Towards a New Standard Employment Relationship in Western Europe

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Abstract

This paper examines critically the concept of the standard employment relationship (SER), differentiating between form and substance. It explores the social functions served by the SER and its evolution in Western Europe. Six major causes underpinning changes in the employment relationship are explored and the contours of a new more flexible SER developed. Two further social functions are added: equal access for men and women to the employment system, and increased internal flexibility in the workplace.

1. Introduction

When social scientists today debate the employment relationship of the traditional full-time core worker — the so-called standard employment relationship (SER) — they speak almost exclusively of erosion and crisis rather than of change. The predominant notion is that the SER of the past is breaking up in favour of a diversity of non-standard, atypical employment relationships that are no longer held together by any common bond, so that it no longer makes any sense to assume that there is any dominant form of employment relationship. In his monumental work on the information society, for example, Castells writes: ‘the traditional form of work, based on full-time employment, clear-cut occupational assignment, and a career pattern over the lifecycle is being slowly but surely eroded away’ (Castells 1996: 268). For their part, Carnoy et al. (1997) see traditional employment forms being replaced by ‘human capital portfolios’. Closer examination reveals, buried within this debate on the crisis in the standard employment relationship, a number of very different strands of argument, which can be summarized as follows. First, it is maintained that the SER has declined in importance. Second, it is predicted that the SER will decline further in significance in future. Third, it is often suggested that the SER is not even worth defending,
for three reasons. One is that the SER, which has mainly been the employment relationship of male breadwinners, is seen as an expression of paternalistic power relations that have to be overcome. The second characterizes the SER, because of its rigid regulations, as the most important obstacle to the free play of market forces. And the third asserts that the rising generation is no longer afflicted by its parents’ concerns with security, and actively seeks greater flexibility in the world of work. Only a few contributors to the debate (Beynon et al. 2002; Bosch 2002) have examined the chances of the SER’s survival or reconstruction, outlined starting points for the political action that needs to be taken, and/or developed approaches to a new SER that would be viable in the future.

These opportunities for shaping the future of the SER and developing new norms for employment relationships are the subject of this paper. In order to uncover these buried starting points for action, the various lines of argument alluded to above need to be unpicked step by step. The fact that they are so intertwined makes it very difficult to obtain a clear view of the overall situation. It is not sufficient to check the numerous statements of fact against the findings of empirical research. The world of work is in such a state of upheaval that statistical surveys on the diffusion of particular forms of employment relationship merely provide snapshots of a moving object. In order to make a film out of these snapshots — not necessarily with a happy ending but at least with a comprehensible story — we have to get to grips with the forces driving the change. Only then will we be in a position not only to consider the future, but also to understand the causes of change and hence to identify shifts in trends and points of intervention for political action. The intervention that is proposed is a normative decision and not one that can be inferred simply from the analysis. However, whether or not any opportunities for action are revealed depends very much on the quality of the analysis.

I begin by attempting to outline what is actually understood by a standard employment relationship and to identify the stabilizing elements, i.e. the structures, that held it together in the past and were responsible for its being regarded, at least for a long time, as standard. The quantitative evolution of the various forms of employment relationship in several countries is then examined in Section 2. The country comparison reveals the existence of a number of different standard employment relationships as well as very contradictory developments and underlying causes. In Section 3 the various causes of the changes in employment relationships and their effects on the SER are examined. Finally, I conclude by outlining a possible model for the creation of a future SER.

2. Definition and function of the SER

The traditional SER has been defined as a ‘stable, socially protected, dependent, full-time job . . . the basic conditions of which (working time, pay, social transfers) are regulated to a minimum level by collective agreement or by
labour and/or social security law' (Bosch 1986: 165). The full-time nature of the job, its stability, and the social standards linked with permanent full-time work are the key elements in this definition. Only full-time employment guarantees a family wage and an adequate level of social protection, while a stable job places the relations between employer and employee on a long-term footing.

Peter Nolan's starting point is the social function of the SER for employers. He argues that what distinguishes this employment relationship from other forms of exchanges is the 'attempt by employers to reconcile ... two problems — of securing workers’ cooperation and a surplus product' (Nolan 1983: 303). Mark Harvey (1999) and Linda Clarke (1991) identify the wage form as the key criterion in assessing the approach to future time inherent in employment forms. In the SER, in contrast to day labour, workers are paid not only for the days they work, but also for times when they are not working or are investing in their capacity for work (e.g. learning on the job, initial and further training, health and safety at work). The focus of the contract is not only on today but also on tomorrow, with many mutual obligations enshrined therein. These obligations may include, on the employee’s side, exclusivity of employment with one organization, and, on both sides, a commitment to a minimum period of employment and rules for terminating the contract.

