes on income by studying income distribution, poverty or living conditions. Comparing the impact of social insurance institutions on inequality and poverty, Walter Korpi and Joakim Palme (1998, p. 682) establish a paradox of redistribution: 'the more we target benefit at the poor only and the more concerned we are with creating equality via equal public transfers to all, the less likely we are to reduce poverty and inequality'. Finally, as showed by Korpi (2000) in a comparison of the evolution of class and gender inequalities, the main process of social stratification occurs through the division of labour in the sphere of economic activity, where the main driving forces and actors in distributive processes are located.

The second limitation of Esping-Andersen's typology for our purposes is that the correlation between labour market and social protection systems do not account for institutional forms of the relationship between the two spheres. More especially, developments in labour markets are considered as exogenous factors driven by economic forces. The influence of the type of welfare on labour market participation is mainly analysed through statistical correlations, and then interpreted according to causal relationships that are clearly imported from the neo-classical framework of analysis of labour market functioning, and especially labour supply behaviour, in terms of choices between work and free time and the disincentive effect of welfare benefits. However, using comparative data, the study by Béa Cantillon *et al.* (2002) sheds light on the rather obscure causal mechanisms operating between key variables such as employment, the number of low-wage earners, social transfers and poverty. These authors advocate the analysis of labour market outcomes as an intrinsic dimension in welfare state research.

Margarita Estevez-Abe *et al.* (2001) have attempted to link types of welfare and production regimes by correlating product market strategies, skill profiles of the workforce and social protection systems, which define 'welfare production regimes'. They argue that social protection systems give incentives to workers to invest in one particular type of skill through existing employment protection, wage protection and unemployment benefit schemes. By the same token, they emphasise linkages between skills, wage bargaining systems and equity in earnings. This is one of the few studies that consider social protection as an integral part of the way the use of labour is organised and as an endogenous factor in the functioning of labour markets. According to Noël Whiteside and Robert Salais (1998), this bias can be related to the historical separation between social welfare and labour market regulation in Anglo-Saxon societies:

Within such accounts, state welfare is perceived as a drag on economic performance ... this juxtaposition of the state and the market is the product of an Anglo-Saxon

perspective which takes a restricted view of social and economic relations and the role of government in regulating them. (Whiteside and Salais, 1998, p. 151)

By the same token, Simon Deakin and Franck Wilkinson (1994) note in their analysis of the British system that 'the relationship between social policy and the labour market has been comparatively neglected in studies of the welfare state. One reason for this is the institutional separation of social security from labour market regulation' (Deakin and Wilkinson, 1994, p. 143).

The dominance of neo-classical accounts of labour market functioning provides another example of over-simplification in the analysis of the linkages between work and welfare. In relation to the pure and perfect Walrasian model of markets, accounts of labour markets have attempted to integrate the various 'market imperfections' associated with the specificity of the exchanges taking place in the labour market in comparison with other markets, such as commodity or capital markets. Indeed, three main characteristics make the exchange process on the labour market very different from any other market exchange: the product is inseparably connected with the seller; the market transactions and actual exchange are distinct events, and the latter is continuous over time in the context of ongoing employment relationships; labour as a commodity is not produced and exchanged in order to make a profit but to reproduce itself.

All these 'market imperfections' have been more or less integrated in the recent neo-classical developments of labour economics. Implicit contracts, efficiency wages and insider / outsider models are all part of recent propositions that attempt to tackle labour market imperfections. The temporal nature of the exchange between workers and firms implies that labour market transactions are characterised by a high degree of uncertainty, incomplete information and informational asymmetries. Recent theoretical developments focus on information as a key feature of labour market functioning. With reference to the strength of norms of equity and fairness in wage determination, some economists consider the labour market as a social institution (Solow, 1990). Analysis centres on the rational behaviour of economic agents; less attention is paid to the functioning of the market.

Nevertheless, the neo-classical account of the labour market has introduced a split between labour market theory and economic policy, by assuming a limited conception of wages in relation to the productivity of labour at the workplace, and determined by the confrontation between supply and demand (Picchio, 2000). Similarly, within this analytical framework, the concept of employment is reduced to a quantitative assessment of labour related to the exchange between individuals through the employment contract.

