

European Trade Union Institute (ETUI)

**NEW FORMS OF EMPLOYMENT AND WORKING TIME  
IN THE SERVICE ECONOMY (NESY)**

**Country case studies conducted in five service sectors**

**Edited by Emmanuel Mermet (ETUI) and Steffen Lehndorff (IAT)**

Documents compiled  
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# Contents

Foreword .....	5
Part I	
<b>The case of information technologies .....</b>	<b>9</b>
Part II	
<b>The case of banking .....</b>	<b>61</b>
Part III	
<b>The case of the retail trade sector .....</b>	<b>81</b>
Part IV	
<b>The case of the health sector .....</b>	<b>147</b>
Part V	
<b>The case of elderly home care .....</b>	<b>227</b>



## Foreword

On the occasion of the Conference on NESY, the European Trade Union Institute (ETUI) and the Institut für Arbeit und Technik (IAT) are publishing this report to present the results of the academic research project conducted to investigate the incidence of new forms of employment and working time in the service economy. NESY is financed by the Targeted Socio-Economic Research (TSER) Programme of the European Commission.

The purpose of the research is to investigate the driving forces behind the emergence and spread of new forms of employment and working time resulting from particular features of the service sector and service activities. Since NESY conducts its research in an international comparative perspective, the impact of country-specific features of labour and product markets on forms of employment and working time are subjected to analysis.

The objective of the NESY project is to investigate, firstly, changes in employment and working-time patterns in the service sector and, secondly, the forces driving those changes. Thus differentiation within and beyond the “standard employment relationship” lies at the heart of the project. It is the “blurring of the boundaries” between “standard” gainful employment and, at one end of the scale, self-employment and, at the other end, casual labour that accounts for the wide diversity of employment and working-time patterns found in service activities in particular. The overriding aim is to contribute to our knowledge of potential new footholds for policies geared to the fostering and redistribution of employment.

The research is conducted within an international comparative perspective covering 10 European Union countries. The project combines quantitative and qualitative research methods as well as micro and macro approaches. The quantitative sections include the provision of data relating to the new forms of employment and working time in the service sector as well as to individual working-time preferences. The qualitative sections include case studies which will help to identify basic industry and activity-specific reasons for the emergence of certain new forms of employment and working time in selected service industries and activities. To this end field work was conducted in selected service activities which stand for major areas of service work or in which the dynamics of change in the employment relationship and in working-time practices are particularly strong: IT services, banking, retail trade, hospitals, and home care for the elderly in the context of community services.

The international team of researchers composing the NESY group has studied five specific branches of the service sector.

- Information Technologies (IT) – softwares: the IT sector is regarded as an example of “blurring of boundaries” between dependent employment relationships and self-employment, including very long working hours (“knowledge workers”).  
(coordinator: Janneke Plantega, University of Utrecht, Netherlands)

- **Banking:** this French-German comparison highlights the impact of the structural change of the international financial markets under the conditions of different national regulations on working conditions and working time organisation in local branches and call centres.  
(coordinator: Thomas Haipeter, Institut Arbeit und Technik, Germany)
- **Retail trade:** this sector is particularly exposed to the pressures of working time flexibility and specific emphasis has been laid on a comparison between the Scandinavian countries and findings from France, Portugal and Germany.  
(coordinator: Steffen Lehndorff, Institut Arbeit und Technik, Germany)
- **Health care:** the research has analysed the impact on employment and working practices of the restructuring of hospitals under serious financial pressure, in a sector where a highly skilled and committed workforce is essential.  
(coordinator: Christophe Baret, University of Lyon-3, France)
- **Home care:** the research has focused on organisations providing care for the elderly in their own homes and on the impact on employment and working conditions of competition between public and private care providers.  
(coordinator: Dominique Anxo, Centre for European Labour Market Studies, Sweden)

This compilation includes short versions of the 25 monographies drawn up by the project team on the description of the five above-mentioned sectors. An introductory chapter also presents the general aims of the research for each sector.

Emmanuel Mermet (ETUI) and Steffen Lehndorff (IAT)

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# **Part I**

## **New forms of employment and working time in the service economy (NESY)**

### **The case of information technologies**

Conference organised by the European Trade Union Institute (ETUI)  
and the Institut für Arbeit und Technik (IAT)

26 and 27 April 2001, Brussels, Belgium

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**Contents**

<b>Introduction on Information Technologies</b> .....	11
<i>Janneke Plantenga &amp; Chantal Remery</i> Institute of Economics, Utrecht University	
<b>Information Technologies in Denmark</b> .....	14
<i>Agi Csonka &amp; Joachim Lynggaard Boll</i> The Danish National Institute of Social research, Copenhagen	
<b>Information Technologies in Finland</b> .....	25
<i>Timo Anttila and Jouko Nätti</i> University of Jyväskylä, Finland	
<b>Information Technologies in Germany</b> .....	32
<i>Dorothea Voss-Dahm</i> Institut Arbeit und Technik / Wissenschaftszentrum Nordrhein-Westfalen, Gelsenkirchen, Germany	
<b>Information Technologies in the Netherlands</b> .....	41
<i>Janneke Plantenga &amp; Chantal Remery</i> Institute of Economics University of Utrecht, Utrecht, The Netherlands	
<b>Information Technologies in the United Kingdom</b> .....	50
<i>Mark Smith</i> Manchester School of Management, UMIST, UK	

## Introduction on Information Technologies

*Janneke Plantenga & Chantal Remery*

Institute of Economics, Utrecht University

The central theme of the NESY project is the incidence of new forms of employment and working time in the service economy. The focus is especially on the driving forces for the emergence and diffusion of these new forms. Within the services, the IT sector is interesting for several reasons. The IT sector is a relatively new and booming sector; output and employment are expanding very fast. Employees are highly skilled, lucid and capable of making their own choices with respect to working conditions. This demands a modern non-hierarchical management style; management intervention is supposed to be supportive and not controlling. IT is also becoming one of the most important sectors in the 'new' knowledge-based economy. Technological developments move very fast and employees are highly skilled. The advent of the information society is supposed to have far reaching effects on the organisation and scheduling of work. It can be presumed that IT companies are the first to practice innovation strategies both allowed and required by the information technologies.

Five countries participated in the research on IT: Denmark, Finland, Germany, the Netherlands and the UK. In each country we visited IT companies that have their core-business in the field of systems development and analysis and software services. The case studies included smaller as well as large IT firms. Smaller firms may represent examples of 'the company of the future', whereas large IT firms employ the majority of employees and represent global players that have a significant impact on the economic, technological and social environment. In four countries we managed to gain access to the same global company. This enabled us to study more in depth the impact of national particularities/regularities

### Current state of affairs

The case studies are described and analysed in national reports. This booklet contains summaries of those reports. A first comparison of these summaries suggests some important commonalities. Firstly, the employee profile appears to be similar in all countries: the typical IT employee is young, male, highly educated and earns an above-average salary. Secondly, the IT sector does not seem to rank very high with regard to new forms of work and working times. Most employees have a permanent job and the contractual full-time working week still structures to a certain extent the actual working hours. In addition, working in IT seems inextricably bound to working long hours. All cases report a high share of employees working more hours than their contractual working hours on a regular basis. Finally, in all countries IT companies face severe labour shortages, which is the result of an increased demand for IT products combined with a low supply of qualified employees.

These common factors do not alter the fact that the IT sector at the same time is highly diverse. IT firms vary significantly in terms of their output, ranging from providing IT-training to IT-applications and from solving standard problems to development of tailor made, complex systems. Of course the specific profile has a clear impact on the organisation of work and working times. Secondly, firms differ in the way services are provided. Most common would appear to be project-work and the posting of employees. Project work implies that a task has to be completed within a certain period of time, often for a fixed price, whereas posting means that service is sold by the hour. This difference may have a large impact on the extent of long working hours and the prevalence of overwork. Furthermore, the IT sector

consists on the one hand of a limited number of very large, usually globally active firms; on the other hand, the majority of firms are small, having only a few employees. Connected to the size is the level of 'matureness' of the organisation. The large, global players will often have a more institutionalised human resource management policy than the young and hip 'dot com' firms. The result is that within the IT sector there is a large variation of firms and, correspondingly, working time practices. Against this backdrop of heterogeneity, the specific organisation of work and working times in the IT is the result of a complex of (interrelating) factors:

### **Product market**

Characteristics of most IT services are that they are time-consuming, tailor-made and are generally provided on location. IT services can be very complex with high interests at stake. Often IT projects are not exactly plannable. Moreover, there are no clear quality standards with respect to the final product and the wishes of the client may evolve or even fundamentally change over time. As a result, management of the work process is very complex. This is illustrated in one of the Danish case studies concerning a company that provides Internet solutions and consulting. Production of websites is a non-standard specialised product. For the company it is difficult to estimate the work process and, at the same time, to balance customer expectations. It is clear that this will have an impact on working times and demands high flexibility from the clients, service providers and employees.

### **Factor market**

Given their specific profile, it can be assumed that the employees in IT have large bargaining power. However, this does not translate into 'normal' working hours; in most countries working in IT means working long hours. This is no doubt related to the fact that most employees are male, relatively young and have no children (yet). In addition, all case studies emphasise the fact that the intrinsic motivation of employees in IT is very high. This is supported by a management strategy that gives employees a high degree of autonomy in their work and their working hours. Generally, long working hours are not perceived as problematic. In return, employees are rewarded with an above-average wage level and excellent terms of employment. At the same time, the wage systems not only compensate but also encourage long working hours. The Dutch and German case-studies clearly illustrate different incentives in wage systems to work long hours, for example by introducing performance-related pay that is (partly) based on the number of hours worked.

### **Low involvement of the trade unions**

Trade unions are often involved in working time regulations. However, a common characteristic of IT in the different countries is that union density rate is below average. As a result, the position of the unions in the IT sector is rather weak. With the exception of the UK, there seems to be a trend towards the development of rather general frameworks leaving much at the discretion of individual companies. As a result, the general practice is that specific working time regulations are often negotiated at the organisational level.

### **Future developments**

A major challenge for the IT is the severe labour shortages, which are the result of an increased demand for IT products combined with a low supply of qualified employees. For employees this imbalance between demand and supply means working in teams that are

understaffed, which creates a lot of pressure and easily results in long working hours. In this respect recruitment and employee retention become important issues. IT firms seem to have a clear profile of their 'ideal employees' and try to recruit such employees. One of the Danish cases, concerning a firm with its core-business in Internet illustrates this strikingly: this firm prefers young, dynamic, trendy people. However, this limits the number of applicants significantly. The labour shortages may provide a stimulus for change. In order to extend the pool of employees, employers may experiment with 'non-standard' forms of employment. In the Netherlands, for example, the labour shortages stimulate employers in IT to consider more part-time opportunities in order to attract female employees. This may create a more 'open' atmosphere in which long working hours and standard overwork are no longer taken for granted. Furthermore, the case studies seem to indicate that a process of normalisation and institutionalisation of the sector is, albeit slowly, taking place. The Finnish case studies show that working times in large IT firms are quite 'normal'. These firms have advanced planning and monitor systems and are better able to control and facilitate the workload of employees. The IT market is highly dynamic in terms of mergers and take-overs. Absorption of small firms by large firms may contribute to a further normalisation of working times.

## Information Technologies in Denmark

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### 1. Introduction

All over the world, the IT sector is one of the fastest growing industries. The sector is often stated to represent the future, in terms of business strategy as well as in terms of organisational structures and working conditions. The myths are numerous: The companies of the new economy are by nature non-hierarchic, while the work is characterised by high degrees of autonomy, professional challenges and sky-high salaries. In return the employees work 80 hours a week and get burnt out by before they reach their thirties. However, facts on the working conditions in this sector are scarce. What is actually “new” about this “new economy”? How are the human resources utilised and managed? And what are the consequences in terms of working conditions and working hours of the IT-employees? This paper presents a brief analysis of the work organisation and working time in three Danish IT service companies.

### 2. The IT sector and its workforce

The IT-sector is characterised by being quite heterogeneous. It consists of giant, global, established companies with thousands of employees and small new "basement-companies" with no or a few employees. The educational level is quite high, the typical IT employees are young men.

**Table 1: Size of companies in the IT service sector in Denmark 1997.**

	Number of employees							Total
	1	2-4	5-9	10-19	20-49	50-99	100+	
No. of companies	2448	655	312	191	148	47	47	3848
No. of employees	2448	1721	2053	2632	4514	3213	11562	28257
Percent of employment	9	6	7	9	16	11	41	100

Source: DS: Statistiske efterretninger, generel erhvervsstatistik 1999:6.

Note: IT services defined as NACE group 7200

Considering the size of the firms in the IT sector (Table 1), it is obvious that most of them are small, being one man companies or having only a few employees. But the majority of jobs are nonetheless concentrated in the large companies. Even though less than 100 companies have more than 50 employees, they still account for more than 50 per cent of the employment. The sector is therefore highly concentrated and highly fragmented at the same time, adding another piece of evidence to the general impression of the heterogeneity of the sector.

The employment structure in the IT sector (Table 2) differs considerably from the overall workforce. The IT sector is male dominated, has a large overweight of 25-39 years old, and has a relatively well educated high status work force.

Whereas women count for 45 per cent of the total number of people employed, only 26 percent of the IT workforce are women. This is hardly surprising, but it is still a very large difference and it could be interesting to see whether there is a smaller difference among the young employees, or if the trend will continue.

The IT workers are also relatively young. Even though there are fewer employees under 25 working in IT, over half of the workforce is between 25 and 39 years old, compared to 35 per cent in the overall workforce. The reason for the relatively small number of very young workers could be that IT workers generally are well educated and therefore enter the workforce relatively late (This is especially so in Denmark where the average university graduate is well over 25).

There is also a larger proportion of self-employed in the IT sector than in the economy as a whole. This is, of course, a parallel to the large number of small companies described above.

Finally, we see that the workforce in IT has a higher status than average. The status variable is made up mainly by the educational requirement for the job. 38 per cent of the work force in IT falls into the brackets "Top manager" or "Highest Level" which generally implies a masters level university degree. This compares to just 14 percent of the overall workforce.

**Table 2: Employment structure in the IT service sector in Denmark 1997.**

	IT sector		Total labour force	
	N	%	n	%
Sex				
Male	20868	74	1605959	55
Female	7389	26	1328645	45
Total	28257	100,0	2934604	100,0
Age				
Under 25	2674	10	509286	17
25 – 39	15129	54	1028319	35
40 – 59	10017	35	1218081	42
60 and over	437	2	178918	6
Total	28257	100,0	2934604	100,0
Position				
Employee	25591	91	2724991	93
Self employed 1)	2666	9	209613	7
Total	28257	100,0	2934604	100,0
Status 2)				
Top manager	1044	4	70596	3
Highest level	8766	34	306323	11
Medium level	7375	29	385311	14
Basic level	4433	17	1162848	43
Other, n.a.	3973	16	799913	29
Total	25591	100,0	2724991	100,0

1) Including Spouses

2) Employees Only

Source: DS: Statistiske efterretninger, generel erhvervsstatistik 1999:6.

Note: IT services defined as NACE group 7200

To assure some width in the study of this heterogeneous sector, three companies were chosen as the Danish cases: one small, one medium sized and one large company. All three are IT service consultancies, but they represent three different types of service. Datacon (the small firm) works mostly out house, that is, the consultants are most of the time posted at the company of the client. Webfirm is a representative of the new type of multimedia business, and Globe represents the big established kind of company.

### 3. The Cases

Datacon (the names of the companies have been altered) is a small software company offering development of software solutions and consulting. Two men founded the company 5 years ago. One of them is still co-owner of the company, while the other one now works as a consultant in the company. The company has specialised in developing software solutions "starting from scratch", and strategic consulting, and project management. There are 7 full time, permanently employed consultants and 10 self employed freelancers. In addition, there are 3 administrative employees.

Webfirm is a global company providing Internet solutions and consulting. The company was founded in 1995. It is a fast growing company, - from 3 employees in 1995 to 2.000 employees in 2000. Most of the expansion is obtained through merging and buying up. It now consists of 41 offices in 7 countries. The company has received several awards, and is often touted in the media as "the company of the future". The Danish Webfirm has expanded from 60 employees in 1999 to 200 employees in 2000.

The Danish arm of Globe is part of the Nordic region, and is not considered an independent unit. Thus the Personnel Manager of the Nordic unit may be situated in Norway, and the sales manager in Sweden etc. However, each department in each of the Nordic countries has a national manager, who refers to the Nordic manager.

Globe is a "truly global" company. All strategic decisions as well as personnel policies are developed at the global level. Thus local and regional managers are "hosts" with legal responsibilities to the employees, but with no strategic or business responsibilities.

The case studies indicate that the IT sector is characterised by being a fast, and constantly changing, knowledge intensive, customer oriented and innovative sector.

A general term used by the respondents to describe the business is "speed". When entering into Webfirm the visitor is met by a poster saying: "Speed is god, time is the devil". To be the first and the fastest is indeed a competitive edge. In continuation of this, the respondents often state that the competition is tough. If you slow down, another firm is ready to take over market shares immediately. Several of the respondents mention that periods of absence, like for instance a maternity leave, makes it almost impossible to return to the IT business. And a remark like "if you do not like speed, you would not want to work in this business" is quite typical.

There is no doubt that the most important asset of the IT service company is the "brainware" of the employees. A high level of IT qualifications are indisputable. In addition the employees have to be service-minded, dedicated to the task, and good at communicating - with customers as well as with colleagues within the company.

The needs and demands of the customers is a decisive factor in the organisation of the IT services. The high strung pace of the business is partly blamed on the customers pushing the consultants with unrealistic demands.

The general description of IT employees being primarily young men working long hours, certainly fits the case studies as well. It is noticeable though, that the long working hours is not a major issue to the employees. Most of the respondents emphasise that they do not mind working long hours, and that the flexibility and fun of the job counterbalance the long working hours.

### **3.1. Managerial challenges resulting from the output: the service provided.**

IT companies might be described in terms of being "professional service companies", characterised by: highly qualified individuals, idiosyncratic client services and subjective quality assessments (Løwenthal, 1997).

Such a professional service provider will face certain managerial challenges, quite different from the ones facing a manufacturing company. One may distinguish between challenges resulting from the output (the service provided) and challenges resulting from the input (the human and organisational resources). The following analysis will take its point of departure in this distinction.

The output of a professional service provider is characterised by being both intangible and incomprehensible and often there is an "information gap" between the provider and the client. This makes it difficult to assess the service quality in advance. In many cases the clients may have problems with assessing the service quality even after having received the "good". Are the problems with the new software, what we should expect, or due to inadequacy of the IT consultant? Would the problems be less if we had chosen another IT service company?

In terms of service quality, the more idiosyncratic and non standard the service required is, the more difficult it will be for the service provider to guarantee the service quality beforehand. The perceived quality will be quite dependent on the expectations of the client. Furthermore, the less clear the client is about what may be expected, the more difficult it is to deliver what is expected. (Løwenthal, 1997).

This problem is clearly well known to all three IT companies, though to different degrees dependent on the sort of output.

The production of Webfirm is extremely idiosyncratic and innovative. First of all the Internet is a new media, second, the production of web sites is a non standard, specialised product. Webfirm experiences the difficulties of estimating work processes and balancing customer expectations. Having their roots in advertising the Webfirmers do have the necessary pedagogical skills to sell ideas. But to give realistic accounts of time and budget plans is a skill less developed. The company is aware, though, that better planning and adjusting of clients' expectations is crucial in the future.