Gøsta Esping-Andersen (1990) argues that workers are not commodities, because they must survive and reproduce both themselves and the society in which they live. As commodities they could easily be destroyed by such minor contingencies as illness, and by macro events like the business cycle. De-commodification is a precondition for a tolerable level of individual welfare and security. The welfare state, including job protection and the entitlements linked to the SER, reflect responses to pressure for de-commodification (Esping-Andersen 1990: 37). He differentiates three types of welfare systems: the social democratic (e.g. Sweden), the corporatist (e.g. Germany) and the neo-liberal (e.g. the USA).

The purpose of welfare state regulations in the social democratic and corporatist models is to protect that special commodity, labour, from the vagaries of the market. The various social protection measures create buffers between the market and employment relationships that guarantee workers an income, at least for a transitional period, when they are not working because of illness, accident, unemployment, short-time working, etc. At the same time, employees’ capacity for work is maintained over the long term by protecting workers from excessive demands, for example establishing maximum working times and holiday entitlements. Private life is made easier to plan by establishing a standard working time and rules that have to be adhered to when deviations from that norm are necessary (payment of premia, notice of changes to working time).

Thus, the SER enables employees to plan for the long term. This applies not only to the planning of everyday life, such as the use of leisure time, but also to workers’ investment, and that of family members, in their own capacity for work, for example through education and training. Social protection
and the constraining of corporate decision-making by rules (e.g. dismissal protection) increase employees' bargaining power in the labour market, which they are able to deploy effectively in representing their interests. Above all, they can obtain for themselves a share of the increase in economic productivity and compensation for their own willingness to be flexible (e.g. through the payment of overtime premia). In this way, the SER has been a significant instrument for the reduction of social inequality. Esping-Andersen underlined, however, that de-commodification should not be confused with the complete eradication of labour as a commodity (Esping-Andersen 1990: 37).

If only welfare state regimes are compared, there is a danger that the function of the SER for firms and the economy as a whole will be overlooked, a point underlined by Nolan (1983). Firms also benefited from the standards laid down by the SER during the period of stable economic growth and mass production. In the past, work organization in both manufacturing industry and the service sector was based on full-time employment and the eight-hour day associated with it, and on the 48- and later the 40-hour week. This traditional form of working time was the main pillar of work organization systems and was generally taken for granted. Thus, employees' standard working time was not simply an externally imposed regulation but found its equivalence in firms' work organization systems. This is the main reason why traditional forms of work organization became second nature to both employees and firms. The standard working time laid down in the SER and the dismissal protection it provided meant that ad hoc personnel decisions became costly, leading firms to plan their personnel deployment very carefully. The high productivity increases achieved in the 1960s and 1970s showed that they made intensive use of their freedom of action within the framework laid down by the SER in order to reorganize and rationalize labour deployment.

This focus on de-commodification has been criticized from a gender perspective, because 'in order to enjoy rights to “de-commodification” it is essential to be a potential participant in the labour market. Some welfare states act to restrict women's role to the domestic or family sphere, while others encourage and promote the participation of all citizens' (Rubery and Grimshaw 2003: 87). In the corporatist model, the traditional male-breadwinner model was further stabilized by a number of reinforcing measures, such as morning-only school, the inadequate supply of childcare facilities, the so-called splitting system for assessing married couples' tax liability and the system of deriving married women's social security entitlements from their husbands' SER. In the 1950s and 1960s the Swedish welfare state also supported traditional household structures with a male breadwinner, and was gradually transformed into the social democratic welfare state of today, which is based on the assumption that all fit adults are in employment. We will see that the switch from derived entitlements to individual rights in European welfare states is one of the major drivers of change in the SER.

It is clear from the various definitions and attributions of function that the SER is of value not only to employees but also to firms and society as a whole.
Employees are protected from the vagaries of the markets and can make long-term plans for themselves and their families. Firms benefit from a reliable framework within which to plan their work organization and are able to rely on their employees’ willingness to co-operate in return for the security they enjoy. In society as a whole, inequalities are reduced and families are able to invest in their members’ human capital. With the traditional household division of labour, the SER could fulfil these functions only if the single male breadwinner worked full-time and earned a family wage. However, examination of the various models of the welfare state has revealed that alternatives very definitely exist. In order to develop our analysis, therefore, it is important to make a distinction between the substance of the SER and its form. The substance is determined by the functions set out above. However, the forms (full-time employment, family wage, rigid forms of work organization based on the eight-hour day or full-time employment) can change.