By contrast, an analysis of the linkages between work and welfare calls for a re-examination of the concept of employment and wages. Employment as defined above by Deakin is a social recognition of work, progressively institutionalised through the wage relationship. Wages become the central vehicle for resource flows and are, thus, pivotal for the total reproduction of labour. This conception of the wage is close to that developed by classical economists such as Adam Smith and David Ricardo. They considered wages as the cost of social reproduction using the concept of the 'natural' price of labour, taken to be the historical cost of reproducing workers and the population dependent on their wages. However, the emphasis on the instituted, and hence socially variable, nature of the wage contrasts sharply with narrowly economic interpretations. The wage is, arguably, an institutional 'complex' between

commodification and de-commodification, given the flows that pass through it, and is both defined by, and contributes to, the shaping of market and non-market spheres and, hence, it is central to economic as well as political spheres.

The progressive extension of the wage relationship and the institutionalisation of the work–welfare nexus were common to most west European societies over the postwar period. However, no universal mechanism exists for constructing employment and determining wages, because they depend on the social construction of the actors in the wage relationship, and the space in which they act within a given societal sphere. It is precisely national variations in the linkages between employment, wages and social protection that have stimulated an approach that refers to resource regimes.

Towards a resource regimes analysis

The wage is at the core of the relationship between employment and social protection because of the resource flows that pass through it and finance social protection, either through social contributions or income tax. Core issues that this approach aims to address are the construction and transformation of control over resources during processes of change in institutional forms of resources flows. A resource regime is defined by four variables: the sources of the flows, the mode of distribution, linkages between sources and benefits, and forms of control over resources. Combinations of these four dimensions result in a set of institutions, rules, domains, actors and power relations that socially institute rights to resources.

As in the societal approach, differences between countries are considered as givens that need to be explained in terms of the interrelationships between political, economic and social factors in each country. Thus, comparisons are made between the societal configurations, situating and constructing each phenomenon (Maurice, 2000).

This framework raises issues about the limits of social property rights (benefits), or private property rights (disposable income), and market (private insurance) and non-market forms (public insurance). Applied to cross-national analysis of processes of changes, it seeks to go beyond static oppositions and the bias associated with an ethnocentric representation of a specific reality. Indeed, a central proposition is that changing institutional forms of resource flows, new societal resources and new channels are formative for the very social groups concerned in the development and exercise of rights over those resources (Harvey and Maier, 2004).

Within the resource regime framework, changes in employment and social protection are examined together through transformations in the institutional forms governing the circulation of resources. In a first attempt to develop this framework, four spheres of observation have been distinguished (Clasquin et al., 2004): industrial relations systems, public policy frameworks, employment structures and social hierarchies. Our hypothesis is that it is within these spheres – considered as decisive but not exhaustive – and in their internal and external tensions that the processes of institutionalisation and transformation of the linkages between employment, the wage and social protection are to be found. For instance, a change in the wage bargaining level could result from tensions between social partners. It will involve changes in the industrial relations sphere as a whole but will also impact on the political decision processes surrounding wages.

Our research is interested in exploring how each of these spheres contributes to the construction of the work–welfare nexus in a specific way depending on the country. We

are also seeking to identify the vehicles of change in a range of areas, such as transformations of forms of employment, the development of labour market policies and industrial relations, changes in vocational training systems and the processes involved in the construction of the European Union.

Contribution to the analysis of active labour market policies

One of the fields in which it seems particularly relevant to apply a resource regime approach is the analysis of labour market policies and recent transformations in the linkages between employment and social protection resulting from these policies. Comparison of five European countries – France, Italy, Portugal, Spain and the United Kingdom – has highlighted how labour market policies have modified the nature of employees' resources, leading to new forms of social differentiation across the working population.

In the continental countries where social contributions are the traditional basis for financing social protection, such as France, Italy, Spain and, to a lesser extent, Portugal, one of the major objectives of labour market policies is the reduction of direct and indirect wages, using either measures that are applied to the labour force as a whole, or selective measures targeting 'disadvantaged' groups, with a view to improving their access to employment. In the UK, government intervention in the labour market tends to focus more on poverty, inactivity and unemployment traps than on job creation. Social protection measures aim to 'make work pay', and focus on in-work benefits and welfare-to-work policies. These measures all clearly modify the nature of resource flows associated with employment and social protection, either by financing part of labour costs through public funds using policies geared at reducing costs for employers, or by financing an increasing share of the cost of the reproduction of labour through in-work benefits. In both cases, the mechanisms used reduce the role of the wage as a central vehicle for resource flows. However, a broad distinction can be made between subsidised employment, in the first case, and subsidised workers, in the second, although these two categories clearly overlap.