The production of Datacon is also quite innovative and non-standard. Yet, the employees work at the clients' location and often together with the clients own IT employees. Thus they work with peers, fully capable of understanding the product and the processes. The consultants at Datacon do not experience the information gap, to the same extent as Webfirm

does. On the other hand the Datacon consultant is under extreme pressure from constantly being closely monitored by the clients' IT employees (who after all would not mind that much if the "expert" fails).

This is reflected in the recruitment practices of Datacon. Only experienced and extremely highly qualified applicants with a high degree of self-confidence are accepted. This, on the other hand, limits the pool of applicants considerably, and slows down the growth of the company.

The service product of Globe is to a certain extent standardised. The company delivers standard products partly adjusted to the needs of the client. However these are often very big and complicated solutions, which may be hard to estimate anyway. Nevertheless one gets the impression of a more operational and less inventive type of service. This probably makes it easier to adjust the expectations of the clients. No doubt Globe has the advantage of the client having a priori expectations about Globe as being solid and reliable.

At the same time Globe has many years of experience in negotiating with clients, and the company is very much aware of the pitfalls of clients wanting more. Globe has developed several tools of monitoring the process of the projects. For instance a quality improvement system, where project managers peer review projects in order to examine whether new expectations and promises have arisen en route.

Thus, even if the service product is intangible in all the case studies, there are differences in how intangible, and in the effects of the intangibility. These differences may be due to the degree of innovation and idiosyncrasy of the service provided, the size of the information gap between provider and client, and the experience of planning and estimating tasks.

### **3.2 Managerial challenges resulting from the input: human and organisational resources**

#### ***3.2.1 Retainment and recruitment***

As is the case in most knowledge intensive type of companies, the IT companies are very much aware, that they totally rely on the performance of their employees. The employees bring to the firm their expertise, their experience, their network of peer contacts etc. These strategic resources are critical to the success of the firm, but they are to a large extent owned and controlled by the employees themselves. As indicated in the description of the IT sector (chapter one) the IT employees are extremely dedicated to the work itself. Probably they are more dedicated to the task than to the workplace, certainly they are in high demand on the market. Thus a major managerial challenge is to maintain a balance between an optimal utilisation of the human resources and keeping the employees happy. In times of labour deficit, the challenge is even bigger.

Traditionally Globe has dealt with this challenge by taking in young and inexperienced employees and then training them internally. This way Globe has strengthened the loyalty of the employees as well as managed the actual development in competencies and qualifications. Thus it is far from uncommon that employees in Globe have worked there for decades, quite a few of them do not even have any formal education. A typical Globe-employee is characterised as being "loyal, always prepared to walk an extra mile for the company". At the same time, applicants used to find (and still do find) Globe attractive because of the extensive training and the varied carrier ladders and possibilities.

Yet, this policy is no longer as adequate as it once was. The fast pace of the business forces Globe to take in "employees from the market", that is experienced employees who already have a career. These employees do not possess the same kind of loyalty as those, who grew up in the company. And they are not necessarily attracted by the career possibilities within the company. At the same time core Globe employees are regularly tempted by offers from head-hunters. One of the respondents received 2 - 3 offers a week!

Thus, Globe faces the challenge of bridging between the "old type" of internally trained employees, who are used to certain benefits and incentives, and the "new" type of employees with a totally different approach, and different needs.

Webfirm faces the completely opposite type of challenge. Webfirm clearly goes for the new type of employee. The office setting, the Friday night parties, the weekends, all appeal to certain types of young, dynamic, trendy people, who want to be where the action is. At the same time Webfirm seem to be in a state where tighter organisational structures are called for. There seems to be a need for optimising the resource allocation, a need for more professional recruiting methods, and for more organised training activities. An economic controller has recently been hired to straighten out administrative procedures.

Thus Webfirm is indeed moving into a phase of organisational consolidation, which inevitably will lead to more bureaucratisation. The challenge of Webfirm is to culturally keep the innovative and creative environment, and at the same time organisationally to move on to a more "mature state".

All three companies face severe recruitment problems. They all get many applicants, but they also have to reject a great deal. The highly qualified applicants are hard to get hold of: "you have to be really quick to get the qualified applicants. It may be a question of hours before the competitors grab them" as one of the Human Resource Managers puts it.

According to the respondents, the recruitment problems are due to lack of qualifications and/or experience. But this is probably only one part of the story.

Thus, Webfirm may contribute to their recruitment problems by the very same features that attract so many (apparently unqualified) applicants: The young, trendy culture itself may limit the pool of applicants considerably. It is hard to picture a middle-aged family man, not to mention a working mother, fitting into this setting. In times of labour shortage, this rather one-sided cultural environment may be a short-sighted strategy, contributing to the problem of long working hours.

Another part of the recruitment problem may be strengthened by the fact, that neither Webfirm nor Datacon train their employees themselves. At least not when it comes to IT qualifications. Datacon is of course too small to engage in comprehensive training. But Webfirm should be able to provide substantial training - if not on a local level, then at least on a global level. But this kind of investment does not seem to be company policy. For instance, in the usability department of Webfirm the profile of the ideal candidate is a Masters in arts or humanities combined with exhaustive knowledge of the Internet. This is indeed a rare combination, but allegedly there is no time to engage in this type of training. In the long run, the recruitment problems would probably be less acute, had the company decided to provide the necessary Internet training of promising candidates.

Probably as an exception to the rule, Globe do provide extensive training in all levels. Yet, as mentioned earlier even Globe has begun to deviate from decades of company policy and is hiring-in the IT qualifications needed.

### ***3.2.2 Work organisation and working time***

All the respondents emphasise the work organisation as a major advantage of the job. The job is flexible, with a high degree of autonomy and continuous professional development. "It does not feel like work at all" as one of the respondents put it. No doubt, all of the respondents are deeply devoted to their job. They truly appreciate the liberty and autonomy of the job, and the many opportunities of learning and innovation. Most of them possess an awareness of belonging to the new economy, a feeling of "making history", which certainly seems to contribute to the job satisfaction.

They also all work far more than 37 hours a week. An average of 50 - 60 hours a week is far from uncommon. When asked about the long working hours, the employee respondents stress that they actually do not mind working a lot. They point out that the working hours in it self is not a problem. It is other types of pressure that account for the (few) disadvantages of the job, like the pressure of major responsibilities or not getting the right support from superiors or the lack of clear priorities from superiors. As one of the respondents put it: "I do not feel that it is the working hours that are important, rather it is how I utilise my time. Only if you do not get the support you need from your superiors, then you begin to think about all the hours you work, and how they do not respect you anyway".

The interesting part is that at the same time the manager respondents consider the long working hours to be an important issue that should be dealt with. Thus it is characteristic, that the manager of the employee cited above explicitly mentioned, that "he (the employee respondent) needs a break, because he has worked far too many hours for the last couple of years".

In one of the other companies, the manager respondent stated, that he has made an effort to bring down his own working hours, and that he constantly reminds his employees to "get a life". But it was his impression that he succeeded better in actually bringing down his own working time than did the employees.

Why would the employers be more worried about the working hours than the employees? Several explanations may apply.

One could be that the employers may be aware of the political correctness of worrying about the working hours of the employees, especially when a researcher is asking. The working hours may not be as big an issue in everyday life as the manager representatives indicate. But this is probably far from the only reason.

Employers may genuinely worry about their employees getting burnt-out. And then they tend to focus on working hours as a relatively simple and measurable tool. But to the employees the danger of getting burnt-out is a question of work organisation and support, rather than a question of how many hours they work. To them, dissatisfaction in the job is related to unclear lines of command, unclear priorities, counter directions and lack of support. To

managers, these issues are far more complicated to deal with, and then it is easier to bring up "working hours" as the issue per se.

Well, if the employees do not mind the long working hours, is it not a problem, then?

It should be noted that the majority of the respondents are young men (and a few women) with no family. In those few cases where the respondents did have children, they were men who had wives being the main caretaker at home. Thus, they did underline the flexibility of the job, which made it possible to go home in the afternoon and take care of the children, and then work a couple of hours in the evening, when the children were asleep. But on the other hand they acknowledged that their wives have the main responsibility for taking care of the home and the children.

## **4. Conclusions**

### **4.1 Any major changes?**

It is indeed difficult to talk about major changes in a business characterised by being constantly changing. How can one identify "major changes" in a company that has increased its number of employees by 66.667 percent over a period of five years, as is the case of Webfirm?

In such cases it may be even more interesting to focus on what has not changed. Thus it is noticeable, that none of the case companies has engaged in applying new forms of employment. They do not seem interested in altering the traditional form of full time permanent staff. Freelancers are only used in emergency cases. The employment contracts seem quite "normal" as well as regards working time and working conditions.

It is also noticeable, that the giant within the business, Globe, has actually begun to adjust its recruitment policies in order to get the required qualifications faster. But so far this probably qualifies as a minor adjustment.

The question of major changes may be rephrased into does the IT sector represent something new?

Certainly one could state that the IT sector represents new forms of work organisation. The high degree of autonomy, the flat hierarchies, the professional development, the nursing of the employees, all these are certainly features of the "work organisation of the future". Yet, the fact that highly skilled professionals, such as IT consultants, enjoy high degrees of freedom in their jobs and do have challenging work tasks really has no news value. This goes for practically all types of professionals, journalists, engineers, and researchers for that matter. The flexible and autonomous type of work organisation goes with the high skilled, professional jobs.

What really differentiates the "new economy" from other professional service economies probably is not the work organisation or the organisational structures as such, but the speed. No doubt this is a fast economy. The pace as regards innovation, merging, organisational development, recruitment etc is beyond imagination. Whether the speed derives from the competition, the fast pace of product innovation, the customers' demands or the culture is hard to say. Probably it is a mix of all these factors.

Certainly speed itself puts strong pressures on the working conditions and the working hours. But basically, the managerial challenges in the IT-sector do not differ much from those in other knowledge intensive and innovative businesses.

#### **4.2 Service concepts**

The case studies indicate, that the service concept within IT services consists of (at least) four components: The organisation of the service provided, the nature of the customer segment, the degree of interaction with the customer and the size of the information gap.

The managerial challenges, the work organisation and maybe also working time patterns will probably differ according to different compositions of these four components.

The service provided may be based on primarily project organisation or primarily posting of consultants. The latter means, that the consultant to a large extent works on the working conditions of the client. If the employees of the client all leave at four o'clock, the consultant may be inclined to do so as well. Furthermore the posting type of organisation makes it easier to monitor working time, especially when overtime has to be paid for by the client. As for the project based organisation it is more complicated, as it involves several persons across departments and with different educational backgrounds, and interdependent work processes. Thus, the project organisation is much harder to monitor, and the high degree of interdependence gives rise to both potential wasted time and overtime.

Another component of the service concept is the nature of the customer segment. The culture of the customer segment is to a certain extent mirrored in the culture of the service provider, as is the case with the different cells in Webfirm. Thus part of the service concept is the ability to read the culture of the customer, and not solely the business needs.

A third component may be the degree of interaction with the customer. Some types of services are characterised by an intensive interaction with the customer in the phase of defining the project, while after the contract has been signed there is practically no interaction before the project has finished. In other cases the interaction with the client goes on in all phases of the project. The degree of interaction is probably higher with innovative and idiosyncratic services than with more standardised services. A general rule seem to be: the more interaction with the client, the greater the risk of changing expectations, new demands and other expansions and complications of the project.

Finally, the size of the information gap is a component of the service concept. A large information gap requires that the service providers possess extensive pedagogical skills, not only in order to sell ideas, but just as much in order to adjust and specify the expectations about the service quality. If the information gap is small, then it is easier to agree on the quality of the service provided.

#### **4.3 Factors driving long working hours**

Since all the respondents in all three companies work a lot, one can hardly claim, that a certain service concept or a certain work organisation enhances overtime more than another type. Whether it is a small company or a big one, whether the service provided is idiosyncratic or not, whether the work organisation is project based or not, the working time

remains about the same – that is about 50 hours a week. Nevertheless, the interviews do indicate that certain features may contribute to making working time less controllable.

Probably the most effective means for controlling working hours is having children, AND at the same time to be the main caretaker at home. In general women work far less hours than men do. In fact the ones working the most, are highly educated fathers with small children and exciting jobs (Csonka, 2000). The fact that the IT sector mainly consists of highly educated men with exciting jobs undoubtedly is a driving force behind the long working hours in the sector. This is indeed a vicious circle. Women with caretaker responsibilities are prevented from working in the IT sector, and as long as there are so few women with children in the IT services, there are no incentives to bring the working time down.

The recruitment problem may also contribute to the long working hours. There is simply more work to be done, than employees to do it! However, the case studies do indicate, that some internal organisational features may influence the long working hours as well.

Working on a project base, instead of being posted at the client all the time (or most of the time) seems to have some influence on the working time. Those placed at the clients are more likely to follow the working hours of the client. Overtime has to be agreed on by the client, who has to pay a considerable overtime fee. When working project based the working time seem more uncontrollable. More people are involved, more processes have to be co-ordinated etc.

The "estimating and planning ability" also seems crucial to the working time. The better the company is at estimating the time requirements of each task, the less overtime is necessary. Unclear resource allocation and lines of command may very well push the working time up as well, since a lot of resources are spent discussing who has the right to do what, when etc. In this context the type of service may have some bearing on the working time. Creating new solutions all over for each new client may be harder to estimate time- and budgetwise, than more standard types of services. Furthermore the ability to communicate with, and especially to "say no" to clients may also be important.

Having said all that, it should not be ignored that the employees do not consider working time to be a problem in its own right. It is the pressure of responsibility, the contradictory guidelines etc that constitute the main problems seen from the employees' point of view. This is not to say that the long working hours does not constitute a problem. But to say that the question of working time organisation is closely related to the work organisation and in a broader sense the service concept, and that bringing down working time does involve deeper organisational interventions.

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## Information Technologies in Finland

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### 1. Introduction

The aim of this summary report is to examine main trends and employment structures in Finnish IT industry and to analyse the reasons for, and the impacts of, the change of employment and working time forms as part of changing work organisation in the sector.

The report combines quantitative and qualitative research methods as well as micro and macro approaches. The quantitative parts include the provision of quantitative data relating to the new forms of employment and working time in IT services (The Finnish labour force survey 1998). The qualitative parts include case studies aiming to identify basic industry and activity-specific reasons for the emergence of new forms of employment and working time in IT services. The case studies covered two IT service firms (GLOWIDE Finland and Know-House).

#### 1.1. IT services in Finland: trends and structure

The information sector accounted for approximately one tenth of all business concluded in Finland in 1997. More than 10% of the total employed population were engaged in the information sector. A large proportion of the increase in exports, total production and employment in the last few years in Finland is attributable to the information sector. The establishments in information sector are heterogeneous. The production in these branches has traditionally centralised in big size enterprises, which have a visible position in the markets (Nokia). However, computer and related services are increasingly produced by great number of highly specialised small-size firms, which have benefited by the fast technological change (On the Road to the Finnish Information Society 1999. Statistics Finland.)

Reorganisation of the information sector is partly due to the technological progress and cheapening of computer hardware. The proportional share of services and especially software consultancy and supply in the markets have increased. Markets have changed towards services. The economic growth has been very fast in the last few years. All statistical data of IT service personnel is, at least to some extent, outdated.

#### 1.2. Employment profile and working time

As expected, basic employment structure of Finnish IT services seems to be identical to other European countries: male-dominated, young, highly educated and well-paid. Persons employed in the Finnish information sector are on average much younger than employed persons as a whole, 44% being under 35 years of age as opposed to 32% of the latter. The youngest people are engaged in the IT manufacturing in the information sector, where those aged under 35 years account for as many as 58%. The employees in information sector are also highly educated. Over 30 % of workers have high degree education, as correspondingly 21 % of all employed have a high degree education. (On the Road to the Finnish Information Society 1999).

To get overall picture of IT service branch, we interviewed two experts from employers' and employees' associations. According to their vision, there is a marked dissimilarity between small (and new) and big (and traditional) IT service enterprises' employment.

Although our main statistical data of IT sector services employment (labour force study: category code 72) is small, we elaborated the data further by splitting the data into two categories, which are small establishments (1-19 employees).

Interviewed experts assessed, that the long working hours concentrate especially in small enterprises. The statistical analysis confirmed this opinion (Tables 1 and 2). 36% of employees in small establishments do regularly 41 or more weekly hours. Long working hours are more common among men than among women. Working at home is also common among workers in small establishments. 52% of small firms employees' actual working time exceeded 40 hours in survey week. Also a bigger share of small enterprises' employees work in weekends and do paid overtime.

According to labour force survey, paid overtime was more uncommon in establishments with over 20 employees than in average in Finland. Working times of employees in bigger IT service establishments seems to be similar to working time of an average Finnish wage earner.

**Table 1. Background factors of retail trade employees by size of establishment**

	IT- services					All employees
	Total	Small establishments	Bigger establishments	Men	Women	
Gender	%	%	%	%	%	%
Men	73,2	76,0	70,5			49,1
Women	26,8	24,0	29,5			50,9
Age						
15-24	7,0	16,0	2,3	5,8	10,5	10,9
25-34	36,6	44,0	34,1	40,4	26,3	21,8
35-44	35,2	20,0	40,9	32,7	42,1	29,1
45-54	21,1	20,0	22,7	21,2	21,1	30,9
55-64	-	-	-	-	-	7,3
Place of residence						
The metropolitan area/ southern Finland	73,2	56,0	81,8	71,2	78,9	41,4
Form of employment						
Permanent	87,1	76,5	90,9	90,7	78,9	83,2
Monthly earnings FIM						
1-8000	17,5	26,7	14,6	11,9	33,3	35,6
8001-14 000	35,1	33,3	34,1	31,0	46,7	50,6
14 001 --	47,4	40,0	51,2	57,1	20,0	13,8
Union membership	46,5	40,0	50,0	44,2	52,6	78,2

Small establishments = 1-19 persons; bigger establishments = 20+ persons.

Source: LFS 1998

**Table 2. Regular working time of IT service employees by establishment size (1998)**

	IT- services					All em-ployees
	Total	Small establishments	Bigger establishments	Men	Women	
<b>Regular weekly hours</b>						
1-34 hours	10,0	13,0	9,1	6,0	21,1	15,1
35-40 hours	71,0	56,5	77,3	70,0	73,7	75,2
41-- hours	18,8	30,4	13,6	24,0	5,3	9,6
<b>Regular or usual weekly hours in main job including overtime</b>						
1 - 20	5,6	8,0	4,5	5,8	5,3	7,0
21-29	-	-	-	-	-	2,1
30-34	4,2	4,0	4,5	-	15,8	5,9
35-40	69,0	52,0	77,3	67,3	73,7	74,6
41--	21,1	36,0	13,6	26,9	5,3	10,3
<b>Part-time/full-time On grounds of regular hours</b>						
Part time 1-29 hours/week	5,8	8,7	4,5	6,0	5,3	9,2
Full time 30-hours/week	94,2	91,3	95,5	94,0	94,7	90,8
<b>Frequency of overtime work</b>						
Every week	22,6	23,5	22,7	27,9	10,5	15,5
Every second week	8,1	17,6	4,5	7,0	10,5	6,5
Once or twice per month	14,5	5,9	18,2	16,3	10,5	14,4
Few times per year	17,7	5,9	22,7	14,0	26,3	17,8
never	37,1	47,1	31,8	34,9	42,1	45,3
Can't say	-	-	0,1	-	-	0,6

Small establishments = 1-19 persons; bigger establishments = 20+ persons.