3. Quantitative evolution of the SER in EU member states

Different welfare regimes and modifications in a country’s welfare regime might change the meaning of the SER. For example, if a family has two earners it may no longer be necessary for both to be in permanent, full-time work to ensure a tolerable level of individual welfare. Part-time work for both workers or temporary part-time work might become the norm in dual-earner households. Such a development could be promoted if part-time workers were paid at the same rate as full-timers and received pro rata entitlements to social security. Since the meaning of the SER and the regulations governing full-time and part-time work can change, it is difficult to measure the quantitative evolution of the SER over longer periods in one country and to compare countries only on the basis of quantitative indicators. However, since some authors (e.g. Beck 2000) argue that full-time employment is diminishing and job stability is decreasing, and that therefore the SER is disappearing, it makes sense to see if these assumptions are justified.

In West Germany, the number of permanent, full-time employees stagnated between 1988 and 1998 in absolute terms and now stands at around 18 million. However, examination of the share of permanent, full-time employees in the total economically active population reveals a decline from 67.4 to 62.1 per cent, that is a fall of somewhat over five percentage points (Table 1). This difference in the evolution of the relative and absolute figures is explained by the increase in total employment of more than 2 million people. Since the number of self-employed and family workers has remained almost unchanged and that of employees on fixed-term contracts has even declined, the fall in the share of full-time dependent employment is largely a consequence of the rapid increase in part-time employment. Between 1988 and 1998 the part-time rate in West Germany rose by six percentage points, from 11.3 to 17.3 per cent. This is attributable essentially to the increase in the employment rate, that is in the share of the total female population of
working age that are in employment. In other European countries (e.g. France, the UK) the evolution has been quite similar. In the southern European countries (Portugal, Spain, Italy and Greece) the share of full-time dependent employment in all employment relationships is considerably lower than in the central and northern European countries, since the share of the self-employed and of family workers is still very high in agriculture among other traditional sectors. In some countries full-time dependent employment has actually gained ground in relative terms. It has increased in Greece and Portugal at the expense of self-employment, and in Denmark as a result of the decline in the part-time rate. The relative decline in full-time dependent employment in Spain is linked to the sharp increase in temporary employment (Table 1). These variable national patterns suggest that the forces driving its evolution vary from country to country, as follows.

- In the relatively less developed countries, the share of the self-employed and of family workers will decline significantly, as it did in central and northern Europe in the 1950s and 1960s, and full-time dependent employment could become more widely diffused through the creation of additional standard jobs in a period of economic growth. The SER accelerates the pace of economic change, since workers leave the traditional sector precisely because of the high employment stability, the guaranteed wages and the more regular working hours offered in the industrial sector.
- In some countries, including Germany, Ireland, the UK and the Netherlands, part-time employment is increasing, particularly as a consequence of rising female employment rates, while in those countries in which the female employment rate is already high (Denmark, Sweden and Norway) it is slowly declining. Since part-time work is constructed primarily as women's work, any attempt to explain these trends must look first at the conditions under which family responsibilities and paid work can be reconciled.
- Obviously, the expansion of fixed-term or temporary employment can, under certain conditions, undermine the SER (as in Spain). One possible reason for this may lie in the excessive regulation of the SER, which induces firms to confine themselves largely to revocable personnel decisions when adjusting employment levels. Another reason may be inadequate levels of flexibility within the workforce (e.g. because of skill deficiencies), which encourages firms to opt for external flexibility.

Part-time and full-time work are often looked at as different forms of employment relationships. Blyton and Turnbull (1994) subdivided the labour force into three broad categories: a core of full-time workers, a periphery of part-time, temporary and home workers together with the self-employed, and the unemployed (p. 53). This polarized view of full-time and part-time work might make sense in the British context but should not be generalized. In some European countries the hours worked by full-timers and part-timers are beginning to converge as a result of an increase in part-timers' hours and a reduction in those of full-timers. In Denmark, for example, it became possible...
<table>
<thead>
<tr>
<th>Country</th>
<th>1988</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>3.48</td>
<td>3.86</td>
</tr>
<tr>
<td>Denmark</td>
<td>2.68</td>
<td>2.68</td>
</tr>
<tr>
<td>East Germany*</td>
<td>27.00</td>
<td>29.07</td>
</tr>
<tr>
<td>France</td>
<td>21.50</td>
<td>22.47</td>
</tr>
<tr>
<td>Greece</td>
<td>3.65</td>
<td>3.97</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.09</td>
<td>1.50</td>
</tr>
<tr>
<td>Italy</td>
<td>21.09</td>
<td>20.36</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0.15</td>
<td>0.17</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5.90</td>
<td>7.40</td>
</tr>
<tr>
<td>Portugal</td>
<td>4.43</td>
<td>4.76</td>
</tr>
<tr>
<td>Spain</td>
<td>11.71</td>
<td>13.16</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>25.66</td>
<td>26.88</td>
</tr>
<tr>
<td>Finland</td>
<td>2.18</td>
<td>3.63</td>
</tr>
<tr>
<td>Austria</td>
<td>3.95</td>
<td>3.95</td>
</tr>
</tbody>
</table>