The category of subsidised employment refers to paid work activities, for which the cost is partially or totally financed through taxation. Subsidised jobs are defined as benefiting from the following measures: total or partial exemption from social contributions; monetary subsidies paid to the enterprise to cover part of the direct wage and / or social contributions; subsidies received by companies in exchange for expenditure on recruitment, employee training, job creation and start-up initiatives.

These three types of measures are the preferred instruments for employment policies in continental countries. In Italy, Portugal and Spain, they are mostly targeted at specific population groups, such as young and unemployed people, and at specific activities or regions. In France, by contrast, their scope has been expanded to apply to low-paid workers (up to 1.8 times the minimum wage), notably within the framework of agreements on the reduction of working time. Subsidised employment is less frequent in the UK, where labour market policies have always favoured supply-side schemes. Nonetheless, jobs paid at less than the 'low earnings limit' have been exempted from social insurance contributions (National Insurance) since 1977: in 2000, 2.5 million employees – and close to 20% of female employees – received a weekly wage below this limit (Equal Opportunities Commission, 1998). The 'New Deal' programme introduced in 1997 provides subsidies for the employment of target categories of the

labour force as well as for work experience in voluntary organisations or an environmental task force.

This category is broader than the one used by the recent Eurostat database on labour market policies, which accounts for targeted measures related to active labour market policies but does not take into consideration general employment subsidies such as tax exemptions for low wages or the reduction of working time.

The category of subsidised worker covers two types of situation: workers whose wage is topped up by a tax-financed allowance conditional on their holding a job, and workers who draw a social benefit such as a minimum subsistence allowance concurrently with a low wage. These schemes are thus distinct from passive income support policies for the unemployed. The second type of public intervention is the most recent, especially in the continental countries where the logic of social insurance used to associate entitlement to social benefits with participation in employment, rather than the reverse, implemented by social policies that make it possible to combine minimum income benefit (like the French RMI or unemployment benefit) with earned income, notably in the case of part-time jobs.

In the UK, measures such as these have been more widely implemented through 'in-work benefit' schemes such as the Working Family Tax Credit (WFTC) introduced in 1999. The salient characteristics of the new system are an increase in in-work benefits, called tax credits rather than social security benefits, which remain means-tested according to family income, and channel extra money through the wage packet. In this case, the logic of universal social protection is twisted by workfare and means-tested measures. This form of income support for working people tends to change the nature of employees' resources by increasing the share of funding from the government budget. Moreover, the mechanism entails a two-fold shift in institutional forms: on the one hand, for redistributive purposes, tax-financed benefits tend to replace tax deductions and national insurance; and on the other, the scheme is implemented by the Inland Revenue services and not by Social Security offices.

In France, the new *prime pour l'emploi* (employment bonus) is based on the same logic of topping up the low income of the families of wage-earners through a tax credit paid out of income tax, thus bypassing the social insurance system financed by employment-related contributions.

Between these categories of subsidised employment and subsidised workers, a number of hybrid situations exist, such as those covered by vocational training programmes and job-seeker allowances, or by employment schemes for the unemployed in the public sector. The latter, which create a specific status that is not the employment norm in the public sector, are comparable to subsidised employment, whereas public subsidies for job-seekers or training are closer to the 'subsidised worker' model.

Research perspectives on changes in constructs of employment

From the point of view of resource regimes, measures implemented by these social and labour market policies have brought about structural transformations in employment constructs. Subsidised employment programmes entail job pluralism governed by specific rules for access to benefits, provided on the basis of the characteristics of target populations or the specific objectives assigned to each policy measure. To varying degrees, these rules provide dispensation from the norms

governing standard forms of employment and, more generally, from the general rights linked to waged employment, particularly with reference to the norms produced by collective agreements linking the wage to the system of qualifications; the minimum wage; rules governing the termination of employment contracts; and the financing of social protection.

Measures subsidising workers do not have a direct impact on the employment relationship, forms of wage determination, or contributions and entitlements to social benefits, since such schemes are applied to the individual's household income. However, they do have an important impact on the functioning of the labour market: by topping up wages, they serve to sustain and organise the low-paid segment of the labour market.