Source: LFS 1998

The most (73%) of IT service employees live in the Southern Finland or in the metropolitan area. Especially big establishments are concentrated in Southern Finland. Results of Computer Services Enterprises survey (1996) are along the same lines. Helsinki area employs 65% of the computer services employees. In addition to Helsinki area, IT services are produced in provinces, which have big regional centres.

There seems to be more instability of the employment in small enterprises. The number of employees has increased in almost 60% of small enterprises, but also decreased in many cases. There is also a big share (23%) of employees with fixed or temporary contract. According to the survey of computer service enterprises<sup>1</sup>, atypical forms of employment, part-time work and remote work are not characteristic of the branch. Almost 95 % of employees in computer service enterprises had a permanent employment contract. Only 2,5 % had a part-time job.

Wages are notably bigger in IT services than in average in Finland. 47% earn more than 14.000 FIM (compared 13% of all employees). Wages seems to be better in big establishments. Men's wages are considerably better than women's.

In Finland there is an 80 percent level of organisation and trade union membership in the labour market. Also a majority of employers belong to the employers organisation of their respective trade. The union density rate has been considerably lower in IT sector than in the whole employment. 46% of the IT service employees are members of the trade union. In small establishments it is more uncommon to belong to a union.

## **2. Organisation of work and working times in IT sector**

The new working time act, which replaced numerous former regulations on working time, came into force on 23rd November 1996. New law allows wide opportunities for exceptions to its norms through collective agreements. The Finnish collective agreements are quite closely respected. Both experts from employees' and employers' organisations assessed, that collective agreements enable flexible use of working time. During the collective bargaining round in 1993/1994, rules on exception to be negotiated at local level were included in several collective agreements. This opened up new opportunities for negotiations on working time at work place level (The joint working time committee of the Finnish employees' and employers' central organisations 1998). In practice almost all IT companies belonging to employers' association of respective branch have made local agreements concerning working time. Despite of large opportunities for solutions on working time arrangements to be settled locally and large share of companies having local agreements, in practise changes are usually slow.

A central result, what became apparent in employers' association and trade union expert interviews, was the gap between big and small firms. In small firms, which are not usually unionised, the working times are variable. Only few of their employees are members of a trade union.

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<sup>1</sup> The survey of computer service enterprises was made in spring 1997 by statistics Finland. The sample included 481 enterprises, 214 of which were adopted to the final database. The turnover coverage of the accepted respondent enterprises was about 56 per cent of the total sector and they employed about 9000 persons (Computer Services Enterprises 1996).

Our case study organisations in IT-business were the service department of GLOWIDE and the service department for the industrial customers of Know-House. Our both case organisations are "old" - as is the age structure of employees in these companies. Companies are unionised as well as employees to a considerable extent and their working time practices are quite normal compared to general employment. This means, that representativeness of our case organisations is not optimal considering the variation of organisations in reality.

Both our case companies have grown by buying off IT departments (including personnel), which their customers have outsourced. Then the relationship with customer is naturally closer.

### **2.1. Adjustment to fluctuation in demand**

Fluctuation of demand is a problem, which fundamentally affect on IT-companies - formal or informal - working time arrangements. In Know-House central strategy is to emphasise total working time systems. This means longer working days or weeks in the phase of active demand and shorter working time in the phase of low demand. Flexible use of subcontractors is one solution to the problem.

Sub-contracting in computer services enterprises is used mainly in bottleneck situations. According to survey of computer service enterprises, conducted in 1997, 46% of computer services firms have used subcontracting. Despite of quite common use of subcontractors, the share of these services was only 3 % of turnover. The smallest enterprises (less than 5 employees) used more subcontractors than bigger ones. This may due to the small enterprises' caution to recruit new employee, and on the other hand, because the efforts to greater flexibility.

### **2.2. The problems of project work**

Project planning plays a central role in working time management. In application management, the customer and supplier make an agreement, in which the individual tasks and form of invoicing are defined. Projects are launched for bigger tasks. Supplier makes an offer to the customer. Invoicing can be done in fixed price or according to realised hours. When the invoicing is implemented in fixed price, the supplier takes the risk and in the case of real invoiced hours the customer takes the risk. It is common especially for large projects to prolong. It is more risky to provide projects to new customers and new application software. Naturally customers prefer fixed invoicing in vague and new projects. With old customers risk is smaller, because of familiar application environment.

Both case organisations emphasise, that the central factor behind long working hours is, that the agreed and fixed projects have a tendency to extend. Customer has not taken into account all the details in the phase of surveying the problem.

For the experience of work, the nature of the work is important factor. Workers in tight and continuously renewed projects have no time to recover. The problem is also in supervising of workloads. Employees are personally linked to customers. Many of the employees work in customer's premises and the problem of "absent worker" is well known.

Employer can not completely be aware of the work situation daily or weekly. Occasionally happens, that time management fails and the workload is too heavy. Employees are

encouraged to announce, if work is piling up, or contrary there is not enough work. However, working on customers' premises is common and distant teamwork is challenge for the organisation of work and for the flow of information.

Our case organisations have some tools to estimate work loads. Know-House uses operation quality system, which includes guidelines to evaluate certain projects. In fact, several experts estimate the projects individually and these estimations are compared afterwards. In the case of a more modest job, superiors agree straight with customer. In this case company tries to invoice according to realised hours.

### **2.3. Follow-up of working time**

Follow up of working time is based on list of worked hours, which employees are expected to complete weekly. Management follows the share and amount of invoiced hours. Everybody is expected to know the business realities and doing his or her best without pressure from management.

The overtime compensation practices vary especially according to market situation. In the phase of hectic project work, the employees often take compensation for overtime in money, instead of free time. On the other hand summer is usually slow season, and employees get a possibility to lengthen summer holidays with overtime compensations. In application programming the project procedure progress slowly in summer, which is due to the lack of customers' resources. Work is usually piling up during summer and therefore autumn is hectic.

Part-time work is used very rarely in our case organisations. The project manager of the industrial services of Know-House presumes, that shorter working time do not fit IT-business, because of tight customer relations, nor is the lengthening of working week to six or seven days, because of same reasons. GLOWIDE and Know-House do not offer part time work, but it is possible for personal reasons.

In the e-commerce unit of GLOWIDE, employees report their use of time, spent on administration tasks (e.g. training and internal development projects) and time spent on customer-projects, divided on invoiced time and not-invoiced time. The most important are the invoiced hours. Other hours are spent e.g. paper work and education. In e-commerce unit an average working week is 37-40 hours, but the variation is high. The really long working hours are concentrated in certain tasks and individuals. Manager of the e-commerce unit works himself from 8.30 AM to 6-7 PM and a half hour at home reading post etc. This is typical for the managers. E-commerce unit manager stated that young employees value highly the balance of the work and free time. Their working time rarely exceeds significantly contractual working time.

According to professional development manager, focusing only on the output of the operation will lead to unsatisfactory development. As a manager he observes invoiced hours. If the share of invoiced hours are 90% or more, he has to find out the reason for it, and if necessary to take care of decreasing the invoiced hours. If the share of invoiced hours is high, the employee does not have time for training, learning or innovating or self-development. In the fast developing business the high output performance can't prevent learning new things.

According to interviews in both organisations we could not find systematically long working hours. Normal working time is less than 40 hours, traditionally 8-4 P.M. or 9-5 P.M. with flexible time of arrival and leaving. Contracts of employment are permanent. Students doing their occupational training make an exception. These case organisations have efforts to also limit overworking. On the other hand these big establishments have resources to control and facilitate workloads of employees. Although the growth is rapid, the organisational practices are established and controlled. And what is important, management can manage the time budgets so that the projects are not (also according to interviewed employees) insuperably difficult because of the lack of (time) resources.

As in many other knowledge-intensive sectors, working time pressure seems to be indirect and informal. In our case organisations it seems to be acceptable to do regular 37,5 weekly working hours. In top positions these weekly hours are not enough for the tasks one has to perform. Interviews reveal that top managers and experts do very long working hours.

Work is done in projects, leading to occasional peaks in working hours, but the impressions of the organisation of working time and work itself is identical in both organisations. There is an advanced planning system and follow-up of time budgeting. Both companies have long-term customer relationships and they serve customers comprehensively. They can produce all data processing services their customers need. Both companies have grown by buying off IT departments (including personnel), which their customers have outsourced. Working on customers' premises is common and distant teamwork is challenge for the organisation of work and for the flow of information.

### **3. Conclusions**

Work organisations as well as social partners of labour market are facing the rapid changes of the IT business. The globalisation of this business is certainly one of the most prominent changes. Increase of international connections over time zones involves new flexibility and just-in-time availability. International company cultures could have more influence on working time practices than national regulations. Another factor is that work itself cannot reasonably be controlled by working time but rather by results. Because of these reasons, for example, control and regulation of working time arrangements move towards yearly working time system instead of daily or monthly working time system.

It is probable that the normalisation of working hours can be realised through concentration of the business. The traditional IT-service business is moving towards bigger establishments. Companies grow by buying smaller units. Especially middle-size establishments have blended into bigger one. Our "old" and big case organisations suggest that working times and employment forms can be quite normal and traditional in IT services. However, statistical sources and expert interviews confirm the general reports of small and new IT-establishments de-standardised, de-institutionalised and deregulated working times.

## Information Technologies in Germany

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### 1. The macro perspective: selected labour market issues in the German IT industry

#### 1.1. Characteristics of the German labour market

The German economy is now in its third successive year of growth, and GDP is forecast to grow again in 2001 by 2.8% in real terms (Sachverstaendigenrat 2000:1). Domestic demand, driven by lively investment activity and growing consumer demand, is replacing export activity as the engine of economic growth.

The positive economic situation is also reflected in the labour market. Overall unemployment fell from 10.3% in 1998 to 8.9% in the year 2000. However, the trends were different in different parts of the country. In the year 2000, the number of people in employment in Western Germany rose by 2%, while the number in Eastern Germany declined at the same rate. The structure of employment also differed by sector. In manufacturing industry, the haemorrhaging of jobs that had been going on since the early 1990s was finally staunch, and employment even increased slightly in the year 2000 (+ 0.5%). On the other hand, employment in the construction industry fell for the fifth consecutive year, with a decline of 3.3% in the year 2000 alone. Most of the new jobs created were in the private service sector (+ 2.5% in the year 2000) (Sachverstaendigenrat, 2000:122ff).

Within the private service sector, the information and communications industry<sup>2</sup> can be described as particularly dynamic. This applies firstly to employment, which rose from 1.6 million in 1995 to 1.8 million in the year 2000 (BITKOM, 2000). In 1999, some 5% of all gainfully employed people in Germany were working in the information and communications industry. Secondly, the information and communication industry is also playing a prominent role in qualitative terms, since it is acquiring a key position in the diffusion of new technologies and is therefore playing a pioneering role in the development of the information and knowledge society, not only technically but also in institutional and organisational terms as well (Bosch 1997).

For the purposes of data evaluation in the framework of the NESY project, we opted for a very narrow definition of the IT sector. Thus in 1998, 271,000 people were employed in firms whose main activity lay in the “computer and related activities” category<sup>3</sup>. The most dynamic

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<sup>2</sup> The BITKOM industry association, which represents the information and communications industry, includes both the Hardware, Software and Services sector (i.e. information technology, telecommunications, electronic components, consumer electronics, specialist retail trade and distribution) and the Media sector (printing and publishing industry, film and video production, hiring and distribution, cinema, radio and television, programme production, news and press agencies, freelance journalists, book, magazine and music trade) (BITKOM 2000).

<sup>3</sup> The “computer and related activities” category bears the NACE 72 classification number.

area in employment terms was the “software consultancy and supply” category<sup>4</sup>. Here the number of employees more than doubled in only three years from 61,000 in 1995 to 147,000 in 1998.

Figures on the employment structure of the IT sector are given in Table 1, each compared with the corresponding figures for the total labour force. Two features seem to be typical of the employment structure in the IT industry. Firstly, the level of education is higher than in the total labour force. Secondly, the employment structure is male-dominated. Self-employment is more common in the IT industry than in the total labour force but other characteristics such as contractual status or working time are quite similar to those in the labour force as a whole.

**Table 1: Employment in the IT industry and total labour force in 1998**

	IT-sector		Total labour force	
	absolute (X 1000)	%	absolute (x 1000)	%
<b>3. Employment</b>				
Male	205	76	20.501	57
Female	66	24	15.348	43
Total	271	100	35.863	100
<b>4. Labour market status</b>				
Employee	217	80	31.878	89
Self-employed	53	20	3.982	11
<b>5. Working time</b>				
6. Full-time	236	87	29.299	82
7. Part-time	35	13	6.562	18
<b>8. Qualification</b>				
Practical training, n.a.	14	5	2.221	6
Vocational training (dual system) or equivalent certificate	91	34	19.085	53
Technician	25	9	3.379	9
<i>Fachhochschule</i> /Polytechnic	45	17	2.001	6
University	71	26	3.389	10
<b>9. Employment contract*</b>				
Permanent (open-ended contract)	198	91	27.580	87
Flexible (fixed-term)	18	9	3.810	13
Total	217	100	31.878	100

\* employees only

Source: Mikrozensus1999

<sup>4</sup> The subcategory “software consultancy and supply” bears the classification number NACE 72.2; the other five subcategories are hardware consultancy (NACE 72.1), data processing (NACE 72.3), database activities (NACE 72.4), maintenance and repair of office, accounting and computing machinery (NACE 72.5) and other computer and related activities (NACE 72.6).

## 1.2. The demand for IT specialists – labour shortage or mismatch?

In a highly dynamic sector with great opportunities for economic growth the supply of skilled labour plays a crucial role. Although estimations of the extent of the actual skill shortage in the IT industry vary, it is indisputable that demand for highly qualified IT employees exceeds supply. However, it is an open question whether this imbalance in the labour market is a result of the high skill levels demanded by companies or is due simply to a lack of applicants.

The umbrella organisation of the German information and communication industry, BITKOM, puts the actual skill shortage in Germany at about 75,000 persons (Dostal, 2000). The German minister for education has spoken of an additional annual demand for IT specialists of about 60,000 (Handelsblatt, 2.3.2000). Unions doubt this estimation, pointing to the 32,000 data processing specialists and 54,000 engineers who are unemployed and pleading for more efforts to train these unemployed persons in order to overcome the mismatch in this specific labour market segment. (IG Metall,2000)

In March 2000 the government, in cooperation with the employers' associations, launched an "Emergency Programme of the Federal Government and the Chambers of Commerce to Satisfy the Need for IT Specialists in Germany". This initiative consists of three parts.

The first is the provision of 20,000 "green cards" for foreign IT specialists. This new regulation came into effect on 1 August 2000 and governs the employment and residence status of foreign IT specialists. This programme is limited to three years. According to the programme "specialists are defined as persons with university or poly-technic degrees in fields related to information and communications technology as well as persons employed as IT specialists and having an annual income of the equivalent of at least 100,000 marks. Individual foreign IT specialists can be employed for a maximum of five years." (Deutsche Bundesregierung, 2000). By November 2000, almost 3000 green cards had been issued and two third of the foreign specialists are working in companies with fewer than 100 employees. Thus the Green Card Programme is particularly well-suited to the labour market needs of small and medium-sized companies. (Bundesministerium für Arbeit und Soziales,2000)

Secondly, the German government is intensifying its efforts in IT-specific training. The Federal Labour Office plans to increase the number of participants in IT-specific training measures from the current 36,000 to 40,000. The reduction of unemployment among data processing specialists and engineers is – according to the pro-gramme – a special point of interest. Furthermore, the federal government and the Länder are planning to in-crease capacity on IT-related courses at universities and to increase the attraction of such course, for instance by introducing internationally accepted final examinations (Deutsche Bundesregierung, 2000).

Thirdly, the Chambers of Commerce have made a commitment to increase the number of vacancies for apprenticeships. In 1997, the social partners in co-operation with the Federal Institute for Vocational Training Affairs (BIBB) created four new careers based on apprenticeship within the Dual System<sup>5</sup>. Within the social pact "Alliance for Work, Education and Competitiveness" which was signed in July 1999, employers' associations promised to increase the number of apprenticeship places from 15,000 in 1997 to 40,000 in 2000 (Bündnis

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<sup>5</sup> These occupations are: IT systems electronics specialists, information technology specialist, information and telecommunications system support staff, information technology officer.

für Arbeit,1999). Now in the “Emergency Programme of the Federal Government and the Chambers of Commerce to Satisfy the Need for IT Specialists in Germany” the employers’ associations have undertaken to increase the number of places for IT-specific apprenticeships by a further 20,000 to 60,000 in 2003.

### 1.3. Industrial relations

The IT industry can be also be described as particularly dynamic in the area of industrial relations. Recent developments in the information and communications industry and the corporate restructurings that have taken place in the wake of new start-ups and mergers have triggered a debate within the trade unions on the redefinition of spheres of competence. As things currently stand, IG Metall, the engineering workers’ union, is responsible for the organisation of employees’ interests in the IT industry, because it still has strong links with the traditional metal and electrical engineering companies from which several large IT service companies developed. The telecommunications and media sector will be taken over by the new United Service Workers Union ver.di, whose official launch is planned for the spring of 2001, when the following five unions will merge to create the new union: Öffentliche Dienste, Transport und Verkehr (ÖTV, the public service and transport union)<sup>6</sup>, Handel Banken und Versicherungen (HBV, the commerce, banking and insurance union), Deutsche Postgewerkschaft (DPG, the postal workers’ union), Deutsche Angestellten Gewerkschaft (DAG, the white-collar union) and Industrie Gewerkschaft Medien (the media union) (Süddeutsche Zeitung, 28th April 2000).

Another merger took place on the employers’ side at the end of October 1999 which can be interpreted as a clear sign of the stabilisation of industrial relations in the sector. The Federal Association for the Information, Telecommunications and New Media Industries (Bundesverband Informationswirtschaft, Telekommunikation und neue Medien or BITKOM) was set up<sup>7</sup>. This umbrella organisation embraces seven employers’ associations and represents more than 1,250 companies including the big German IT companies employing a total of 750,000 employees. It is striving to be one of the largest industry associations in the future and to exert political influence, for instance over IT training policy (BITKOM, 2000).

At the end of the 1990s, several collective agreements were concluded that take account of the sector’s specific conditions<sup>8</sup> (Wagner, Schild, 1999, Bispink, Trautwein-Kalms, 1997). All of these agreements contain provisions for adapting working time, training and remuneration to the changing requirements. As far as training is concerned, the new arrangements focus on the distribution between employers and employees of the costs of training measures and the time devoted to them. When it comes to working time flexibilisation, the IT industry is playing a pioneering role, and the new agreements contain provisions on the range of fluctuation and equalisation periods as well as on procedures for recording hours worked. As far as

<sup>6</sup> Negotiations on ÖTV’s membership of the new union are still ongoing.