Source: Hoffmann and Walwei (2000).
for many women to work the reduced full-time norm when the generalized reduction of working time from 40 to 37 hours was introduced. At the same time, female part-timers now tend to work 30 hours per week rather than the 20 hours they used to work ten years ago. The reduction of men's working time has certainly also helped to change the family division of labour and women's labour market behaviour. In Germany these developments are in their early stages and are masked in particular by the strong growth in marginal part-time employment among women (Figure 1a). In Great Britain, on the other hand, full-time and part-time employment are tending rather to diverge (Figure 1b). The de facto full-time norm among men is far in excess of 40 hours. The share of men working excessively long hours has actually increased in recent years. The large volume of overtime worked by men means that married women with children, despite an advantageous school system with relatively long hours, have to be content with marginal part-time jobs, so that the gap between full-time and part-time employment has widened even further in recent years. In contrast to Denmark (Figure 1c), part-time work is also largely unregulated; it is less well paid than full-time work, so that there is little incentive for households to substitute men's overtime, which attracts premium payments, for low wages earned by female part-timers. A longitudinal survey would probably show even more clearly that the differences between full-time and part-time employment are becoming more fluid in Denmark. Temporary rather than permanent part-time working, with an eventual return to full-time employment, has become part of a normal work history, particularly as a result of flexible parental leave arrangements.

FIGURE 1A
Distribution of Usual Weekly Working Hours for Dependent Employees: Germany, 1989 and 1999.

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FIGURE 1B

FIGURE 1C

The empirical evidence presented up to this point has provided only snapshots of the diffusion of certain employment forms. Such snapshots cannot reveal whether or not the SER is being eroded from within by increasing job turnover, that is by increased instability over the course of the working life. Auer and Cazes (2002) investigated the evolution of average job tenure in various industrialized countries. They found, surprisingly, that employment stability in most countries had increased (Table 2). In some countries (Ireland, the USA) job tenure has increased because of the high growth rates and the
high level of recruitment of new workers. Auer and Cazes controlled for economic growth rates and the age structure of workers and came to the conclusion that ‘... we do not find any general and systematic trend towards declining tenure’ (p. 29).

With international comparisons of this kind, one must be aware that apparently comparable statistical categories are often being used to measure very different things. Because of the low level of statutory dismissal protection and the decline in trade union power and influence in Great Britain and the USA, a permanent, full-time job in the large areas not covered by a collective agreement in these countries frequently offers no more protection than a temporary contract, so that ultimately it matters little to employers or employees which kind of contract is concluded. It is hardly surprising, therefore, that, after the far-reaching deregulation of recent decades, there is no debate on the SER in the USA and Great Britain to match that being conducted, for example, in Germany. In the neo-liberal model, permanent full-time work is de-commodified only to a limited extent, if at all.

4. Causes of change in the SER

The international comparison has already revealed some of the reasons why the SER might be increasing or declining. This section explores the
following significant factors: (1) flexibilization of product markets, (2) rising employment rates among women, (3) combining of education/training and work, (4) rising educational levels among the working population, (5) employment situation and (6) regulation or deregulation of the labour market.

**Flexibilization of Product Markets**

The continuity and predictability of working time in the traditional SER was possible only while product markets were similarly structured. The manufacturing industry was dominated by mass production, which enabled firms to adapt to fluctuations in demand by holding stocks rather than by adjusting working time. In many areas of the service sector, the standard working time was guaranteed by fixed opening hours.