More empirical work is needed to measure the extent of subsidised employment in European labour markets and changes in resources flows as a result of these policy measures. Indeed, existing comparative databases on labour market policies (OECD or Eurostat) do not make it possible to carry out a comprehensive assessment of either population or expenditure related to such programs.

From a more theoretical point of view, while it is clear that all European societies are experiencing an erosion of employment-related social rights, the question is: Are new social rights emerging, and how can they be analysed? The European employment strategy stressed the linkages between employment and social security, and lively debates are taking place on the ways in which these linkages should be reformed. As far as the emergence of new social rights is concerned, for instance the right to lifelong training promoted by the European agenda, an approach in terms of resource regimes highlights a number of crucial issues: How will these rights be deployed across the population and instituted so as to provide stability? Which political institutions will support, finance and assess their implementation?

Note

1. The TSER network on Social Construction of Employment, which was established in 1998, is conducting a Framework Programme 5 research project, entitled 'Employee's Resources and Social Rights in Europe (RESORE)'. Details of the project can be found on the website at: <http://www.univ-nancy2.fr/RECHERCHE/EPS/RESORE/GB/Gb.html>.

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6. Lessons for Policy Actors on Employment and Welfare in Europe

Reija Lilja

The papers in this volume are thought provoking. They raise two main questions. Firstly, why should policy makers be interested in the findings presented in the papers? Secondly, what useful lessons do they provide from the point of view of employment policy? The initial answer is that policy makers should, indeed, obtain useful insights from the papers when trying to improve their understanding of issues concerning employment policy. The comments below on each of the paper explain why this is so.

Employment 'precariousness'

Jean-Claude Barbier discusses the notion of 'precariousness' of employment and the difficulties in analysing it comparatively in different countries. 'Precariousness' of employment is often related to fixed-term job contracts, which is regarded as a rather narrow definition of the phenomenon. In some cases a broader definition – such as 'bad' jobs – is used in this context. Whatever notion is used, paying attention to 'precariousness' of employment is important in the Europe of today. About 30% of the total employment growth in the EU over the period 1995–2001 was accounted for by the increase in the number of fixed-term contracts (European Commission, 2001).

The promotion of quality is an integral part of the European social model. Quality in work goes hand in hand with progress towards full employment, higher productivity and greater social cohesion. It is widely recognised that sustainable employment growth requires an improvement in the balance between flexibility and security and real opportunities for upward occupational mobility. To be able to achieve these goals, a better understanding is needed of the dynamic aspects of the labour market. In terms of 'precariousness' of employment, it is necessary to look at what happens to the labour market status of people in precarious employment over time. In other words, we need to be interested in transitions between different labour market statuses over time.

Table 6.1 reports the EU average for transitions out of permanent and temporary jobs. It shows that not all temporary jobs can be regarded as 'bad' jobs. Almost 31% of employees in temporary jobs in 1995 had found a permanent job in 1996. To a certain extent, temporary jobs have been stepping stones to permanent jobs. The precarious nature of temporary jobs is reflected in the fact that the risk of unemployment is nearly sevenfold and the risk of inactivity threefold in these jobs, compared to permanent

Table 6.1 Transition rates out of permanent and temporary jobs, 1995/96 (in %)

Job status 1996	Job status 1995	
	Permanent	Temporary
Permanent	91.5	30.9
Temporary	3.8	47.1
Unemployment	1.9	12.6
Inactivity	2.9	9.5

Source: European Commission (2001, p. 69).

jobs. For policy makers, it would be important to know who, among those in temporary jobs, has the highest risk of unemployment or inactivity, and for whom these jobs act as stepping stones to permanent jobs. For this purpose, statistical models could be used to measure the probability of transitions for different types of employees.

According to the European Commission (2002), a broader concept of job quality can be formulated by using three dimensions: job security, access to training and career development. A low quality job offers a fixed-term job contract, no employer-provided training and no career development. A high quality job, by contrast, offers a permanent job contract, employer-provided training, and good career prospects. Labour market transitions related to these types of jobs are presented in Table 6.2, which shows that about 30% of low quality jobs appear to be stepping stones to high quality jobs. Low quality jobs have a fivefold risk of leading to unemployment (12.5%) compared to high quality jobs (2.5%). As was the case in temporary jobs, the risk of inactivity is threefold in low quality jobs compared with high quality jobs. The propensity to remain in a high quality job is as high as 90%. Thus, improving the quality of jobs promotes sustainable employment.