<sup>7</sup> These associations are: Bundesverband Informations- und Kommunikations-System (BVB), Bundesverband Informationstechnologien (BVIT), Fachverband Informationstechnik im VDMA (FVIT), Fachverband Kommunikationstechnik im ZVEI (FVK), Unternehmensverband Informationssysteme (UVI), Bundesverband Telekommunikation (VAF), Verband Organisations- und Informationssysteme( VOI).

<sup>8</sup> Some of the agreements that can be mentioned here are the supplementary collective agreement concluded in 1998 between debis Systemhaus AG and IG Metall, the collective agreement on recognition between Compaq Computer Corporation and IG Metall (1997), the company agreement between IBM and DAG (1998) and the collective agreement on tele-working between Deutsche Telekom AG and the DPG (1995).

remuneration is concerned, the pay scales in some agreements have been extended upwards in order that highly skilled white-collar workers can be accommodated within the collectively agreed scales, and some agreements also contain performance-related elements linked to agreed targets.

## **2. The micro-perspective: lessons from the case studies**

At the micro level the examination of work organisation and personnel policy can reveal what is frequently hidden behind the abstract figures at the macro level. This focus on the micro level is particularly rewarding in the case of the IT sector, because the industry is widely regarded in the general debate as a pioneer of new forms of working time and employment.

In the course of the NESY project, we studied three companies operating in the IT services segment of the market. The specific forms of work organisation found in these companies is briefly outlined here before we turn to an analysis of three central areas of personnel policy in the three companies, namely recruitment and training policy and the working time situation.

### **2.1. The organisation of work in IT-Companies**

In all the companies investigated, IT solutions are produced on a project basis. The project work is carried out by project teams made up of various specialists who have to complete a given task within a limited period of time; this usually involves solving a specific problem or producing a product innovation (Shire, Voss-Dahm 2000). It can be said that project work in the IT services sector is relatively homogeneous in terms of the structure of the work processes. Project work is not static but dynamic, with the skill profile and manning levels varying from phase to phase of a project. It is essential to proceed methodically from stage to stage of a project and the problems to be resolved by individual employees are very complex. Moreover, the highly specific product market in the IT services segment makes it virtually impossible to standardise work processes.

And yet differences can be observed, since project work is embedded in very different organisational structures. It is here that the room for manoeuvre in the organisation of work within the same product market becomes evident. Two of the companies investigated operate in close geographical proximity to their customers, the functional, technical and hierarchical integration of tasks takes place within a fixed project team and team members are located on the same site. External partners are called on only in exceptional cases. In the third company, on the other hand, project work takes place within constantly changing organisational structures. Firstly, as far as the spatial dimension is concerned, team members are not necessarily located on the same site and therefore communicate with each other primarily in the virtual world of the computer network. Secondly, the involvement of external partners blurs the boundaries between internal and external relations in the company.

### **2.2. Personnel policy**

#### ***2.2.1. Recruitment and employee retention***

Like most companies of the IT industry all the companies we studied have recorded high sales growth in recent years. In the IT services segment, this growth has been achieved in particular by recruiting additional personnel, since services whose medium of delivery is essentially the individual IT worker are, obviously, very labour intensive. Consequently, the companies'

recruitment policy plays a key role in determining their economic prospects. This applies not only in quantitative terms, i.e. to their ability to fill vacancies. New recruits are crucial to the very ability of the firm to survive in a rapidly changing environment since they act as the bearers of up-to-date theoretical knowledge from the external knowledge market into the company's organisational structures. A personnel manager sharply formulated that the industry would find itself in trouble if it stops growing, because then it will be extremely difficult to bring in new knowledge.

Even now the transfer of up-to-date knowledge into firms can be only partially effected through the labour market due to the shortage of highly skilled IT workers. This is true at least for the small and medium sized companies we investigated which is an indication that the ability to satisfy demand for skilled labour differs a lot between companies. One company – a global player- succeeds in targeting high-flying graduates in IT-specific disciplines as they leave university. In conjunction with a personnel policy that explicitly eschews the development of long-term commitments, the company's strategy can be described as one that seeks to exploit its market dominance without having to bear the cost of developing its employees' skills. Another company –a small one with business activities in a peripheral region- relies on the long-term development of skilled workers, with the recruitment process beginning with high school students who are offered work experience placements with the company. Therefore the logical consequence of skill shortages for this company is a policy designed to support employee retention.

### ***2.2.2. Training***

Skill formation and maintenance was highlighted by all our interviewees in the three companies as an issue of fundamental importance to the industry as a whole. Training may conceivably take three different forms. The first consists of training programmes or (modular) further training courses, usually held outside the firm over a limited period of time and with a clearly defined content tailored to individual requirements. The second is training through interactive study programmes, so-called online training, combined with the reading of specialist literature. The third is on-the-job training, particularly in the form of collaboration and exchanges of knowledge and experience with colleagues. Thus, it becomes clear that there are different ways to handle the skill formation and maintenance within firms and each form is linked with different claims of costs and time.

The question of training is central to the IT-companies and, therefore, an issue of high political interest: In an environment characterised by rapid technological change, employees' productivity over the long term but also companies' long-term competitiveness cannot be guaranteed unless they are kept up to date with technological developments by receiving appropriate training. And yet a broadly based, well-funded training policy, with sufficient time made available for it, conflicts with the aims of a cost-conscious personnel policy. In practice the problems with training are attributable essentially to the fact that there is only limited time and money made available. According to this training is not simply a question of what courses are to be provided, at what time and over what period. A major issue is the distribution of training, i.e. who receives the training. As a result, training often is offered only to those employees identified as high-fliers, the time constraints inherent to project work prevent employees from taking time off to attend training course or training is relegated to the sphere of individual responsibility and therefore to times outside working hours.

### **2.2.3. Working time**

The regular working time in the investigated companies varies between 38 and 40 hours a week. But it was confirmed by all interviewees that it is the rule rather than the exception for employees to work longer than their contractual working time. Four typical features of the work in IT-projects can explain why overtime is a wide-spread characteristic of the work. Each of these four characteristics intensify each other and can be interpreted as driving forces of long working times for the employees in the IT industry.

The first typical characteristic of the work in IT are tight temporal and financial constraints. The constraints within which project work takes place are the result of the numerical performance targets laid down by management for the individual business areas. These targets generally consist of measurable quantities like sales targets, targets for returns to capital and targets related to the degree of manpower utilisation. These targets are broken down to individual project level. It is against the background of these constraints that the work process is organised. The link between the numerical performance targets and individual working time works as follows. From management's perspective, the profit to be earned from a project is all the greater the fewer human and material re-sources are used. Furthermore, the degree of manpower utilisation on a project rises the fewer project meetings are held, the fewer support staff (e.g. secretaries) are deployed, the less time employees spend on training, the less absenteeism there is (for sickness etc.) and the less time has to be spent showing the ropes to newcomers to project work. Thus management always has an incentive deliberately to underestimate the human and material resources required for a project. Basically, the financial environment, and hence the scope for allocating human and material resources to projects, is all the more limited the more head office demands of the individual business areas. The fewer human resources are allocated to the individual projects, the more pressure there is on employees anxious to complete the work required to increase their own working time.

The second driving force of long working time lies in the IT-specific work process itself. At the beginning of a project, there is very considerable uncertainty as to the work that will have to be done and the volume of working days and specialist skills required to complete the project. This is why precise forward planning of individual working time over the entire course of a project is possible only to a limited extent. A second characteristic of the work makes it difficult to distribute working time evenly. One of the problems facing a project team working to produce an IT-solution is that difficulties arise in the course of a project that could not be foreseen at the planning stage. This may be because customer's requirements change or because difficulties arise when individual system modules are put together. Because of the innovative nature of the work, uncertainty as to the evolution of a project is a structural characteristic of project work. It is this uncertainty that gives rise to the need for time flexibility, the practical consequence of which is firstly a temporal fluctuating working time which turns out to be a structural long working time under the tight financial and temporal constraints of the work.

The third characteristic of project work resulting in long working times is the tight collaboration of IT-specialists. Teamwork among specialists is inevitable if complex and demanding tasks are to be completed successfully. In the words of a personnel manager: "Today there's not enough time to puzzle over a problem until you find the solution all by yourself even without much in the way of specialist knowledge. Nowadays, you have to ask for help quickly. Close collaboration means that work can be divided up flexibly among the team members but teamwork at the same time requires careful coordination of the various stages of the work process and therefore periods of time when employees are not actually engaged directly in their

allotted tasks. Such periods tend to reduce employees' "productive" working time and hence the degree of manpower utilisation. It is true that IT-specific project work cannot manage without sufficient time being allocated for organising the division of labour. However, close cooperation and the rejection of a strict, Taylorist division between the individual stages of the work process can give rise to increased working time if the time required for coordination is not taken into account sufficiently in planning the organisation of work.

The fourth aspect which leads to long working times is related with the specificity of the labour supply side. IT professionals are highly educated, most of them have a university degree. In particular new recruits who represent an increasing part of the workforce due to employment growth in the IT-industry are highly motivated and the job is seen as an investment in one's own professional future. Modern elements of human resource management pick up on employees' intrinsic motivation by supporting and intensifying the internalisation of business objectives systematically, for instance by paying individual performance-related pay based on an assessment of individual performance or rewarding highly motivated and performance-oriented employees by offering them interesting and expensive training measures. The other side of the coin is that under these circumstances working time limits laid down in working time regulations are neglected by the individual employees themselves. Even if not all of the employees wish to work overtime, especially young employees at the beginning of their working life may shift the time standard by implicitly putting pressure on those who try to stick to the contractual working time.

Working-time regulation in the three companies we investigated does not prevent the four specific characteristics of work in these companies from making their effects felt in terms of extended working time. Moreover, working-time regulation provides nothing more than a broad, general framework for determining the duration, scheduling and distribution of individual working time. For instance, working time is not recorded centrally but by employees themselves and only a small minority of employees conscientiously record the hours they work. This method of recording working time is known as "fiducial working time". Furthermore working-time regulations support autonomous time management, i.e. employees are prepared to work flexible hours when required to do so because of the particular nature of work and in exchange, they are granted time off in lieu and are able to choose when to take the free time due to them. However, given the restrictive financial and temporal environment within which project work takes place, the room for manoeuvre available to individuals is often only a theoretical option.

### **3. Conclusions**

Because of the favourable economic situation and the labour intensiveness of its operations, the German IT sector has made a considerable contribution to the positive employment record in the information and communications industry as a whole. The industry currently has, and will continue to have, a need for more skilled personnel. One specifically German way of dealing with the shortage of skilled labour is the introduction of four new IT occupations into the vocational training system. The decision to incorporate an intermediate skill level into the sector will, firstly, channel a considerable number of high-school leavers into the sector who will be ready to enter the labour market much more quickly than those taking the higher education route. Secondly, it gives a clear signal as to the professionalisation of this new sector. It can be assumed that this professionalisation will contribute considerably to the normalisation and institutionalisation of this specific labour market segment into the German labour market as a whole.

From the micro perspective we stressed the IT-specific modes of work organisation and the elements of personnel policy that characterise the forms of employment and working time found in the IT sector. The work process in IT services is organised on a project basis. Projects generally take place in an environment defined and restricted, on the one hand, by the numerical performance targets laid down by management for the individual business areas and, on the other, by the demands of individual demands. Consequently, employees have very little, if any, influence over their basic working conditions. On the other hand, they do enjoy a high level of autonomy within this basic framework. The granting of this autonomy is not attributable primarily to any organisational decisions taken by companies with a view to giving employees a certain degree of autonomy in their work, to compensate them, as it were, for the strict time and cost targets to which they have to adhere. Rather, this relative autonomy in the organisation of their work is a requirement arising out of the demands of the product market, in this case the development of customised IT solutions. The coexistence of this autonomy with a rigid basic framework within which highly skilled workers have to operate is one of the main characteristics of work in the IT industry.

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## Information Technologies in the Netherlands

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### 1. Introduction

Studying the organisation of work and working times in the IT-sector is interesting for a number of reasons. Firstly, IT is becoming one of the most important sectors in the knowledge based or information economy. The demand for IT-products is high and output and employment are expanding very fast, especially in the second half of the 1990's. Secondly, the advent of the information society is supposed to have far reaching effects on the organisation and scheduling of work (Castells 1996). Given the highly innovative nature of most-IT-companies, it can be presumed that they are the first to practice innovation strategies both allowed and required by the information technologies.

Despite these high expectations, the organisation of working times seems fairly standard: this is a (highly competitive) men's world with long working hours and a culture of overwork, partly compensated by a high average level of income. Some changes seem likely, however. Working in IT requires quite often highly specialised knowledge. Since this knowledge is rather scarce, the sector is suffering from severe labour shortages, which underlines the needs for more a more divers human recourse management and working time policy. Women, for example, have become an interesting working new target group. Though most IT firms prefer fulltime employees, a more gender-equal workforce might contribute to the introduction of innovative patterns of working time and working schedules in IT. Furthermore, mobility issues might put pressure on employers to develop more flexibility in work organisation and working times.

This chapter is a first explorative analysis of trends in working time and the organisation of work in Dutch IT, based on the available literature and on ten interviews with employees and managers in three different companies. The leading assumption is that on the one hand, organisation of work and working time is determined by the specific product market in which the employer has a large bargaining power, given the highly specialised knowledge required and the demand for IT products. On the other hand, the situation on labour market may also be important, the assumption being that due to severe labour shortages the specific working time culture is under pressure. Changes may be further stimulated by the Dutch regulatory framework with regard to working time. For example, last year the Working Hours Adjustment Act has come into force, which gives employees a statutory right to reduce or increase their working hours.

### 2. Employment profile and actual working patterns

The IT sector is highly diverse; it consists of companies that produce, sell, and/or repair information technology equipment and/or programs, including information technology consultancy and services (Bouwman et al. 1994: 4; cited in Schilstra 1998). The IT is one of the most fast growing sectors within the services. Companies have more than doubled

turnover between 1987 and 1995, employment has increased even more (CBS/FENIT 1997a, 1997b). Technological changes move fast and there are big opportunities for further growth.

In 1997, 88.000 workers had a job in the IT sector, this is 1.4 percent of the total (employed) labour force. Table 1 summarises several characteristics of this employment. Characteristics of the total labour force are added for comparison. The typical employee in IT is young, highly educated and male. The share of employees in IT younger than 45 years is 85 percent, whereas it is 70 percent in the total labour force. Almost 60 percent is highly educated, in the total labour force this is a little more than 26 percent. The share of women in IT is only 19 percent, compared to almost 39 percent in the total labour force.

Table 1: Employment in the IT-sector (SBI 72) and total labour force by gender, age, position in the labour market, distribution of skill-level and distribution of educational level in 1997

	IT-sector		Total labour force	
	Abs. (X 1000)	%		%
<b>Employment</b>				
Male	71	80.7	3951	61.7
Female	17	19.3	2450	38.7
Total	88	100	6400	100
<b>Age</b>				
15-24	8	9.1	789	12.3
25-44	67	76.1	3763	58.8
45-64	13	14.8	1848	28.9
Total	88	100	6400	100
<b>Position in the labour market</b>				
Employee	76	86.4	5643	88.2
Self-employed	12	13.6	757	11.8
Total	88	100	6400	100
<b>Educational level employees*</b>				
Low	6	6.8	1812	28.4
Medium	31	35.2	2898	45.4
High	51	58.0	1678	26.3
Total	88	100	6400	100

\* low: elementary education, lower general secondary education or lower vocational training;  
medium: higher general secondary and pre-university education or intermediate vocational education;  
high: higher vocational education or university education.

Source: Enquête Beroepsbevolking 1997 (Labour force survey) (CBS, 1998)

The rather low share of women in the IT is not particular for the Netherlands; also in other countries women are seriously underrepresented among computer professionals (Rubery & Fagan 1993; Eurostat 1998). Since the IT is a relatively new sector, the low share of women is remarkable. The sex typing has been a subject of a few studies, focusing on the innovative (and thus risky) character of the first automation projects (Van Oost 1991, 1994). Research has also emphasised the role of professional associations, defining its professional domain by explicitly excluding (female) key entry typists (Van den Brekel et al. 1999). In the 1980's due to the introduction of microcomputers, the occupational structure changed and the

qualification level of IT occupations became higher and higher. This put more emphasis on formal (university) qualifications, and reduced the importance of internal firm specific training as an entry into work. At the end of the century, however, the share of women among female IT students is only about 10 percent, and appears to be stagnant (Frissen 2000: 89).

The gender typing of the sector is both translated in and confirmed by a culture of long working hours - see table 2 for more details. Of all employees, 92 percent works 35 or more hours a week, compared to only 71 percent of the total labour force. Especially among women the differences are large; in the IT 77 percent has a full-time job, compared to only 41 percent of the total female labour force. Data on overtime are not available, but research suggests that working overtime is quite common. Amptmeijer-Spronk (1995) who investigated the quality of work in IT, showed that 87 percent of employees in IT worked on average more than 40 hours per week; 60 per-cent worked one to five days per month overtime; 13 percent six to ten days and almost twelve percent more than ten days. The frequency of overwork is confirmed by more recent research among 1700 employees in IT by the trade union FNV. It appeared that in 1999, 56 percent of employees in IT worked overtime (FNV 2000: 15). One in three employees worked overtime at least once a week, a quarter did this at least once a month. Employees in IT seem to be rather flexible in their hours of work. Approximately 50 percent of the employees have a kind of flexible arrangement in the sense that, for example, a 50 hours week can be compensated by working 30 hours the next week (FNV 2000: 16). In addition, 41 percent of the employees have the opportunity to work at home (Ibid.: 15). Despite the long working hours and despite flexible arrangements, table 2 indicates that relatively few employees work in non-standard working hours-; a third versus almost half of the total labour force. 'Non-standard' here refers to working in the evening and/or night (between 19.00 and 6.00) and working on Saturday and/or Sun-day. Apparently, while a de-standardisation of daily working hours in terms of start and finishing times has become quite widespread, this does not refer to evenings and/or nights.

**Table 2 Employees in IT and in total labour force by working hours, working time and labour contract in 1997**

	IT			Total labour force		
	Men	Women	Total	Men	Women	Total
<b>Working hours</b>						
35 or more hours	95.8	76.5	92.0	89.5	41.4	71.1
< 35 hours	4.2	23.5	8.0	10.5	58.6	28.9
<b>Total</b>	100	100	100	100	100	100
<b>Working time</b>						
Standard	64.8	82.4	68.2	50.3	52.8	51.2
Non-standard	35.2	17.6	31.8	49.7	47.2	48.8
<b>Total</b>	100	100	100	100	100	100
<b>Labour contract<sup>1</sup></b>						
Permanent	98.3	93.3	96.1	92.6	85.8	90.0
Flexible	1.7	6.7	3.9	7.4	14.2	10.0
<b>Total</b>	100	100	100	100	100	100

<sup>1</sup> Only employees

Source: Enquête Beroepsbevolking 1997 (Labour force survey) (CBS, 1998)

### **3. The organisation of work and working time: analyses and dynamic of change**

The organisation of work and working times in the IT is the result of a complex of interrelating factors. Especially relevant for the long working hours are the imbalance between demand and supply, the specific nature of the product, the wage system and the weak position of trade unions.