These conditions have changed. In the manufacturing industry, a high proportion of mass production shifted to low-wage countries, and in industrialized countries goods are now produced mostly to order. It is no longer possible to keep parts in stock for the growing number of possible variants; thus, stocks can no longer serve as a buffer between market and production, and their role has been taken by increased flexibility in working time. At the same time, opening hours in many service industries have been extended, and with it the time frame within which customer flows of varying volumes have to be served. In addition, and particularly in knowledge-intensive forms of work such as software production, there is the pressure of deadlines in project work, which is a consequence of, among other things, the short half-life of innovations. In a generally more flexible economy, firms cannot survive with the old, rigid employment forms. A return to the early industrial forms of hiring and firing offers a solution only in the case of low-level jobs. In other jobs employers are increasingly dependent on skilled workers, whom they wish to retain even in times of crisis, in order not to lose the considerable investment they have made in their know-how. Consequently, they seek to increase internal flexibility. The stability in job tenure, despite the increased turbulence of markets, has been possible as a result of greater internal flexibility. Employees today are better and, more importantly, more broadly educated and are therefore more versatile. Moreover, flexible working times mean there are considerable internal reserves of labour that can be drawn on in the event of fluctuations in demand. In economic crises more and more firms today prefer to cut down on hours of work rather than employees. If internal flexibility of this kind is not possible, firms will centralize competences to a greater degree in order to limit the loss of competences when external adjustments have to be made. This re-Taylorization of work organization is found in industries with high turnover rates (e.g. call centres or retailing). The future development of the SER depends very much on the dominant form of work organization in a country. If a high-road strategy based on skills, flexible work organization and internal flexibility is chosen, job tenure will remain stable. In a low-road strategy based on low skill, easily replaceable workers and a
Taylorist work organization, external flexibility might gain in importance and job tenure will be shorter than in the past.

Rising Employment Rates among Women

Female employment rates have risen considerably in recent years in most of the developed industrialized countries, and according to all forecasts this trend will continue in the years to come. Unlike the labour supply of men in the single-breadwinner model, the additional labour supply of women is not free of the burden of household work, but rather has to combine paid work with domestic responsibilities. The working hours and employment forms that women are in a position to accept depend primarily on the social organization of childcare. In countries with an inadequate childcare infrastructure, many women will be able to look for only part-time employment, or else will have to remain childless. The inadequate provision of care facilities for children under the age of 3 and of morning-only schooling are the reasons why women with children in Germany or the Netherlands either seek part-time employment or, because of these restrictions, decide, perhaps reluctantly, not to have children, which is reflected in the sharply falling birth rates. A European comparison shows that the differences in working time between men and women are lower the more highly developed the childcare infrastructure is (correlation coefficient of 0.647) (Table 2). Other factors are the large pay differentials between men and women (correlation coefficient of 0.426/ not significant), or incentives offered by the tax and social security systems for non-employment or marginal part-time employment (Dingeldey 2000). Thus, an increase in women's employment that is not accompanied by changes in the wider social environment is a phenomenon with the capacity to blow apart the traditional SER, albeit one that is concealed by the decline in the birth rate, and can be defused only by a reorganization of childcare.

Combining of Education/Training and Work

As higher education has expanded, so the number of high school and university students seeking employment has risen. Many industries (call centres, for example) have based their work organization systems and locational decisions on this specific labour supply. In Germany, the percentage of young people aged between 15 and 29 combining part-time work and education rose between 1987 and 1995 from 15 to 26 per cent (Table 3). Across Europe as a whole, the figure is even higher. Thus, as a result of the expansion of the education system and the consequent extension of the youth phase of the life course, employment forms are becoming increasingly differentiated, particularly among younger people; temporary and part-time jobs have become standard, albeit temporary, employment forms that are not the last stop on an individual's career trajectory. Since it makes no sense to select the expansion of the education system as an indicator of the crisis in the SER, particularly since career trajectories are likely to be stabilized by the expansion of
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Rising Educational Levels among the Working Population

In today’s knowledge society, a good education increasingly serves as an entry ticket to the labour market. In most countries, the employment rate for highly qualified men and women is significantly higher than that for the less well qualified (Table 4). For the more highly qualified, the influence of educational level on their labour market position is now greater than that of gender. Incidentally, this also applies to working time and employment forms. The higher the qualification level is, the longer the average working time and the lower the part-time rate tends to be. Thus, as qualification levels among the working population rise, the demand for permanent, full-time employment also rises. In this respect, the risk to the SER comes from quite

TABLE 3
Employment Rates in Full-Time Equivalents, 1998: Childcare Infrastructure, Women’s Pay