By looking at labour market transitions, as presented in Tables 6.1 and 6.2, it is easy to agree with Jean-Claude Barbier's notion that human life is quintessentially transitory. He also states that society as a whole has become precarious. It is clear that international competition and globalisation have meant insecurity of employment has been increasing in EU member states. Profitable production units that previously offered permanent, full-time job contracts are being closed down due to outsourcing. As a result, job insecurity has increased, making the notion of 'precariousness' of employment more relevant than ever in policy discussion.

Flexibility and control of work

The paper by Barbara Haas and Claire Wallace on the relationship between flexibility and control of work shows that flexibility on its own does not necessarily lead to greater work satisfaction if it is outside the control of employees. People who have control over their flexibility were more likely to be happy with it. The findings from an earlier study of working time preferences, using 1998 data for all EU member states and Norway, are very much in line with those of Haas and Wallace (Lilja and Hämäläinen, 2001). They show that national working time regulations have a strong impact on people's perception on what are 'appropriate' hours of work. For example, in the EU comparison, French people were most eager to reduce their current hours of work because they knew that a 35-hour week was to be introduced in France. In countries with relatively strict regulations about weekly hours and overtime, people tend to be

Table 6.2 Year-to-year transitions between labour market status by job quality

Status at t-1	Status at t			
	Inactivity	Unemployment	Low quality job	High quality job
Inactivity	87.5	5.0	5.0	2.5
Unemployment	17.5	52.5	20.0	10.0
Low quality job	7.5	12.5	50.0	30.0
High quality job	2.5	2.5	5.0	90.0

Source: European Commission (2002, p. 102).

more satisfied with their hours of work than in countries with very limited regulations. This finding is related to the control of work to which Haas and Wallace refer. In particular, in the EU study, men were more dissatisfied with their hours of work than women. Wanting to reduce working hours was closely related to wanting to reduce excessive overtime in full-time jobs.

Haas and Wallace show that in affluent countries time flexibility is seen as a way of integrating work and life, but in less affluent countries people want to work more hours to maximise their income. According to Reija Lilja and Ulla Hämäläinen (2001), among the longer standing EU member states, highly educated people are most likely to want to reduce their hours of work. Unfortunately, in many cases they are unable to do so due to the career and time pressures related to their high-skilled jobs.

Job satisfaction was studied using the following question: How satisfied are you in general with your main work? As we can see from Table 6.3, several job characteristics may or may not be related to job satisfaction. Overall job satisfaction reveals only part of the picture, and the authors have, therefore, studied other aspects of job satisfaction as well. Table 6.3 suggests that in 1996, in the EU member states, on average, employees were least satisfied with their job security, working hours, and earnings. For example, as many as 8% of employees were not satisfied with their jobs, and as many as 19% were dissatisfied with their earnings.

A final point that needs to be discussed concerns caveats relating to cross-country comparisons of the labour market behaviour of women in countries with very different rates of female labour force participation. Excluding participation decisions from the analyses can be problematic. To illustrate the point, Table 6.4 reports preferences

Table 6.3 Self-reported satisfaction with job characteristics, 1996

	High	Medium	Low
Work content	58.7	34.6	6.7
Working time	54.5	36.2	9.3
Working condition	52.3	39.3	8.4
Job	50.9	41.4	7.7
Job security	49.6	36.2	14.2
Working hours	44.8	43.2	12.0
Earnings	26.7	54.0	19.3

Source: European Commission (2001, p. 67).

Table 6.4 Preferences for working time adjustments among the population aged 30–44 in paid work (in %)

	Prefer to work fewer hours	Prefer to work the same as now	Prefer to work more hours	Prefer not to work
In full-time jobs	61.6	31.6	5.8	1.1
Men	60.8	31.4	6.4	1.3
Women	63.3	31.8	4.4	0.5
In part-time jobs	16.3	51.0	31.3	1.4
Men	13.8	32.3	53.9	0.0
Women	16.6	53.7	28.2	1.5

Source: Lilja and Hämäläinen (2001, p. 43).

for changes to working time arrangements among prime-age employees using EU level data from 1998. The table shows that almost 54% of women in part-time jobs work exactly their preferred hours of work, whereas only 31% of men and women in full-time jobs do so. This result can – at least partly – be explained by a so-called selection effect. Most women in part-time jobs have been able to choose jobs that allow them to do exactly their preferred hours of work. The decision for these women has most probably been whether or not to work at all or to work part-time hours that enable them to combine family and working life. Women in part-time jobs have been successful in this respect. Those who are less successful may have withdrawn from the labour market or are working in full-time jobs while wanting to work fewer hours.