The demand for IT services has increased considerably the last years. This is related to several factors (Regioplan, 1998; cited in Arbeidsvoorziening 1998). There has been a tendency in companies to outsource their IT-activities. An indication for this is the number of workers in occupations in computerisation across sectors. This number is increasing in the IT-sector and decreasing in other sectors. The level of innovation in software is high: new programmes and programme languages are being developed and adjusted in new versions. The favourable economic growth has stimulated demand for information technology. Due to increasing internationalisation and transnational mergers, administrative – and management processes have to be adjusted. Electronic trade is occurring, internet is creating new applications. Recently, the millennium problem and the introduction of Euro have stimulated demand for IT services. It is expected that the employment in IT will keep growing the next years due to the introduction of Euro, but also more generally due to employment growth (Adviesraad voor Wetenschaps- en Technologiebeleid 1998; ROA 1998).

At the same time, the growth in supply of qualified employees lags behind. The number of students that graduate from studies in computerisation is not enough to meet demand. The rather low number of students is related to developments in the sector. From the middle of the eighties till the beginning of the nineties, the labour market perspectives in IT were bad. Besides quantitative, the shortage of labour is qualitative as well. Employers prefer employees who, besides IT skills, also have other, for example, commercial skills. Moreover, due to technological developments, the work is getting more complex (Fenit 1998). For employees the imbalance between demand and supply often means working in teams that are understaffed, which creates a lot of pressure and easily results in long working hours.

Quite apart from the imbalance between demand and supply, the nature of product stimulates long working hours. A characteristic of most IT services is that they are time consuming, tailor made and have to be provided on the location. As a result employees quite often are posted in firms of the clients. Re-search indicates that 38 percent of employees in IT is posted full-time and six per-cent part-time (FNV 2000: 26). In addition, also employees who are not posted, often work on a project basis at the location of the client. In some firms it is estimated that IT specialists spend approximately 75 to 80 percent of their working time at other locations than their actual company. Often, service is sold by the hour, which implicates that the more hours are worked by the employees, the more the IT firm can bill. Furthermore, IT work can be quite complex and not exactly plannable. Given the interests at stake, this may translate in a high pressure on the employee to complete the job on time. In addition to a more than full-time job at the clients' office, there are work-related activities such as business meetings and training. The case studies show that these are often planned in the evening to optimise the number of hours at the client. This increases the total number of working hours even further.

Different figures, but the gross Long working hours are partly compensated by high wages. Different studies result in average yearly salary of IT employees is approximately 35 to 40 percent higher than the gross average yearly wage of all employees. In addition, fringe

benefits like a company care are quite common in the IT (Computable 1999; Automatisering Gids 2000). At the same time, however, the particular wage systems not only compensate but also encourage long working hours. More than one third of all employees in IT have partly a variable wage (FNV, 2000: 18). This variable part, for example a bonus, is related to performance and number of worked hours. This means that the more hours an employee works, the higher the variable part is. For example, in one of the case studies employees have to work 38 weeks of 40 hours (1520 hours) on a yearly basis in order to be cost-even for the employer. For every hour extra the employee gets a financial compensation. This is an explicit monetary incentive for not being sick, for not visiting the dentist during company hours, for not being idle and (in general) hard working. Interestingly, the financial compensation per hour is the same for all employees. The idea being that this extra is the shared result of all effort of every member of the company. On average, employees make 200 hours extra per year, which translates into an extra month of salary. In another company, the wage package consists of the standard salary and an extra salary depending on the performance of the whole company and the individual rating, which could vary from A (excellent) to C (sufficient). In this case, therefore, it is not purely the amount of extra hours, but the personal commitment (which of course might be related to extra hours) which leads to a higher bonus.

Collective agreements often contain stipulations on working times, for example with respect to the fulltime working week and overwork. However, the trade union membership of employees in IT is low and, related to this, the position of the unions in the IT sector is rather weak. Though there is a (rather general) collective agreement for the hardware sector, there is no collective agreement for software and services. Many employers prefer to negotiate with works councils (Schilstra, 1998). Most companies still have a fulltime working week of 40 hours. Reductions of working time, which have occurred in a lot of other sectors in the Dutch economy and have been negotiated by trade unions, have passed the IT sector. This is related to the fact that service is sold by the hour. Moreover, trade unions do not seem to have a very strong case in this respect, as long working hours are not perceived as very problematic. No doubt this is related to the fact that most employees male, relatively young and have no children. Employees are rather autonomous in their work, in managing their workload and their exact working hours. Furthermore, a lot of employees seem intrigued by complex problems and the intrinsic motivation is high.

### **3.1. Dynamics of change**

Given the imbalance between supply of and demand for IT services, qualified IT employees are in great demand. Since a lot of employees are posted or work at the clients' office, their relationship with their own employer may be rather weak. As a result, turnover rate is relatively high. It is not expected that the supply of IT employees will increase considerably the next years. This makes the retention of personnel an important goal for employers. Companies have to invest considerably in creating a responsive working climate and a well functioning system of human resources management. Point of departure is a highly educated, autonomous employee, who takes initiatives and can make its own decisions. Relevant (interrelated) strategies include flexible working time arrangements, flexible terms of labour and flexible work places.

### ***Working time arrangements***

The contractual fulltime working week still structures the number of hours that have to be worked. However, due to the rise of flexible working hours, a fulltime working day is no longer described in terms of start and finishing times. Although there is often a certain bandwidth - e.g. between 8 a.m. to 7 p.m.- in which employees are supposed to be at work, the actual work hours are often at the discretion of the employee. The workload might also vary between weeks; research indicates that approximately 50 percent of employees have a kind of flexi-time arrangement in the sense that a 50 hours week can be compensated by working 30 hours next week (FNV 2000: 19). The rise of flexible hours schemes indicate that the normal times within which work is performed are becoming vaguer. Traditional instruments to regulate the normal working day and week, for example overtime payments and/or allowances for special hours are relatively scarce in the IT (Ibid.: 19). As a result, working hours become de-standardised, generating flexibility to the employee, the employer and the client.

Quite apart from flexible full-time working hours, there are also indications that the large labour shortages put pressure on the traditional (more than) full time working week. There is a growing awareness among employers, that, in order to increase supply and/or retain employees, they have to offer more variation in contractual working hours. Several big companies now explicitly advertise with opportunities to work part-time; other companies are bound to follow. Furthermore, clients start to accept part-time work by posted employees, especially clients with a high part-time rate amongst their personnel. In one of the case studies the opportunity to work part-time is offered, with a minimum of 50 percent of the fulltime working week. In the other case studies employees have to negotiate individually with the employer.

### ***Flexible work places***

One of the most innovative elements with regard to the IT sector is the interchangeability of space. Due to technological developments work becomes less related to one specific location. Connection replaces location; employees can simply create a working place by connecting the laptop with the network. In one of the case studies the concept of flexible work places is introduced in order to use offices more efficiently. Furthermore it gives employees more flexibility with respect to working time and actual location of work. This might especially be attractive for employees trying to balance work and family life.

Other companies facilitate to a certain extent working from home; there is a strong emphasis on the time saving aspects and flexibility of teleworking. Research indicates that more than 40 percent of employees in IT have this opportunity (FNV 2000: 35). Facilitating homework is clearly stimulated by increasing mobility and the related traffic congestion, as a result of which employees face increasing travelling time. In practice, however, working at home seems to be used rather 'marginally': employees try to save time by starting or ending their working day at home to avoid rush hours. There is no large-scale substitution of work in a traditional setting by work done at home.

### ***Flexible terms of employment***

An instrument that fits with the concept of an autonomous employee is offering flexible terms of employment. This enables employees to choose – within certain limits – their own terms of

employment. Within these packages terms of employment have a certain standardised value and can be exchanged. Input is often salary, (surplus of) vacation days, bonus or extra salary. The value of the input can be spent on targets such as extra vacation, childcare, training, pension schemes etc. Companies can vary in the conditions and targets.

For example, one of the case studies introduced flexible terms of employment and created the possibility to sell a maximum of six vacation days. The first 24 hours can be sold at 1.4 percent of the gross monthly salary per hour; the next 25 till 48 hours can be sold at one percent. The amount can be spent on salary, savings, extra contributions for pension, or (the budget for) a company car. Bonus or an extra month salary can be spent on savings or extra contributions for pension. Free time can be bought at one percent of gross monthly salary per hour for the first 24 hours and 1.4 percent for the next 24 hours, which is the actual cost price. The maximum number of hours that can be bought is 48. The first year about 20 percent of all employees participated. The opportunity to buy free time proved quite popular. The number of employees who bought free time was higher than the number of employees who sold free time. In another case study all fringe benefits are standardised and – under certain conditions - exchangeable for money or time. Each employee can choose a combination from (or all) these benefits. Part of the entitlements can also be saved. This ‘flex-component’, the difference between the value of the benefits employees are entitled to and the value of the chosen benefits, is transferred to a ‘savings box’. Other inputs in this box are for example profit sharing and commission, but also time-elements such as vacation days and overwork. Employees can save up to a maximum of ten percent of their gross annual income. This savings box can be used for fringe benefits or extra income. Buying of extra vacation days is limited to 13 days per year.

Flexible terms of employment are popular, especially at the higher echelons of the labour market. Starting point is the autonomous and individual employee who is lucid enough to look after his own interest and to make his own choices. For the employers, individualised terms of employment may be important because it meshes with the corporate mentality in which tailored solutions and flexibility are important. In this way the company enhances its innovative image.

#### **4. Conclusive remarks**

The IT sector is characterised by working fulltime and long working hours. In addition, there is a clear emphasis on the autonomy of the individual employee for managing his own workload. It is the employee itself who is responsible for his or her performance; the management intervention is supposed to be supportive and not to be controlling. The contractual full-time working week still structures to a certain extent the actual working hours, but - due to the rise of flexible hours schemes - a full-time working day is no longer described in terms of start and finishing times. As a result working times become de-standardised. Tailored working time patterns are further stimulated by specific measures such as flex-schemes, which allow for the buying and selling of time. The image of a (full-time) working week is therefore increasingly diversified: there are differences between sectors, between companies and between employees.

In general terms, the rise of non-standard working time patterns is seen as a real economic benefit, because it suits modern corporate thinking in operational flexibility and a more individualised employee approach. More specifically with regard to the IT sector, flexible

working times patterns and flexible terms of employment may be an important element in attracting (or retaining) new personnel, for example women. The growing interest of part-time contracts also indicates that companies investigate the possibilities of a less demanding working time culture. In that respect there seems to be a real pressure from the labour market to change the current organisation of work and working times. At the same time, the actual changes should not be overestimated. The reliance on intrinsic motivation, in most cases supplemented with a performance related wage system, together with a de-standardisation of working time and working hours, might translate into a rather 'time-greedy' employment relation in which it is very difficult to guard the lines between working time and personal time. Working hours and working times are no longer set by the employer. Instead the employee is made personally responsible for managing his workload. In this case autonomy and flexibility might not result in a less demanding working time culture, but rather in competing time claims. This seems an important issue for further research.

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## Information Technologies in the United Kingdom

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### 1. Introduction and background

The IT sector is one of the fastest growing sectors in the UK contributing many new jobs in the 1990s. Between 1994 and 1999 the sector accounted for 13% of net new job growth (Smith 2001). The Survey of Employees in Employment shows the strong growth in this sector with the number of jobs increasing by nearly 125% between 1994 and 1999 (Labour Market Trends 2000). The sector is diverse and includes a wide range of activities from hardware to software and from services with a high intellectual property content to simpler data entry jobs. As in other countries the sector is largely made up of full-time workers, usually male, with higher than average educational levels. Furthermore the sector suffers from considerable skill shortages that are compounded by the rapid pace of change and high demand for IT services from all sectors of the economy. In 2000 it was estimated that there were 250 thousand vacancies that are predicted to rise to over 300 thousand by 2001 (Grande et al. 2000).

The UK labour market has long been characterised by a low level of regulation in comparison with other European countries. Unlike some other European countries the UK does not have a strong collective bargaining framework and trade union membership has been in decline since 1979 (Millward et al. 2000). Trade unions face additional problems that hamper recruitment and representation in relation to many computer workers. There is a high share of workers in small private firms that are harder to organise when collective bargaining and trade union recognition is highest in larger companies and the public sector. The use of sub-contracting and temporary contracts leads to high turnover and therefore short periods of time with the same company. IT workers may often have considerable market power and can negotiate their terms and conditions on an individual basis from a strong position. Furthermore the pervasive nature of IT means that they may not feel adequately represented by sector based unions. One trade union, MSF (Manufacturing, Science and Finance union), has established a separate section to concentrate on the needs of IT workers – the Information Technology Professional Association (ITPA) - but this only has around 12,000 members. Employers in the UK are less centrally organised than their European counterparts and the increased decentralisation of industrial relations over the 1980s and 1990s has compounded this pattern. Furthermore the relative newness of the IT sector means that there are no sector-wide arrangements left over from the days of more central negotiations.

This chapter firstly outlines the main working patterns that characterise the IT sector in the UK before discussing the working patterns and pressures for change based on two case study companies. The first case study was a large IT firm employing many thousands of employees providing a range of IT services to large organisations. The second case study organisation was a relatively small company employing around 200 people. This company has experienced rapid growth over recent years and specialises in development work in communications technology.

## 2. Employment profile and working patterns

The pervasive nature of IT work means that identification of these workers with survey data can be problematic. The industrial classification system covers many of these activities under computer and related industries (NACE 72). However, many workers will be located in other sectors. Of the five main occupational groups that cover many IT workers - computer systems managers (code 126), software engineers (code 124), computer operators (code 490), computer analysts (code 320) and computer engineers (code 526) - only 68% were found in the NACE 72 category in 1996. Nevertheless, using the industrial classification system and data from the Labour Force Survey (LFS) and the survey of employees in employment we can identify many IT computer workers. By 1999 the sector accounted for 426 thousand employees according to the employees in employment survey. However, this figure may underestimate the number of workers given the use of self-employment and sub-contracting among many IT workers and it has been suggested that the sector employs more than 800 thousand individuals (Manchester 1998).

**Table 1: Characteristics of the workforce in computer and related services and the labour market in the UK, 1999**

	computer & related activities			Total		
	Male	female	total	male	female	Total
gender mix	74%	26%	100%	55%	45%	100%
15-24	11%	12%	11%	13%	15%	14%
25-34	40%	42%	40%	26%	25%	26%
35-44	29%	25%	28%	25%	26%	25%
45-54	16%	16%	16%	22%	23%	22%
55-64	4%	-	4%	12%	10%	11%
65+	-	-	-	2%	1%	2%
Total	100%	100%	100%	100%	100%	100%
ISCED 3c or less	7%	17%	9%	26%	36%	30%
ISCED 3c/4c	8%	16%	10%	12%	17%	14%
ISCED 3a/4a	24%	20%	23%	34%	18%	27%
ISCED 5b	12%	12%	12%	9%	10%	9%
ISCED 5a/6	49%	35%	45%	20%	18%	19%
Total	100%	100%	100%	100%	100%	100%

Source: European Labour Force Survey 1999

The workers in the sector are overwhelmingly male with almost three quarters of all those working in NACE-72 according to the labour force survey (table 1). This proportion has remained virtually unchanged since 1994 when women accounted for exactly a quarter of workers a much lower share than women's share of all employment (see also Rubery et al. 1992). The age distribution of employment is another important labour supply aspect. Table 1 shows that workers in computer and related services are more concentrated in the 25-34 age groups than all persons in employment while there are weaker concentrations in the youngest 15-24 age group and age groups over 45. This distribution by age is very similar for women and men. The low share of older people reflects the rapid growth. The low share of the youngest age group reflects the higher levels of education in the sector because as well as being younger than

the total workforce, people working in computer and related activities are also better educated (table 1). Over a third of women and nearly half of men working in the sector are educated to degree level or above (ISCED 5a/6) compared to around a fifth of women and men in the workforce. Similarly just 7% of men and 17% of women have the lowest level of qualifications compared to around a quarter and over a third respectively for all people in work.

Workers in the IT sector are also more likely to be in full-time work than elsewhere in the economy and this arises from the increase in women working full-time rate as the male rate is similar to that for all men (Table 2). Three fifths of women in computer and related services worked full-time in 1999 compared to just under half in the population as a whole. Five per cent of men were in full-time temporary positions, which was slightly higher than in the workforce as a whole. Although there were no reliable results for women working in temporary positions over a fifth worked as part-timers compared to over a third in the female workforce. The part-time share has remained fairly stable since 1994 and the male full-time share has actually increased slightly. The relatively high share of self employed workers reflects the use of sub-contracting and “slave” companies for many IT workers (Kelly 1999). For men the proportion of self employed workers was similar to the workforce overall but for women the share was four percentage points higher (table 2). In the UK by working as a self employed person, drawing a low salary and paying most of their earnings in dividends individuals and employing organisations can significantly reduce their tax and social insurance bills (Jenkins 2000). However, recent changes to the tax laws (IR35) will tighten up on this practice (Ouellette 1998).

**Table 2: Working Patterns of the workforce in computer and related services and the labour market in the UK, 1999**

	computer & related activities			male	total	
	male	Female	total		female	total
1999						
Full-time permanent	75%	61%	72%	73%	49%	63%
Full-time temporary	5%	-	4%	4%	3%	3%
Part-time permanent	-	21%	6%	5%	36%	19%
Part-time temporary	-	-	-	2%	4%	3%
Self employed	17%	11%	16%	16%	7%	12%
Family worker	-	-	-	-	1%	-
Total	100%	100%	100%	100%	100%	100%
<i>Distribution of hours</i>						
1-19 hrs	-	17%	5%	5%	24%	14%
20-34 hrs	-	15%	7%	5%	24%	14%
35-36 hrs	-	-	3%	5%	8%	6%
37-38 hrs	12%	17%	13%	9%	13%	11%
39-40 hrs	17%	13%	16%	17%	11%	14%
41-42 hrs	11%	-	10%	7%	5%	6%
43-45 hrs	13%	10%	13%	12%	5%	9%
46-48 hrs	11%	-	10%	9%	3%	6%
48+ hrs	29%	10%	24%	16%	5%	11%
Total	100%	100%	100%	100%	100%	100%

Source: European Labour Force Survey 1999

The other key characteristic of workers in the IT sector is the long hours that they work. Almost a quarter of workers regularly work more than the new 48 hour limit of the working time directive compared to 11% in the workforce overall (table 2). The share for men is much higher reflecting the long hours worked by all men in the UK but a tenth of women in the sector also work these very long hours. By contrast low proportions of workers in computer and related services work short hours as we have seen in the part-time rates. The UK is characterised by a highly dispersed pattern of working hours and no strong norm around what constitutes a working week (Rubery et al. 1995). However, although a high share of the workforce in the sector work long hours a higher than average share also work relatively normal full-time hours of between 37 and 40 hours per week. The mean hours of workers in this sector also reinforce the bias towards long hours with mean usual hours for male full-time employees and full-time self employed of 45 per week. Similarly for women the mean full-time usual hours for both employees and the self employed are over 40 hours per week.