<table>
<thead>
<tr>
<th>Country</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>Difference</th>
<th>Public childcare provisiona</th>
<th>Women’s gross monthly income as % of men’s incomeb (1995)</th>
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</thead>
<tbody>
<tr>
<td>E15</td>
<td>55.7</td>
<td>70.8</td>
<td>40.7</td>
<td>30.1</td>
<td>74</td>
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<td>Belgium</td>
<td>53.7</td>
<td>67.9</td>
<td>39.3</td>
<td>28.6</td>
<td>2.7</td>
<td>84</td>
</tr>
<tr>
<td>Denmark</td>
<td>69.9</td>
<td>80.8</td>
<td>58.7</td>
<td>22.1</td>
<td>3</td>
<td>84</td>
</tr>
<tr>
<td>Germany</td>
<td>55.2</td>
<td>68.5</td>
<td>41.6</td>
<td>26.9</td>
<td>1.7</td>
<td>74</td>
</tr>
<tr>
<td>Greece</td>
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<td>75.8</td>
<td>37.3</td>
<td>38.5</td>
<td>1.3</td>
<td>73</td>
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<tr>
<td>Spain</td>
<td>47.9</td>
<td>65.6</td>
<td>30.6</td>
<td>35.0</td>
<td>1.7</td>
<td>76</td>
</tr>
<tr>
<td>France</td>
<td>57.4</td>
<td>69.9</td>
<td>45.4</td>
<td>24.5</td>
<td>2.7</td>
<td>80</td>
</tr>
<tr>
<td>Ireland (1997)</td>
<td>54.0</td>
<td>72.5</td>
<td>35.3</td>
<td>37.2</td>
<td>1.7</td>
<td>70</td>
</tr>
<tr>
<td>Italy</td>
<td>50.2</td>
<td>68.0</td>
<td>32.8</td>
<td>35.2</td>
<td>1.7</td>
<td>77</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>56.2</td>
<td>75.2</td>
<td>36.9</td>
<td>38.3</td>
<td>2.0</td>
<td>84</td>
</tr>
<tr>
<td>Netherlands</td>
<td>58.0</td>
<td>72.8</td>
<td>35.0</td>
<td>37.8</td>
<td>1.7</td>
<td>71</td>
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<tr>
<td>Austria</td>
<td>65.0</td>
<td>79.5</td>
<td>50.8</td>
<td>28.7</td>
<td>1</td>
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<td>Portugal</td>
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<td>71</td>
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<td>Finland</td>
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<td>54.7</td>
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<tr>
<td>Sweden</td>
<td>62.8</td>
<td>70.0</td>
<td>55.3</td>
<td>14.7</td>
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<td>84</td>
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<tr>
<td>UK</td>
<td>60.9</td>
<td>77.0</td>
<td>44.4</td>
<td>32.6</td>
<td>1.7</td>
<td>70</td>
</tr>
</tbody>
</table>

Brawais–Pearson correlation coefficient R

<table>
<thead>
<tr>
<th>Difference in male–female employment rates</th>
<th>R</th>
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</thead>
<tbody>
<tr>
<td>Childcare provision</td>
<td>−0.647c</td>
</tr>
<tr>
<td>Women’s income as % of men’s income</td>
<td>−0.428d</td>
</tr>
<tr>
<td>Male employment rate</td>
<td>−0.047d</td>
</tr>
</tbody>
</table>

a Low = 1; medium = 2; high = 3. The indicator was constructed on the basis of data from the EU Childcare Network on the provision for children under 3 years, aged 3–6 and of school age.

b Salaries and wages from full-time work, excluding bonuses and premia.

c Significant at 5% level.

d Not significant.

Source: European Commission (2000a); own calculations.

the education system (see below), it would be sensible to base future investigations of the diffusion of the SER on employees aged 25 and over.

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another direction. Working times are increasing among highly qualified workers, and a permanent, full-time contract no longer fulfils its classic function of protecting workers against excessive demands (Wagner 2000).

**The Employment Situation**

Full employment and economic growth formed the background against which the SER came into existence in the 1950s and 1960s. High unemployment, on the other hand, together with labour market deregulation, has been the most important factor in the dissolution of the SER. As unemployment rises, competition in the labour market increases and employees’ bargaining power declines. Firms are able to shift a greater share of market risks on to workers’ shoulders and will offer only less well protected employment forms. Many workers are unable to realize their employment preferences, so have to accept involuntary part-time work or temporary employment. However, as unemployment decreases, employers have to compete for labour, which is in shorter supply, and to improve employment conditions. Under such circumstances, they will even be happy to resort to standardized employment forms, since these standards will serve to limit employees’ demands, thereby

TABLE 4

Individuals Working Part-Time while Engaged in Education or Training: % of the Relevant Age Group, 1987–1995

<table>
<thead>
<tr>
<th>Age</th>
<th>Year</th>
<th>Germany</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>15–29</td>
<td>1987</td>
<td>15</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td>26</td>
<td>33</td>
</tr>
<tr>
<td>30–59</td>
<td>1987</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>15–59</td>
<td>1987</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>1995</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>


TABLE 5

Employment Rates* for Men and Women (aged 25–54) by Educational Potential in the EU, 1997