These findings suggest that possible selection effects should not be neglected in cross-country comparisons. Optimally, the probability of a woman participating in the labour force should first be modelled, and different aspects of job satisfaction should be studied as conditional on that decision. If the data do not allow this type of approach, account should at least be taken of the possibility of selection problems when interpreting the results. For example, if it appears that, in countries in which labour force participation rates for women are low, they are more satisfied with their jobs than in countries with high participation rates, it may be an oversimplification to conclude that this is a general state of affairs. Rather, the findings may reflect the fact that women who are working in countries with low female labour force participation rates are a highly selected group, and do not necessarily represent all women in those countries.

Service sector employment growth

The service sector is very important for employment growth in Europe. Between 1997 and 2002, net employment growth for the service sector was 11 million people (12%), while for industry it was only 1.5 million (3%). Thus, the paper by Jacqueline O'Reilly, Colette Fagan and Brendan Halpin, comparing labour market dynamics and service sector employment growth in Germany and the UK, addresses very important phenomena. The paper compares the characteristics of service sector work in the two countries, with the emphasis on tracking the previous employment status of workers as a way of identifying who is most likely to take up service sector jobs.

The paper finds that a striking difference between the two countries has been in the development of intermediary skilled jobs in services. In the 1990s, in Germany little change occurred in the share of these jobs, while in the UK a much larger proportion of employment was found in this category. In fact, the paper shows that, contrary to much debate in Germany about encouraging low-wage, low-skilled employment, it is in these intermediary jobs that Germany has the biggest deficit compared with the UK: intermediate service workers account for around 32% of all jobs in the UK, compared with 22% in Germany.

When the differences between the overall shares of service sector employment in the UK and Germany are examined, the paper's findings may not be too surprising. In 2002, the service sector accounted for 74.4% of employment in the UK and only 65.1% in Germany. This difference in the initial level of service sector jobs has an effect on the structure of service sector employment in the two countries. In the UK, 40.9% of employment was in knowledge-intensive services, while in Germany the same category accounted for only 31.8%. Given this background, it is not surprising that the

largest service sector employment gap between the two countries appears in intermediary skilled jobs. The difference in the starting point has an impact on the employment dynamics in the service sector, which would be an interesting topic to pursue in future research.

The changing relationship between work and welfare

In her paper, Nathalie Moncel discusses the important topic of the changing relationship between work and welfare. The comments that follow are confined to the point she makes about the role of subsidies in the context of the work–welfare nexus. In economic jargon, subsidies reduce the role of wages in the demand for, or supply of, labour. Subsidies can be paid either to employers or to workers. As Nathalie Moncel suggests, employers' subsidies can involve total or partial exemption from social contributions or direct monetary payments to enterprises. These kinds of employment subsidies have an impact on the employment relationship, which is conditional on the subsidy. If, on the contrary, subsidies are paid to the worker, the link to the employment relationship is weaker, in particular if subsidies are paid through the tax system, as is often the case. In the US negative income tax experiments for low-skilled workers provide quite a successful example in this respect.

In 2000, employment subsidies accounted for about 15% of total spending on active labour market measures in a typical OECD country. However, the outcomes of these subsidies appear to be discouraging. Subsidies have been found to make relatively little improvement to net employment. Evaluations for wage subsidies in Australia, Belgium, Ireland and the Netherlands show that, for every 100 jobs subsidised, only 10 were net gains in employment. This is due to two factors: firstly, a large proportion of the jobs would have been created anyway through the so-called dead-end effect; secondly, non-subsidised employees have been replaced by those receiving subsidies in the workplaces through the so-called substitution effect. With tight targeting employment gains can be raised to 20–30%, but then employer take-up drops off sharply (Martin and Grubb, 2001).

In terms of increasing net employment, employment subsidies may not be a very successful tool. However, they may play a role in improving employment opportunities for disadvantaged groups that would otherwise be left without employment. How effective subsidies are remains an open question. In my view, it is up to policy makers to define the general goals that are related to employment subsidies and to determine how much importance they attach to the target of increasing net employment using this tool.

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