The shortage of skilled labour in the IT sector is a factors that seems to affect all countries. Even in an era of relatively high computer literacy there are relatively high returns to skills. Whatever the reasons, these labour shortages have led to spiralling pay levels and high levels of turnover (IDS 1998), a pattern that is mirrored in North America (Jaikumar 1997). One study suggested that wage inflation among IT workers was somewhere between 12% and 60% (Peel 1998). The problem is exacerbated as many major industrialised countries relaxing immigration policy to increase labour supply (Timmins 1998). On the one hand the shortage of IT professionals is related to particular events that increase demands for IT workers such as Y2K and the start of the Euro (Merridan 1997). On the other hand, the demand also arises for other tasks such as the development of e-commerce, the installation and development of networks and intranets indicating the labour shortage of IT professionals is more structural (Manchester 1998). The poor image of IT workers as “nerds” among some young people may even limit labour supply (Menagh 1998). The perception might be changing as employers have adopted explicit strategies to encourage school children to enter the sector (Kavanagh 2000) and computer science is now one of the most popular choice of degree course in the UK. However, women still account for a small share of the all university students studying computer sciences (Spence 2000). Although the shortages are based around technical skills the need to IT skills in conjunction with an understanding of the implications for business are in particular short supply (Merridan 1997; Farish 1998).

Some commentators and workers in the IT sector have suggested that the recent changes in the tax law (IR35) will lead to further shortages in the IT sector. The changes in the tax rules relate to personal service companies and as part of the drive to tighten up tax loop holes the tax collecting body is restricting the practice of pseudo self employment (contractors) (Kelly 1999). This move has been fought by both IT professionals and the companies that exploit this tax and social payments loophole (Donkin 1999). There has been more "collective" action by workers in the sector as a number of groups based on the web have been established to lobby against the changes. Meanwhile in the USA there are moves to relax the tax rules for contractors (Ouellette 1998). However, Fielding (2001) suggests that demand for contractors will decline over future years as firms reduce contract staff on development projects. Furthermore respondents in the case study organisations, including the regional manager of a contract agency, had not noticed any major change in the supply and use of contractors following the changes.

### **3. The organisation of work**

A number of themes related to the nature of the contracts, the type of service, the need for flexibility and labour market conditions shape the organisation of work in the sector. On the one hand the nature of the contract work means that managers and employees need to be aware of who is paying for the hours that they are working and where future opportunities lie. However, on the other hand the close working relationship between firms and employees of different firms blurs the boundaries of firms. Furthermore the fast pace of change in the sector means that the demand for skills are high and constantly changing but in a tight labour market and changing skills requirements means that recruitment and retention can remain a problem. This pressure for flexibility leads to high demands for mobility, variable hours and a constantly changing mix of skills.

Work is organised as a service by contracts in two main ways in which work is priced in this market. Firstly, there are fixed price contracts, which can be risky, as any cost overrun is borne by the company and not the client. Secondly, there is the time and materials method, which reduces the risk to the company. The case study companies preferred projects based on time and materials but also worked on a fixed price basis. The increased risk of fixed price work also carries the potential of increased margins if the project takes less time. This charging basis for work means that it is important to know who is working on what contract and for how long. Computerised time recording system may be used to book time on certain projects at the end of each week. Employees working offsite at a client company have time sheets signed off by client project managers. This helps HR managers monitor how many hours people are working and on what projects. In smaller companies there is even greater pressure to monitor working on contract and this means that there may be limited administrative support.

#### ***Blurred boundaries***

The issue of company boundaries and culture also arise from the nature of the work that often involves a number of employees working on the site of a client often for extended periods. These employees may be isolated from the company that employs them, may work closely with employees of the host company and their line manager may be from the host company or even a third company. Boundary issues also arise from the interdependence that develops between the firms and in some cases the outcome of mutual decision making. In this context it is important for supplier companies to have a strong company culture but fragmentation of the service and organisation across many locations makes this hard to maintain. Although employees working on a client's site are providing a service and may be caught between the culture of the host company and the parent company they are also expected to look for opportunities to develop new work, particularly the managers. On larger accounts there maybe senior manager separated from day to day management of current projects and focused on the management of the "relationship" and development of new services and business for the client.

The interdependence of companies is particularly evident in the sensitivity of employment levels to decisions in client firms. The management of staffing levels and mix of the skills rely heavily on cooperation with the client company. Where there is a good relationship with the client company a partnership-based approach can develop and the IT company will be aware of future plans as they are discussed. However, where decisions are made in a short-term manner or the client does not share the information with the supplier at an early stage,

planning decisions for staffing can be subject to short notice change. If project managers have to react to late decisions by the client this can mean that there is little time to act. Plan for changes in skill demands. Clients ideally want total flexibility but at the lowest cost. Costs are lower with permanent staff but a lack of (cooperative) planning means that this might not be possible. The short term demands often means that contractors are needed to bring in the skills immediately and the cost difference between the hourly or daily price of contractors and employees may have to be picked up by the client. This increased need for contractors can also make planning for skill requirements of the permanent employees on the project difficult. However, where relations between companies are more cooperative, a close working relationship can develop. Closer relationships may mean involvement in the development of new products and services from an early stage and more work for the company in the long run. This closer cooperation can also lead to a higher share of employees in relation to contractors on a project whereas a project with the short term decision making may have a greater proportion of contractors. Where projects are more developmental there may be less integration into the daily operation of client businesses and the IT company may mainly work on software off site. At smaller IT companies the reliance on large client companies can be risky. The small case study company used contracts with phase-out periods so as not to be left with a large number of employees "off charge" at short notice.

The close working relationship between client and supplier firms also means that there is the potential for workers to "go native" when working on a client's site. This can happen as employees may work alongside workers from client companies for extended periods of time and can feel isolated from the parent company. This can be a particular problem for employees working in isolation some distance from the main office and they may adopt the client company culture rather than their employer's company culture. On projects where there is not a supplier management structure on the client's site isolation can be more of a problem as the individual may be working as part of a client managed team. In this situation the employee may see people from their employing organisation infrequently. The fragmented organisation of the service in companies creates a challenge to a single strong culture. An additional dimension to this comes when employees are absorbed a new outsourcing contract is won. These employees may have been working for the client or another supplier before the service was outsourced (see Cappelli 1995).

Companies need to develop strategies to cope with the problems that working offsite can create. These may be both formal and informal. Using the world wide web can provide offsite workers with access to the company intranet and may reduce the feeling of isolation. Alternatively an email newsletter to keep offsite workers in touch with what was going on, can be simple and effective. Companies may also use social events to reinforce the culture and reward employees. Large companies may also use Road Shows to promote organisational culture and cohesiveness and even recruit new staff. The culture problem can be made worse when employees are reluctant to work offsite for extended periods. Highly trained employees are motivated by the opportunity of varied work experience and interesting projects but for companies there is a tension between the project-specific knowledge of posted employees and their desire to move between projects. Employees may want to move on geographically and intellectually but customers want to keep the employees that are experienced on a particular project. It is also important for workers to be "acculturated" to the company before they are posted to work offsite. Sending new employees to work on client sites may limit familiarisation with company culture and even reduce their confidence. Furthermore returning to the company can present particular problems for posted employees who have missed out on

developments at the company office, for example changes in personnel, procedures and environment.

### ***Skill demands***

The nature of the IT industry places great stress on up-to-date skills and the demands for skills are changing rapidly leading to potential obsolescence in relatively short time periods. The change in demand for skills relating to "Y2K" illustrates the sharp swings in requirements. Similarly the increase demand for web based skills such as JAVA and e-commerce skills characterise current labour market. These pressures place a number of demands on the organisation. Firstly there is the need to match project needs with available labour supply and secondly it is important to develop existing employees for future predicted demands.

Where skills are required at short notice project managers may have little option other than to buy in contractors via an agency, unless the necessary skilled employees also become available at the same time. This is more expensive and these additional costs may be passed on to the client or absorbed by the company depending on the contractual arrangement. In the small case study company there were no contractors and all of the employees were permanent and full-time therefore new skills were learnt within the existing workforce or recruited on the open labour market. The more informal nature of a smaller company led to a "have a go" culture where employees were allowed to try their hand at a range of tasks based on a good knowledge of the basic computing skills in languages such as C, C++ and JAVA.

Although it is important to develop new skills there is also a tension between the needs of the company and the aspirations of employees. In some cases there is the need to maintain skills in older legacy systems as many clients are still using these and migration to new systems requires both old and new skills. However, employees want to know that they will not become redundant if their skills become obsolete. Furthermore companies will not want to train for skills that they believe will not be useful in the future. Contractors may be used where the company does not see a future in particular skill sets. On the other hand contractors who have valued skills can act as mentors and coaches for those employees without the skills or who have newly acquired skills. Mobility between projects was regarded as important in providing a variable working environment and retaining skilled workers. Training may be carried out in a variety of ways. Large companies may have in-house services that provide training and the use of computer based training (CBT) has the advantage of breaching geographical distances and allowing employees to train when they can. The rapid pace of change in the sector means that companies need to pay constant attention to the available skills in their organisation. At the large case study organisation as much as a quarter of the workforce needed to be re-skilled as older mainframe skills were required less and less.

### ***Flexibility***

Project work requires firms to be able to cope with short term changes in demand, particularly towards the end of a contract. This creates a high demand for overtime and explains the long hours found in the sector. The use of contractors can provide considerable flexibility. Extensive use is made of contractors in the UK who provide flexibility usually based on six or twelve month contracts but these may be longer. Although contractors can not break a contract, the companies can give 30 days notice. For this flexibility the earnings of contractors are considerably higher than those of employees and depending on the nature of the firm-client contractual arrangements the full cost of additional contractors can be passed on to the

client. Contractors may also provide a ready pool of willing overtime workers. Moving existing employees between projects also provides flexibility. The work also demands mobility for employees to work offsite. Many firms have mobility requirements in employee's contracts so that they are expected to be able to work within a certain distance from the workplace. The nature of the project work means that workers have to move if their skills are no longer required at a particular location.

The case study firms did not offer a formal flexitime systems for employees but flexibility was allowed to fit in with the project and personal life where possible. However, newly outsourced services and close working relations between staff of supplier and client companies can lead to a clash of culture where one group works on a formal flexitime system and the other group does not. In general by allowing a certain amount of flexibility the demands of the project can be covered to everyone's satisfaction. The option to work part-time may be available but the majority of employees work full-time both in the case study companies and in the sector (see table 2).

Changing working patterns demand considerable amount of travelling. This has changed a lot with more and more people travelling to get to the workplace. This raises the question of where travel fits into to the working day and is it part of the job. This problem can not be easily resolved. If employees move nearer to their current place of work there is a risk that they will be moved in a couple of years given the nature of project work. Some years ago new recruits may have been able to resist the pressures for geographical mobility in their contracts but this creates inflexibility. Companies need to move people around and mobility is an issue for everyone. However, travelling time can be an issue for recruitment and retention as extended journey times over a long period are hard to cope with and employees will eventually want to search for something more local. Carrying out more of the work at home or on the company site rather than that of the client can reduce travelling problems. Here there may be a tension, as employees may be needed to work on the client site to gain the trust of that company.

The increased mobility may have particular implications for female workforce. The mobility requirement at the large case study firm was an hour and half travelling time or 70 miles. However, managers were recruiting new technology skills with an 'express mobility clause' in the contract that states they will work anywhere in the country and will relocate if required. Companies feel that the nature of the work and the skills required means that employees need to be re-deployed as and when they are needed. Nevertheless there is also a more stable static workforce that may work on long standing projects on client sites and until or if employees move up the hierarchy or the contract is lost they may not be required to move.

### ***Recruitment and Retention***

A lack of skilled workers is a major problem in the IT industry world-wide. Companies can adopt a range of measure to meet the demand for skilled workers. These may include supplementing the traditional supply of graduates with students on industrial placements and even young people between school and university. In larger organisations there is the possibility of meeting some demands for new workers and skills are met from within the company. More innovative recruitment measures include sponsoring students through university, bonus schemes for employees who refer people with e-business or new technology skills (Kavanagh 2000) and headhunting for some key skills. There are some key skills which

command a very high price, for example solution architects, and these workers earn very high wages as contractors and are unwilling to work as employees.

With large salaries on offer retention can be a problem. Employee share ownership schemes can work as a means to retain employees, as larger and larger salaries may be unsustainable (Van de Vliet 1997). A share option based scheme may tie workers into a company for a longer period of time. However, employees may also receive major pay rises to ward off competitors trying to poach key workers or even whole teams. Companies will usually agree to no poaching of employees between supplier and client in either direction but this can be difficult to police. Offering employees good opportunities and treating them well is regarded as was a good way to retain staff.

#### **4. Summary and conclusions**

The IT sector is one of the fastest growing sectors in the UK and provides growth in high value service work. However, the sector is not only important for its contribution to new job growth, the sector also represents both new and old patterns of work and work organisation. On the one hand, male-dominated full-time work with the use of long hours and overtime represents much that is typical of work in the UK. Employees in the UK work some of the longest hours in the EU and workers in the IT sector reinforce this pattern. On the other hand, the sector is also characterised by new forms of self employment with extensive use of personal service companies or contractors to provide high-value work with considerable flexibility for organisations using their services. Long hours and overtime worked by employees also provide flexibility for the changeable demands of project work.

The spatial element to jobs in the sector also represents changing work patterns. For self-employed contractors the work is invariably carried out on the premises of the client rather than their own premises. For employees working as posted workers their workplace is that of the client company rather than their actual employer. For short-term project workers the workplace may be determined by the location of the project. This spatial dimension to the work may require considerable flexibility of employees in terms of their workplace and travel times. Furthermore the close working relationship with other companies creates new pressures on employees and firms in terms of blurred organisational boundaries and cultural clashes. This project-based nature of the work creates both a high and changeable demand for labour that requires temporal and geographical flexibility of many workers in the sector.

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## **Part II**

### **New forms of employment and working time in the service economy (NESY)**

#### **The case of banking**

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**Contents**

**Banking in France** ..... 63

*Florence Jany-Catrice, Martine Pernod-Lemattre*

Faculté des Sciences économiques et sociales

Université des Sciences et Technologies de Lille, Lille, France

**Banking in Germany** ..... 72

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## **Banking in France**

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### **The object of investigation : employment in the banking industry**

The banking industry is a particularly interesting field of inquiry for those seeking to analyse the new forms of employment and working time. The industry is going through a major period of structural change due to the combined effect of changes in banking services (the proliferation and increased complexity of products), the widespread diffusion of new technologies and reforms in the regulatory framework. These changes have given rise to a root-and-branch restructuring in the industry and constitute major challenges in terms of the management of human resources and working time.

Secondly, the questions of the duration and organisation of working time, which have traditionally been sources of conflict in the French banking industry, have just reached a major turning point.

#### **1. Structural change in the sector**

The evolution of the industry, which has been characterised depending on the period in question by a high level of government involvement (nationalisations) or a gradual relaxation of the regulatory framework (under certain governments of the right), has always been linked to state intervention, with the intention in particular of protecting savings.

Since the second half of the 1980s, all financial services have been subject to the same legal framework. They must be provided by authorised companies subject to a single statutory framework that seeks to harmonise the conditions of competition between the actors and to submit those actors to a properly coordinated set of prudential rules put in place to safeguard the financial system. Finally, the French banking system today is characterised by a hyper-competitive private sector and publicly owned providers of banking services such as the savings banks (*caisses d'épargne*) and the French Post Office.

#### ***How do retail organisations perceive their major competitive challenges?***

From the mid-1980s onwards, several factors seem to have combined to bring about severe crises in the banking industries of the major Western economies. Firstly, the various changes that occurred (financial liberalisation and deregulation) led to increased competition between the lending institutions. As a result, the banks' markets gradually shrank. Secondly, rising inflation and the ensuing increase in the cost of credit made savers more sensitive to differences in interest rates, prompting them to seek out higher-yield investments. Thirdly, the opening up of the money market also intensified the competition between direct and indirect financing.

At national level, this crisis was reflected in a decline in the profitability of French banks at the end of the 1980s and throughout the 1990s, the most obvious manifestation of which was

the collapse of three of the largest banks. Faced with this declining profitability, the French banks sought to diversify their activities either by managing deposits on a more collective basis or by developing new products, particularly through their insurance subsidiaries. These new activities have expanded steadily and contributed to the improvement in the results posted by the French banks.

This diversification was accompanied by the introduction of ever longer opening hours, necessitated in part by the strong competition and facilitated by measures on the organisation and reduction of working time. According to the employers, longer opening hours were a means of improving the banks' performance and meeting customer demand. The employers' aim was to be able to open bank branches six days a week and to extend daily opening hours. However, a precondition for any change in branch opening hours was a change in individual working times. The trade unions<sup>1</sup> were much more sceptical about the benefits of extended opening hours, particularly on Saturday afternoons and on weekdays after 5:30 pm when, they argued, there were very few customers (at least outside the Paris area). In fact, the banks now open six days a week and the maximum daily opening hours are from 8 am to 7 pm.

### ***Who works in the banking sector?***

While the decline in employment levels in the banking industry is real and on-going, it is far from the alarmist predictions that were circulating a few years ago about the future of employment in the banks (it was predicted that computerisation would lead to a halving of the numbers employed in a decade). Employment levels in banks have declined by 5%, at a rate that varied from one year to the next between 1992<sup>2</sup> and 1998. This decline seems to have affected mainly back-office<sup>3</sup> and middle-office staff and has gone hand in hand with a growth in front-office staff (essentially sales staff). For the most part, the job losses have been either voluntary (retirement, resignation) or facilitated by schemes such as early or phased retirement programmes. Indeed, firms in the sector have demonstrated considerable ingenuity in developing various forms of voluntary retirement or redundancy. On the other hand, the development of part-time working in recent years and the various policies on the reform of working hours incorporated into so-called social plans have probably helped to safeguard jobs. We will examine this latter aspect in greater detail later, since the problem of the reduction and reorganisation of working time manifests itself in very specific ways in the banking sector.

### ***The characteristics of jobs in the French banking system***

Women are in the majority in the French banking industry, accounting for 53% of the workforce. Nevertheless, part-time jobs are not the dominant employment form, as they are in other service industries. The part-time rate varies, depending on the sources, between 11 and 13% of the workforce, but 92% of part-timers are women. It is also interesting to note that

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<sup>1</sup> Union density in the French banking industry is relatively low. According to trade union officials, this is because the collective agreement covering the sector is a very advantageous one and bank workers feel privileged. The leading union at national level in 1998 was the CFDT (33%), followed by the SNB (Syndicat National des Banques) with 26%, FO (18%) and other CFTC (2%).

<sup>2</sup> The AFB employment survey dates from 1991.

<sup>3</sup> This report adopts the segmentation of the banking workforce suggested by the Centre for Research and Forecasting in Banking (CEP Banque 1999). Back-office staff comprise those working in central departments (management of payment devices, loans), while the middle office is made up of administrative and commercial support staff in branch back offices. They are in daily contact with front-office staff, who are mainly sales personnel.

the few male part-timers there are tend to be concentrated in the older age groups (over 40). This reflects the effects of various social plans, and in particular early and phased retirement programmes. Female part-timers, on the other hand, are younger and work relatively long hours: half of them are employed on contracts offering more than 30 hours' work per week, while 38% have contractual working times between 15 and 29 hours. Only 5% of part-timers regularly work less than 15 hours a week.

The recruitment drive of the years between 1960 and 1970 focused mainly on staff for administrative, accounting and IT management centres. The majority of those recruited during this period have relatively modest qualifications, mostly no higher than the *baccalauréat* (almost half do not have the *baccalauréat*, and only 13% have a qualification equivalent to or higher than a university first degree). The expansion of the industry offered these workers relatively good promotion prospects, which were codified in the collective agreements governing the industry. These workers, now in their fifties, have a considerable effect on the average age of the banking workforce, which is high at 43. More than one fifth of the workforce is over 50, and less than 3% is under 25.