<table>
<thead>
<tr>
<th>Country</th>
<th>Low</th>
<th>Intermediate</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>W</td>
<td>M</td>
</tr>
<tr>
<td>Denmark</td>
<td>78.9</td>
<td>62.5</td>
<td>89.3</td>
</tr>
<tr>
<td>Germany</td>
<td>73.3</td>
<td>49.8</td>
<td>84.8</td>
</tr>
<tr>
<td>France</td>
<td>78.9</td>
<td>56.0</td>
<td>88.4</td>
</tr>
<tr>
<td>Sweden</td>
<td>76.0</td>
<td>65.5</td>
<td>81.8</td>
</tr>
<tr>
<td>UK</td>
<td>78.3</td>
<td>63.0</td>
<td>86.7</td>
</tr>
<tr>
<td>EU 15</td>
<td>79.0</td>
<td>48.0</td>
<td>86.3</td>
</tr>
</tbody>
</table>

* Share of employment in total economically active population aged 25–54.

Removing disputes over distribution from the everyday life of the workplace. Thus, a reduction in unemployment, which is to be expected in many EU countries in the years to come, not least for demographic reasons, may strengthen the SER on a lasting basis.

**Regulation/Deregulation of the Labour Market**

The SER is a regulated employment relationship. Only by laying down minimum standards can employment relationships in very different firms and industries and among very different groups of employees acquire the common characteristics required for the development of a societal standard. If central regulations (on working time or dismissal protection, for example) were abolished, then in extreme cases employees would have to negotiate their employment conditions individually. Under such circumstances, only a small proportion would enjoy the same level of protection as under the SER. In some countries, such as Great Britain or the USA, labour market deregulation has been a contributory factor in the wholesale undermining of the SER. However, deregulation of the SER is not the only problem, since excessive regulation, as well as the regulations governing other employment forms, can have similar effects. If the SER is too rigid, firms will have increasing resort to other employment forms, as the example of Spain shows. Since complete de-commodification in a market economy is not possible, a balance has to be struck between security and flexibility. However, another reason for the use of other employment forms may be that they are under-regulated. If these employment forms give firms unrestricted freedom to take the decisions they wish to take, as is the case, for example, with marginal part-time jobs in Germany, then the regulatory gap between the various employment forms can give rise to a powerful *suction effect*, pulling standards irresistibly downwards. On the other hand, the more strongly all forms of part-time work are regulated, the more similar they become in all aspects to the SER, with working time then remaining as the only significant difference.

Taking these six factors in their various forms together, various scenarios for the different employment models of Esping-Andersen can be outlined. Let us take the corporatist model as an example. If the traditional model of the family remains unchanged and the labour market is deregulated along neo-liberal lines, then not even the development of internal flexibility in firms, improved educational levels and declining unemployment will be able to halt the increasing differentiation of employment forms. On the other hand, if the structures of this family model are reformed and the regulatory gap between the various employment forms is reduced, the future of the SER looks better. However, it will then no longer be the old SER, as is evident from close examination of the above six sets of factors. And the corporatist model will have been transformed into the social democratic model.

In no employment system, however, can the future viability of the SER be understood solely through analysis of the relevant welfare state model. If, as described, product markets are becoming more turbulent and demands for
internal flexibility are increasing, then work organization will have to become more flexible and individual employees will have to be able to function in a greater diversity of contexts. It will no longer be possible to provide them with passive protection; instead, they will have to be given a sufficiently broad skill base to be able to cope with new requirements. Precisely because the SER simultaneously fulfils functions for employees, employers and society as a whole, its foundations must lie not only in the welfare state but also in the productive and education and training systems. A welfare state cannot be funded unless it is embedded in efficient economic structures and itself makes a contribution to efficiency.

5. Approaches to a new, flexible SER

The old SER was intended to achieve the following goals: (1) protect employees against economic and social risks, (2) reduce social inequality and (3) increase economic efficiency. The simultaneous realization of these goals made it possible to reach compromises between the interests of employees, firms and society as a whole. These objectives have been achieved to a large extent. Social inequalities in the developed European welfare states were reduced, employees were well protected against the major economic and social risks, and companies were able to develop highly productive forms of work organization within the framework laid down through the SER. The old objectives are still current, but two further goals have to be added to them. The first of these is equal access for men and women to the employment system, and the second, support for lifelong learning in order to improve employability and increase flexibility in the workplace. This would add those functions underlined in Figure 2 to the traditional functions of the SER. The new SER thereby created would be similar in substance to the old one, but its form would be adapted to the changed social conditions. If both partners in a couple are economically active, the man will no longer have to earn the family wage by himself. If both partners combine paid work, family responsibilities and even further training, career paths will become more flexible. Workers will alternate between periods of full-time employment, part-time employment and career breaks (parental or educational leave). Flexible career paths of this kind differ from market-driven ‘human capital portfolios’ (Carnoy et al. 1997) in that they are de-commodified. Changes in employment forms over the life course are not only enforced but also self-selected and socially protected.