The banks have put in place three strategies to deal with the increasingly complex nature of their products and services. They have begun slowly to reduce employment levels, as already noted above, they are recruiting at increasingly high levels of qualification and, finally, they have invested heavily in training. The overwhelming majority of recruits now have at least two years' higher education, and most of them have four.

### ***Current developments in human resource management in the banking industry***

There have been attempts throughout the banking industry to reform and reduce working time, particularly since 1994, although there is a wide diversity of practices. One of the aims is to preserve back-office jobs, where overstaffing might perhaps be more evident because of the trends towards the dematerialisation and automation of everyday operations that have greatly changed the volume and content of the tasks performed by thousands of workers. The favoured mode of work organisation for these administrative and highly Taylorised tasks is either some form of shift system or one based on variable work schedules<sup>4</sup>. At the same time, however, there have been attempts to improve the commercial competitiveness of the front offices by adapting working time to market needs. In this area, where job content has tended to reflect the development of customer advice services, the implementation of working-time reform and reduction through the introduction of working in pairs is proving to be much more difficult, for two reasons, one internal (working in pairs requires a shift in the modes of coordination between co-workers), the other external (the customer is both the witness and the judge of the services provided).

Overall, the generational renewal that is at the heart of the human resource management strategies adopted by the banks combines the greater time flexibility of annualised working hours, enhanced functional flexibility, whether in the back or front office, and a reduction in working time for all. The improved service quality required by the heightened competition is based on the diversification of product ranges, the development of commercial strategies

<sup>4</sup> In a system based on variable work schedules, the scheduling of individual working hours varies in such a way as to make it possible to extend opening hours. Shift systems tend to be built around overlapping shift teams, with each team starting work before the previous one has finished, or the use of relief teams that are deployed during the other teams' break periods.

(strengthening of front-office functions to the detriment of administrative functions) and longer branch opening hours.

### **3. Importance of the case study organisations as examples of new forms of employment**

#### **3.1. Commercial banking company**

Company B, founded in 1863, has a wealth of history behind it. Once the leading French bank, it went through a difficult period in the 1980s and 1990s. From 1980 onwards, it adopted an expansionist strategy, establishing a presence abroad, acquiring holdings in a number of industrial groups and investing in real estate. This strategy ended in considerable losses and bankruptcy. The period between 1993 and 1996 was one of reconstruction, with strategies, risk-taking and group boundaries being redefined.

Today, Company B, which was privatised in 1999, is a generalist banking company operating in the national market. It provides a general range of products and services to private individuals, professionals and small and medium-sized firms. It operates a very extensive branch network, comprising 1951 separate branches. It has a presence in more than 60 countries; retail banking activities account for a large share of its turnover.

In the wake of the serious financial difficulties it experienced in the 1990s, Company B has put in place a new two-tiered organisational structure. The first tier is made up of three major types of activity: (neighbourhood) retail banking, investment banking and asset management. On the second tier, each activity is broken down into various subtypes. The branches have been relieved of most administrative functions and are now almost wholly given over to providing retail banking services to private individuals and professionals. This new organisational structure has necessitated a change of culture (acclimatisation to team working, mobilisation of dispersed competences, changes in hierarchical relationships).

The branch we studied focuses mainly on private banking. It manages 6,500 deposit accounts. This figure has remained stable for several years. Seventeen employees work in the private banking department, six in the provision of banking services to small businesses and 5 in the sale of savings and investment products.

Through the impetus given by a business unit manager, the mode of work organisation is now very much commercially driven and based on team work. These management principles are generally welcomed by the young sales staff but cause problems for older staff, who are more used to working under the direction of a branch manager.

The high share of women in the workforce (almost 57%) is comparable to the average for the sector as a whole. The age pyramid and the seniority level reflect earlier human resource management strategies and suggest that past attempts to adapt have not always been successful. Thus the massive recruitment programmes of the 1970s and the low level of recruitment in subsequent years explain the high average age of 44. The policies adopted in recent years have not succeeded in halting the ageing of the workforce, 27.8% of which is 50 and over. The high level of seniority in the company (23 years on average!) reflects the career management principles that used to prevail in the industry. As a branch manager noted: “the ageing process, which is correlated with the high seniority level, is the result of a policy of developing staff loyalty based on clearly marked promotion paths in which seniority played

an important role. With the resumption of recruitment and a change of management, the workforce can be broadly divided into two populations. The older segment of the workforce has low levels of qualification, is relatively immobile and is very attached to the industry's training and promotion pathways; the new segment, on the other hand, is much more highly qualified and more mobile but much less loyal".

As far as recruitment is concerned, the company has stated that it will be seeking to recruit more new staff in the years to come. Its aim is to recruit young graduates, mainly for sales positions. Staff are being hired at increasingly high levels of initial education. Thirty-eight per cent of recruits have the *baccalauréat* or 3 years' higher education and 62% have four or five years' higher education. Seventeen per cent are recruited from the business schools, 13% from the engineering schools and 32% from the universities. The prospect of a large number of departures up to the year 2005, particularly among branch managers, has led management to recruit people likely to go a long way in their careers.

Training also plays a strategic role in staff development and in the drive to adapt the workforce to the new occupations. Thus Company B devoted 5.8% of the wages bill to training in 1998. The emphasis is on training for sales and marketing occupations, but "training for the less well qualified has gone by the board. If you are not capable of taking a sales or marketing course, there's nothing that can be done for you, and that's a real problem, because there are not many low-skill jobs left. Management is aware of this problem, but according to them the only solution is redundancy" (trade union official).

In Company B, the share of labour costs (wages bill + profit-sharing + social security costs) in general costs was 54.6% in 1998, compared with 56.1% in 1997. The company is seeking to reduce wage costs further and to continue to improve productivity by managing working time more effectively. Management takes the view that performance will be improved by extending opening hours and developing shift work and rota systems.

### *The management of working time in the case study*

More than 40% of the workforce in Company B are currently not adhering to the collective schedule (80% of non-managerial staff and 20% of managerial staff). Although full-time employment has until now been the norm in the banking industry, Company B is an exception because of the crisis it has been through. Indeed, as the social affairs director pointed out, "we have taken every opportunity to reduce working time and reform it with a view to limiting overstaffing and redeploying staff to sales and marketing jobs". This policy, which has been enshrined in a number of agreements, explains the diversity of part-time regimes observed in the company.

#### **Distribution of workforce by working-time category in 1998**

Full-time 39 hours/week	21,779	65.9%
Part-time 39 hours/week	5,535	16.7%
Full-time 33 hours/week (reduced working time)	5,357	16.2%
Part-time 33 hours/week (reduced working time)	398	1.2%

Part-timers account for 17.9% of the workforce; the wide diversity of part-time regimes is summarised in the table below.

### The part-time regimes in Company B

Standard half-time	1733	29.2%
Half-time/phased retirement	1265	21.3%
Total on half-time	2998	50,5%
3/5ths time	113	1.9%
4/5ths time	2230	37.6%
Part-time/training	225	3.8%
Half-time/sickness	367	6.2%
TOTAL part-time	5933	

Sources : interviews

In 1997, the company negotiated a reorganisation of working time in the sales offices in order to increase net banking proceeds and a reduction in working time in the processing sector in order to reduce general costs and improve the working ratio.

There are currently four different regimes. These regimes are based on shift and variable schedule systems (in which the variable factor is either daily working hours or the number of days worked per week). This regime has been maintained and extended to those branches that are open six days a week. Two other regimes have been developed by “playing around” with daily work schedules. The branches are open between 8 AM and 7.30 P.M., and staff either start work around 6.30 AM or finish at 10 PM; compensation for these “unsocial” hours takes the form of cash payments or time off in lieu. In the back offices, this significant change in working time has been accompanied by the introduction of product-based specialisation instead of the customer-based specialisation that used to prevail.

The multiplicity of individual working-time regimes, a mode of organisation based on rotating or overlapping teams, the constraints of seasonality, annualised working hours and the system of floating rest days obviously create difficulties in the management of planning and of rest days.

### 3.2. Direct banking

Although many French companies provide telephone or on-line banking services, they either do not offer a complete range of products, preferring to concentrate either on loans or savings, or they are merely an offshoot of a standard bank. Of the few companies falling within the scope of our study, one bank allowed us to conduct different interviews with management and the trade unions.

Set up in 1994, BD decided, after several hesitations or threats, to operate in the standard legal environment governing the banking industry, the main pillars of which are the statutory order of 1937 and the collective agreement covering the banking sector. However, BD accepted the legal framework governing the French banking sector while at the same time deciding to operate on the margins of that framework by concluding dispensatory agreements on the organisation of working time. The main dispensatory agreement clearly states that all

employees are covered by the national collective agreement for the banking industry but it explicitly departs from the statutory order of 1937, notably in respect of shift and variable schedule systems. Thus the launch of BD was particularly controversial. The concluding of the company agreement put an end to the disputes it had aroused and placed BD's activities within a legal framework. Trade union density is even lower in this particular sector than in the traditional banking sector.

BD competes with the traditional banks, but in the clearly defined segment made up of "very career-oriented city dwellers in middle and senior management positions" (director of human resources).

At the end of 1999, the company employed 170 people. Only two were part-timers (80% of standard working time); all other employees are considered to be full-timers, whatever hours they actually work. BD also calls on ten or so additional temporary agency workers per month.

The absence of direct customer contact does not seem to create any major difficulties, not even for risk management, since BD has adopted "an industrial approach to risk management and the points system is the best one, it really works". The basic principle here is similar to that used by consumer credit institutions.

On the other hand, the two other departments operate in fairly atypical ways. They are call centres staffed by customer advisors. It is only here that work rates and schedules differ significantly from those in traditional banks. The call centres employ more than one third of the workforce, some 67 jobs out of a total of about 180.

As far as working time is concerned, the new organisational structures give rise to greater flexibility. However, this does not directly affect the call centre staff, who are of more immediate interest to us since they are the only group that has truly atypical schedules.

It is here that BD really differs from other banking organisations, since the company operates a call centre that is open round the clock six days a week. There are three main channels of communication. The Minitel system, the French consumer information network accessible from home computer terminals, accounts for 15% of "calls", although this share is declining in favour of the Internet, which now accounts for 25% of contacts. Finally, of course, there is the telephone, which is the most heavily used medium. Use of the Internet is obviously increasing, and since March 2000 all transactions and operations can be conducted on it.

The company's computer system has been adapted so that all transactions requested by customers can be processed instantaneously in "real time". Until January 1999, customer advisors had to note down all transactions and process them later. BD now has a paperless computer system that enables everything to be entered directly on the screen.

The level of work intensity is high, making the jobs difficult and tiring: "output is the key word. The pace of work is reminiscent of that in the old typing pools. Some people speak of the Taylorisation of telephone banking" (Marnix Dressen, 1996). It has been possible to reduce the average call time to around 3 minutes and an "after-call work period" of 1' 40" is also stipulated. Thus customer advisors deal with about 10 calls per hour (between 7 and 8 per hour according to management). They therefore require a good knowledge of all the banking products, and they would seem to require between 1 and 1½ years to become fully operational and take on training duties. Thus customer advisors are operating at the boundary between a

standard banking function and a sales function. This dual requirement serves to guide human resource management policies, in terms of both recruitment and training.

### ***HRM policy in the direct banking organisation***

The recruitment criteria are very carefully designed and revealing. The customer advisor profile is very clearly defined: he or she is young (21-22 years old), single, has the *baccalauréat* and 2 years' business education but no professional experience and is seeking to enter the labour market for the first time. The personal characteristics are decisive, since they are the factors governing acceptance of the high level of work intensity and the work schedules. According to the director of human resources, young people have specific temporal expectations that are perfectly compatible with BD's operations.

The choice of recruits with a background in business education and the banking occupations is also instructive. Management defines BD as "a distributor of banking products, and therefore a bank, but above all a distributor". This is why the customer advisers are regarded primarily as sales staff, although their management has its roots in the banking sector.

This recruitment strategy entails a training policy specifically geared to the banking occupations. And BD does indeed provide relatively more training than the conventional banks, devoting in the order of 6% of a gross wages bill of 34 million French francs to its training programmes. Further, the fact that the customer advisers are not specialists means that they can deal very rapidly with all types of transactions and procedures. The company provides three types of training: an initial training course lasting between 1 and 1½ months, on-the-job training supervised by a tutor and regular continuing training sessions held on approximately 15 days per year. At the end of 1999, a "direct banking school" was set up in order to standardise and structure all the training programmes. This training also plays a more indirect role in that it offers employees some form of advancement within the organisation to compensate for the lack of internal promotion.

There are indeed few opportunities for promotion, and in particular there are no routes by which employees might advance into the other banks in the group of which BD is a part. This difficulty is circumvented in three ways: through training, through the establishment of a hierarchy of responsibilities based on levels of accreditation or tutorial functions and through some degree of mobility between the various departments.

Pay policy is also slightly more generous than in the conventional banks, due largely to the bonus system.

Another form of advancement, which is not officially declared but perceived as such by employees, seems to be the type of work schedule. Thus the possibility of changing schedules may be a reward and could be regarded by employees as a promotion. The basic principle is 24-hour availability. There is only one exception to this permanent availability, namely Sunday. "Permanent availability does not, however, entail regular work schedules. On the contrary, workloads are extremely variable and BD is constantly striving to forecast the evolution of its activities. Thus according to management, BD "is very aware of how workloads vary and is able to predict those variations with considerable accuracy". The forecasts are made to within the half-hour. Monday is the day when workloads peak, and there is a gradual falling-off as the week progresses.

Surprisingly, the variable schedules are not regarded as serious sources of difficulties. Thus the turnover rate is around 14 to 15%. It is higher than in the conventional banks, but “that’s because we do not employ the same kind of people and in any case we’re well below standard call centres in this respect” (director of human resources). However, the relatively high degree of acceptance depends largely on the personal characteristics of the workforce. The vast majority are under 25 years of age and very few are married. “Their aim is not to work less but to earn more”, declared the director of human resources. Changes in their family situation (leaving the parental home, marriage, children) often prompt employees to request changes to their schedules. In fact it is the content of the work, which is repetitive and low-skill/low-status, that is much more problematic than the schedules.

The main development in the future may well be a shift away from the telephone as the principal medium of communication towards the Internet. The company is planning to become an Internet-only bank. This development could have a profound effect on the nature of the work and thus on job profiles. Similarly, the competences required are shifting from speech to the written word. As a result, improved writing skills will be required.

#### **4. Conclusion**

Thus human resource management practices are significantly different from those in traditional retail bank branches and in call centres. The staff in the latter are young, relatively low-skill generalists. Virtually all the jobs in call centres involve routine, low-skill telling duties requiring no specialist skills.

Overall, our study of the banking industry shows that, while the intense competition that has characterised the sector in recent years has accentuated employers’ search for flexibility, changes in the regulatory environment as a result of, on the one hand, the new collective agreement and statutory order governing the industry and, on the other, of the various laws on the reform and reduction of working time have further accelerated the process of flexibilisation.

## **Banking in Germany**

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### **1. Structural change in the banking industry**

In the 1980s, the German banking industry were going through a period of stability and relative growth. The principal institutions of the German banking system, namely the banks' central position in the German financial world, the structuring of the lending institutions as all-purpose banks and the competition between private banks, savings banks and co-operative banks, were functioning as they had done for decades. Moreover, the banks were making respectable profits and developing a quality production strategy based on a differentiated product range, increasing employee skill levels and integrated job contents.

At the beginning of the 1990s, the situation changed dramatically. Even before the end of the economic boom of the early 1990s, voices had been raised to proclaim the end of the banking industry's lengthy post-war period of prosperity and to point to the need for the banks to take rigorous measures to adjust to increased competitive pressures. A thoroughgoing reorganisation was recommended, along with drastic job cuts. The adjustment measures soon acquired a name: lean banking. The banks were being required to become more market-oriented and cost-conscious. Under the influence of these ideas, the banks set about examining and restructuring their organisations with a view to reducing costs. One of the powerful driving forces behind this movement was the growing institutional importance of the international financial markets and of the German capital market. On the one hand, the international capital markets were a lucrative new source of business for the German banks. On the other hand, the refinancing of the banks through the capital markets meant that shareholders' interests were exerting increasing influence in the banks' management bodies.

As the 1990s drew to a close, it was clear that the misgivings about the business and employment policy risks of increased competition and the increased shareholder orientation of the banks' commercial policy were not justified. And yet the reforms the banks introduced have deeply entrenched cost reduction in their organisational structures. These developments are reflected in the introduction of new distribution channels, such as direct banks, the opening up of new areas of business, particularly in investment banking, the globalisation of the banks and the segmentation of organisational structures by product and customer group.

### **2. The sample of companies**

In the course of the NESY project, we investigated one direct bank in Germany and one branch of two different lending institutions. One of these institutions is a large private bank, the other a major savings bank. The two lending institutions, Bank A and Bank B, adopted a similar approach to restructuring in the 1990s, an approach that was broadly in line with that adopted in the industry as a whole. The organisational structures of both banks are divided by customer group and sphere of business. Both set up a direct banking organisation in the mid-1990s, positioning it as a subsidiary outside the collective bargaining system. And in both banks, cost reduction has become a primary concern. In Bank A, the primacy of cost

reduction is put into action through central budgeting and in Bank B through efforts to reduce staffing levels. Both banks are also engaged in a thoroughgoing standardisation of their product ranges. The differences between the banks are a result of their size – Bank A's turnover is many times that of Bank B – and, above all, of their globalisation strategies. In Bank B there is virtually no such thing as a globalisation strategy, while Bank A has developed into a global player in recent years. This development was closely connected with the bank's strategic move into the new area of investment banking. Investment banking is now the most profitable part of Bank A's business, and its success has placed considerable pressure on the bank's other spheres of operation to be equally successful. Another difference between the two banks lies in their personnel management strategies, or more precisely in their approach to personnel management and the remuneration systems in the collective bargaining area. In contrast to Bank A, Bank B has in recent years introduced various American-style elements into its human resource management system. The two main pillars of new system are management by agreed objectives and a performance-related remuneration system. Quantitative and qualitative targets are agreed by management and individual employees in the course of interviews held for the purpose of agreeing objectives. These objectives serve as the basis for the assessment of individual performance, which in turn plays major role in determining the level of the variable components of employees' remuneration packages.

### **3. The structure of the branches**

In essence, the main differences are to be found between the various distribution channels, that this between the branches we investigated and the direct banking organisations, rather than between the two banks themselves. These differences concern both the organisational and the employment structures of the distribution channels. The character of the branches has changed significantly as a result of the strategy of customer group segmentation and product standardisation. Business customers and “high-net worth” private customers are no longer dealt with in the branches but in separate centres. The product range has been tightened up and standardised. In addition, back-office functions have been shifted out of the branches and into centralised back-office departments. All that remains in the branches is standard banking services for the public at large. This reduction in the range of business conducted in the branches was accompanied by a thinning out of the branch network. Despite these breaks with the past, however, some things in the branches have remained unchanged. The training provided within the dual system that leads to the status of qualified bank clerk remains the unchallenged standard qualification within the industry. Virtually the entire workforce in both banks has a formal banking qualification, either that of bank clerk or a higher qualification specific to the bank in question. In both branches, the only exceptions are the cashiers, some of whom have qualifications in areas other than banking. The predominant employment form is the permanent, full-time contract. Part-time working is a marginal phenomenon in both branches. In Branch A, two of the 12 employees are part-timers, while in Branch B only one of the 24-strong workforce works part-time. The average part-time rate in the branches is currently about 14%. The manageress of Branch A rejects any further expansion of part-time employment on the grounds of the high information and integration costs associated with this employment form; in Branch B, an expansion of part-time employment that is being pushed strongly by the branch manager has so far failed to materialise because of applicants' unwillingness to accept flexible work schedules. In both branches, the part-timers are used as flexibility buffers during periods of high customer flows – Thursdays, Fridays and on the last day of each month. However, part-time employment is not the main source of personnel flexibility.