Like the traditional SER, its replacement must be socially embedded and supported. The following structures in particular are crucial elements in the institutional framework required for its successful realization.

1. Development of the public childcare infrastructure for children under 6 and for those of school age (all-day schooling). Extension of the childcare
Towards a New SER in Western Europe

2. Promotion of internal flexibility in flexible work organization systems. Flexible careers lead to increased variations of working hours over the life course. At the same time, firms are operating in more turbulent markets. These increased demands for flexibility can be met only by developing decentralized forms of work organization. Any attempt to combine business efficiency with increased time sovereignty for employees inevitably raises the question of work organization. There are now numerous examples of innovative forms of work organization that show that such a synthesis can be made to work successfully (Lehndorff 2001). Employees must adopt a more flexible attitude than under the classic SER towards both working time and their sphere of deployment.

3. Promotion of lifelong learning. In the knowledge society there is a risk, even with short career breaks, that skills and qualifications will become obsolete. Thus, social protection can no longer be confined to passive transfers for those experiencing difficulties in achieving labour market integration, as in the past; rather, as the quid pro quo for the establishment of more flexible forms of work organization, opportunities for lifelong learning must be improved.

4. Increased opportunities for choosing working hours. The rigid full-time standard seriously restricted individual choice of working hours. Surveys of employees’ working time preferences across Europe (Bielenksi
et al. 2002) show that most employees would prefer a weekly working time within the 25–38-hour range. In most countries, however, individual preferences still founder on the rigid division between full-time and part-time work, and this distinction must be relaxed. More men, reluctant to shift to part-time work with its attendant discriminations but more than willing to contemplate a few hours’ reduction in their working time or blocks of free time distributed over several years, would then be likely to reduce their working hours. In this way, it would be possible to share out the volume of paid work not only among women, but also between the sexes.

5. Derived entitlements to social security to be replaced by individual rights. Independent social protection for women will have to be built up primarily through continuous economic activity. When women are economically active in their own right, then some derived rights, such as widow pensions, will be claimed less and less and can probably, ultimately, be abolished. Equal treatment for different lifestyles and the ending of tax subsidies for married couples without children (the splitting system for married couples) will help to encourage women to enter the labour market and hence build up their own social security entitlements.

What might an SER capable of fulfilling such a complex list of objectives look like? The Scandinavian model demonstrates one possible way forward. Its starting assumption is a certain degree of flexibility in patterns of labour market behaviour, in which working time is freely chosen in the different stages of working life. Full-time work for both partners can be combined with paid and unpaid career breaks and periods of part-time work, depending on individual situations and needs. During career breaks only socially recognized activities, such as child raising or further training, are paid for, while the realization of other individual preferences remain unpaid. The choices open to employees with children are extended by a highly developed childcare system.

Workers who opt for such flexible patterns of labour market behaviour will be protected from poverty in old age by minimum pensions. Moreover, a narrowing of the gender pay gap (Table 2) reduces the negative incentives for a redistribution of paid work between men and women. At the same time as changes were being made to the traditional family model, the Scandinavian countries also invested more than other countries in education and training and in the development and diffusion of new forms of decentralized work organization and the introduction of semi-autonomous work groups.3

The above analysis has shown that there are in fact strong driving forces that are giving rise to an increasing diversity of employment forms. However, this diversity is not inevitably associated with an increase in non-standard employment relationships, as Castell, Beck or Carnoy et al. predict. The new SER proposed here offers a flexible framework for self-organized diversity, in which the differing interests of individuals, firms and society are balanced.
out and the social security system is linked to economic efficiency. This should make it clear that there are alternatives to labour market deregulation, which in many analyses lie buried beneath alleged constraints.

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Notes

1. The concept of de-commodification was developed by earlier authors such as Polyani (1957). The German trade union theoretician Briefs (1927) used the term Dekommerzialisierung (de-commercialization).

2. A similar integrated view of employment models can be found in Rubery and Grimshaw (2003).

3. In Norway, for example, the first programmes on work organization and the introduction of autonomous work groups were jointly implemented by the unions and the employers’ organizations as early as the 1960s. The purpose of the first generations of these programmes tended to be the improvement of working conditions; nowadays, however, the state-supported ‘Enterprise Development 2000 Programme’ leans more heavily towards encouraging improvement in competitiveness (Bosch 1997: 222).

References


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