At first sight, the organisational structure of both branches is very similar. Both are divided into spatially separate functional areas: cash desks, service counters, customer advice and mortgage services. In Branch B, customer advice services are further divided by customer group into an area for “high net-worth” individuals and one for the public at large. In both branches, the division into functional areas is linked to a formal hierarchical structure, at the centre of which is the figure of the branch manager or, in the case of Branch A, the branch manageress. All directive and decision-making competences in the branches are concentrated at this level of the hierarchy. In so far as there is any formal delegation of decision-making competences, it concerns individual areas such as decisions on loans.

The differences between the branches are reflected firstly in actual working practices. They relate in particular to management culture and work organisation. A participatory, trust-based culture in Branch A contrasts sharply with a hierarchical culture based on mistrust in Branch B. In Branch A, decision-making competences are in practice delegated to a large extent to individual employees. At the same time, the branch manageress has considerable confidence in her employees’ abilities. In Branch B, the manager watches his staff carefully to ensure that they stick to tightly defined spheres of competence because he has little confidence in his employees’ ability to autonomously. The management cultures are determined by the branch managers’ individual approaches to management. The reason why the branch manager’s personality can be so influential is probably to be found in the formal hierarchical structures, which give the branch manager virtually unrestricted powers to define the management culture. These management cultures also influence work organisation. Essentially, the broadly-based skills of the workforce in both branches are exploited in Branch A to a greater extent than in Branch B as a basis for a functionally integrated system of personnel assignment. The functional integration takes place between the service counters, the customer advice section and the mortgage service department. Employees from the service counters get involved in customer advice work, customer advice assistants help out on the service counters and mortgage department workers help out in both the other areas. Employees in both branches organise this rotation between functional areas on their own initiative in accordance with customer flows, but to differing degrees. Whereas the customer service consultants interviewed in Branch A stated that they spent 30% of their working hours on the service counters, the corresponding figure in Branch B was only about 15%.

#### **4. The structure of the direct banking organisations**

The direct banking organisations we investigated were set up as new distribution channels. They are characterised by the rigorous standardisation of a reduced range of selected products and a more or less complete abandonment of customer advice services. In contrast to the branches, the direct banking organisations were, until recently at least, growth areas employing rapidly rising numbers of people. Both the direct banking organisations were set up as independent subsidiaries positioned outside of the industry's collective bargaining system. This was used in both organisations to put in place a payment structure considerably below that laid down in the collective agreement covering the banking industry. As far as qualification structures are concerned, the two direct banking organisations mark a break with the traditions of the German banking industry. Most of those employed in the two organisations do not have formal banking qualifications and have benefited only from brief periods of training. These employees are recruited largely from the student labour pool, which has increased considerably in recent years because of rising student numbers, continuous reductions in state aid for students and rising expectations in respect of living standards. In both direct banks, students account for between 50 and 60% of the workforce. Furthermore,

the direct banks are leading the way in the use of new employment forms and have high shares of part-timers with a range of different weekly working times. In the call centres we investigated, the part-time rate in Call Centre A was 55% and in Call Centre B it was as high as 84%. The definition of part-timers' weekly working time varies considerably. In Call Centre A, there are part-time employees working 15, 20 and 25 hours per week, although "short" part-time jobs offering only 15 hours a week predominate. In Call Centre B, part-time jobs are defined as those with weekly working times between 15 and 40 hours; all possible variants are to be found among the part-time workforce in this centre. The feminisation rate equates to the average for the banking industry, which hovers around the 50% mark. The formal organisational structures are similar in both call centres, with the focal point in each case being the products on offer; Call Centre A has the more complex product structure. Broadly speaking, however, three main functional areas can be identified in both call centres: the accounts department, the loans department and the direct brokering department.

At this point, however, the similarities end. The basic philosophies behind the two call centres are in fact very different. A considerable amount of money was invested in Call Centre A when it was set up, and it is equipped with state-of-the-art information systems. If they do not have formal banking qualifications, the 400 employees go through an expensive six-week training programme. The call centre has a flat but densely structured hierarchy. Employees have two direct superiors at the lower management level: the team leaders and the supervisors. The team leaders are responsible for all matters relating to personnel management and supervision, while the supervisors are concerned with employees' communicative skills. The notion of the team has no formal consequences, the only formalised structures are those linking team leaders, supervisors and individual employees. Managerial staff use coaching methods. Regular discussions between managerial staff and workers are used for both quality assurance purposes and for staff development. Weaknesses and development needs are identified by evaluating a typical telephone conversation – in theory, any call can be used for this purpose, since all calls are recorded. At the same time, a comprehensive monitoring system has been put in place. However, the informal relationships between employees also play a functional role in this system, since they increase employees' job satisfaction and ensure mutual support for learning in the workplace.

The 160 employees in Call Centre B have to cope with more modest technological systems, since few resources were put into the centre when it was set up. This is also reflected in the call centre's training provision, which is restricted to a brief, one-day induction course. The hierarchy is also less densely structured. Each employee has only one superior, who in any case is concerned much less with quality assurance and staff development issues than his or her counterparts in Call Centre A. Their main responsibility is the management of manpower assignment, a function carried out by a central panel in Call Centre A. In addition to the formal hierarchical structures, relationships between employees are important for the smooth functioning of procedures in Call Centre B as well, mainly because on-the-job learning is more important than in Call Centre A because of the minimal induction period.

The different philosophies are reflected not only in differences in resource levels but also in a different notion of service. In Call Centre A, large sums are being invested in an attempt to produce a homogeneous level of service quality. The use of modern personnel management methods is intended to produce not only the skills required for that purpose but also the necessary employee motivation. This approach is combined with a relatively extensive product range, which is gradually to be brought in line with the product structure of the parent bank's branch-based business. Such developments are not to be discerned in Call Centre B.

The product range is small and there are no plans to extend it. True, much lip service is paid to the notion of service quality but little attempt is made to put the claims into practice, either through staff development programmes or quality assurance procedures. The “no advice” principle is also strictly applied, whereas in Call Centre A employees can, and do, offer limited advice. Indeed, as product complexity increases, the need for advice may even be expected to increase in Centre A.

### **5. Working-time forms in the bank branches**

As with the formal structures, there are many similarities in the organisation of working time in the two branches. This applies firstly to opening hours, which have scarcely changed in recent years. Only on Thursdays are there extended opening hours until 6 p.m., and the branches are closed on Saturdays. In contrast to Branch A, however, lunchtime closing in Branch B has been eliminated in favour of all-day opening.

The development of the working-time systems has also followed a similar route. Standard flexitime systems were in use in both branches until two years ago, both of which had long core working hours and low balance limits for overtime credits. Moreover, both branches suffered from the problem that a considerable volume of overtime that exceeded the balance limits was simply disregarded without employees being compensated, either with time off in lieu or in cash. IN this situation, it was the works councils that took the initiative and looked around for alternatives. It was they who eventually put the case for the introduction of a new, trust-based working-time system. Finally, the personnel department accepted the argument and cooperated with the works council in introducing the system.

The arrangements for trust-based working time are very similar in the two branches. The system is based on the following pillars:

- Responsibility for recording hours worked is devolved to employees; all central checking and monitoring has been abolished. All that is recorded are any deviations from the agreed working time. These deviations are recorded in fairly large time units : 30 minutes in Branch A and 15 minutes in Branch B. Since the entire attendance time no longer counts as working time, but just the units of time expended on productive work, attendance time can be said to have been decoupled to some extent from working time.
- Working times can fluctuate within the limits of the agreed range of duty hours without attracting premium payments or requiring the consent of the works council.
- Responsibility for personnel supervision lies with the managerial staff. Time off can be taken in days or hours by agreement with the managerial staff.
- The working-time balances are entered in working-time accounts with clearly defined upper limits (Bank B also has lower limits). The arrangements for balancing accounts take the form of multi-stage “traffic-light” system in Bank A and a single-stage “repayment” discussion in Bank B. In both systems, working-time disputes have been individualised through the introduction of “repayment” discussions between individual employees and their supervisor. The purpose of these discussions is to reach agreement on the “repayment” of time credits that exceed the balance limits.

Despite the similarities in the working-time arrangements, the case studies reveal considerable differences in working-time practices between the two branches. These differences concern the way in which employees record their working hours, the way in which the taking of time

off is organised, the delegation of responsibility to employees and the nature of the “repayment” discussions. The two branches reflect very different approaches to the management of individual working time. Branch A has adopted a participatory model, with considerable delegation of responsibility to individual employees, who are responsible for recording their own working time. Employees are free to negotiate their time off with each other and the branch manageress takes responsibility for the “repayment” of any time owed in the “repayment” discussions. Branch B, on the other hand, has adopted a hierarchical model, in which employees are expected to err on the side of generosity to the bank when recording their working time, the taking of time off is managed more restrictively because minimum staffing levels have been laid down, time off has to be taken by the hour and the branch manager makes active use of his rights of intervention. In particular, the “repayment” discussions are completely different in nature. The branch manager uses the discussions as an instrument of rationalisation, thereby creating a situation that is completely the opposite from that in Branch A: it is no longer the branch manager(ess) who is responsible for the “repayment” of overtime but the individual employee who has to justify how his or her working time has been used up. This in turn puts pressure on employees’ time recording practices, encouraging them to note down less time than they have actually worked.

These differences in working-time practices can be attributed in the first instance to the different management cultures – one participatory, the other hierarchical - that prevail in the two branches. However, we were able to identify four further factors that exert significant influence on the functioning of trust-based working-time systems.

1. The firm establishment of rights to participation. The only rights that are unambiguously established in the branches’ organisational charts are the branch manager’s directive and decision-making competences. There are no explicit rights to participation for employees, whether as individuals or as part of a group. The branches are organised in an unambiguously hierarchical way. This is the reason why the management culture in each branch exerts such great influence on employees’ working-time practices. The establishment of explicit rights to participation for employees could create a counterweight to the influence of the management culture. There would be greater scope for employees to take responsibility and the range of working-time practices in the branches could be restricted.
2. The wage-performance link: individualised and outcome-based links between pay and performance can intensify the time pressure on employees and increase their dependency on the branch management. This in turn reinforces the branch management’s dominant position in the “repayment” discussions, thereby concentrating responsibility in the hands of management. Collective performance targets, on the other hand, can improve employees’ readiness to cooperate and place the trust between employees and branch management on a firmer footing.
3. Work organisation: functionally integrated work organisation systems increase the room for manoeuvre in employee rostering and increase the opportunities for employees to organise their own working time, since there is greater scope for employees to cover for each other.
4. Manning levels : adequate manning levels are a condition that has to be met if individual employees are to have the requisite room for manoeuvre in organising their own working time. Unrealistically tight manning levels mean that the volume of work is distributed among fewer people, demands on individual workers increase and time requirements become more pressing. Structural overtime or the failure of employees to record their working time correctly are to be expected; as a result, employees are no longer able to claim the free time to which they are entitled or to put their individual time plans into practice.

## 6. Working-time forms in the call centres

The working-time systems in both call centres are based on a high share of part-time work. New employment forms and time flexibility go hand in hand. Against a background of standardised activities and long opening hours, flexible shift schedules are drawn up. Flexibility is produced not by employees covering for each other or by giving workers more leeway to organise their own working hours but rather by adjusting shifts as precisely as possible to the “time slots” produced by fluctuations in customer flows. Management in both centres has a clear preference for hiring part-timers on “short-hours” contract, since short working times can be more easily fitted into the flexible shift system.

Despite these common starting points, there are considerable differences in detail between the call centres. One of them concerns the responsibility for shift scheduling and the technological support provided. In Centre A, the shift schedules are drawn up by a central panel that has considerable technological resources at its disposal. In Centre B, responsibility for shift scheduling lies with the team leaders, who draw up the schedules by hand. Fluctuations in workloads are taken into account in different ways in the shift schedules. In Centre A, the shift schedules are drawn up on the basis of accurately recorded historical data on fluctuations in call volumes, while in Centre B they are based simply on the team leaders’ experience, which usually amounts to no more than rough estimates.

The call centres’ opening hours constitute a further significant difference. Call Centre A provides a round-the-clock service seven days a week. Call Centre B has more restricted opening hours: it takes calls from 7 am to 8 pm Monday to Saturday and is closed on Sundays. The different opening hours give rise to different demands for flexibility in the shift schedules. In Centre B, the opening hours can be covered with a flexible two-shift system; in Centre A, on the other hand, the long opening hours require individual shift plans. This means that the scheduling and distribution of individual shifts can fluctuate freely over the week. The full-time workforce constitute the core of the shift scheduling system because their working hours can be flexibly distributed between but not within weeks. The part-timers’ shifts are grouped around this core in accordance with the expected fluctuations in workloads. Unlike Centre A, where the length of the daily shifts is fixed, shift length in Centre B can be varied in accordance with operational requirements. These variations are facilitated by the trust-based working-time system that was introduced a year ago with rules that are similar in some respects to those in the bank’s branches. In the interviews we conducted it was stressed that any reduction or increase in shift length had to be entirely voluntary.

These differences between the centres in respect of shift scheduling, opening hours and shift systems partly explain the differences in employees’ ability to have their working-time preferences taken into account in the deployment schedules. The first thing to note is that, in both centres, the expression of employees’ preferences is institutionalised. In Centre A, however, the employees we interviewed were agreed that they had only limited opportunities to make their voices heard. True, there are opportunities for making preferences known before shift schedules are drawn up, and there is a “swap scheme” that employees are free to use to trade shifts with colleagues after the schedules have been drawn up. However, these opportunities are not sufficient because in practice the entire burden is borne by the “swap scheme”. The dominant factor taken into account in drawing up shift schedules is the fluctuations in workloads. On the other hand, employees who seek to express their working-time preferences through the swap scheme have to spend considerable time communicating their preferences. Furthermore, it is difficult to use the swap scheme to trade shifts scheduled

at widely unpopular times. In the decentralised system used in Call Centre B, employees' preferences are taken into account more directly in shift scheduling. A system of give and take between team managers and employees has developed here, which is valued by all concerned. Team managers try as far as possible to take account of employees' time preferences. In return, employees are willing to work longer or shorter hours when there are unexpected fluctuations in workloads.

Overall, employees' satisfaction with their working-time arrangements was considerably greater in Centre B than in Centre A. This finding opens up some interesting angles on the centres' general organisational structures. In the case of Centre A, the working-time system seems to have only limited compatibility with the general structures. This applies in two respects. Firstly, employees' dissatisfaction with their inadequate opportunities for influencing their work schedules can disrupt the delicate balance between quality assurance and motivation that the sophisticated system of human resource management embodied in the centre's hierarchical structures is intended to achieve. Such dissatisfaction can also impact on employees' motivation and hence on their willingness and attain and maintain a certain level of quality in their work. Secondly, the working-time system may come into conflict with product and skills policy. The planned alignment of the product structure to that of the parent bank's branch-based business will, in the unanimous opinion of our interviewees, bring with it increased skill requirements. In this situation, the centre could find itself faced with a dilemma, with the shift scheduling system making working conditions unattractive to higher-skill workers, thereby causing recruitment problems.

Whereas in Centre A the quality assurance and motivation strategies currently achieve their ends despite the working-time system, the personnel management system in Centre B functions primarily because of the working-time system. However, the resources made available by the working-time system are not systematically exploited by management in Centre B. Extremely low basic skills and the absence of both monitoring systems and personnel development strategies suggest that there is no motivation and quality assurance strategy comparable with that in Centre A. Centre B combines low product complexity with a lack of emphasis on product quality.

## **7 Conclusion**

Despite all the differences between the various forms of outlet, more general conclusions can be drawn. It is clear that different notions of flexibility prevail in the branches and in the call centres. Irrespective of the approaches adopted by the branch managers, the increased time flexibility made possible by the trust-based working-time systems is combined with functional flexibility in the workforce based on high initial qualifications. Such a strategy can be described as "active flexibilisation", because it seeks to make use of the scope employees enjoy actively to shape their own work schedules. In the call centres, on the other hand, employees have only limited opportunities to influence their schedules. Tasks are highly standardised and there is only a low level of functional flexibility among the low-skill workforces. Time flexibility is produced by the high proportions of part-timers employed in the call centres. This allows management to fill the "time slots" in the flexible shift schedules without any active participation from employees. To that extent, the term "passive flexibilisation" can be used to describe the approach adopted in the call centres. However, since employees are given some opportunity to make their working-time preferences known, certain active elements have been incorporated into this passive approach.

It remains to be seen whether the two approaches will lead in future to the dualisation of working-time and employment forms in the banking industry. Much will depend on how the various distribution channels develop. In the branches, active flexibilisation strategies are not yet the rule; only in a minority of branches have new working-time systems been put in place. The issue of organisational development is also on the agenda. Will the branches one day be able to break out of the hierarchical corset in which they are imprisoned in favour of firmly established rights to participation for employees? And finally, the future of the branches as a distribution channel remains unclear. However, there are good grounds for believing that they will be able to maintain their status as the banks' primary distribution channel, although employment levels may well decline. What is clear, in any event, is that there will be a shift in the task and skill profiles towards social competences and sales skills. To judge from the current position, however, there will not be a wholesale changeover to pure sales skills. What we are dealing with, rather, is a number of additions to the specialist banking skills traditionally acquired by trainees which, given the breadth of the banks' product ranges, are likely to remain essential for the provision of competent customer advice in the branches.

The direction in which the call centres will develop in future remains equally uncertain. If their product ranges become more complex, the passive flexibilisation strategy could well be undermined because employees with higher-level skills will be reluctant to be shoehorned into a rigid shift system. The increasing automation of simple service functions could well help to raise skill levels among the workforce. Moreover, if Call Centre A is anything to go by, there are signs that there may be limits on the growth of the new distribution channel; if this turns out to be the case, then the share of these working-time and employment forms will remain low.

## **Part III**

### **New forms of employment and working time in the service economy (NESY)**

#### **The case of the retail trade sector**

Conference organised by the European Trade Union Institute (ETUI)  
and the Institut für Arbeit und Technik (IAT)

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**Contents**

<b>Introduction on the retail trade sector</b> .....	83
<i>Steffen Lehdorff</i> Institut Arbeit und Technik IAT, Gelsenkirchen, Germany	
<b>The retail trade sector in Denmark</b> .....	87
<i>Joachim Lynggaard Boll</i> The Danish National Institute of Social research, Copenhagen, Denmark	
<b>The retail trade sector in Finland</b> .....	97
<i>Timo Anttila and Jouko Nätti</i> University of Jyväskylä, Finland	
<b>The retail trade sector in France</b> .....	107
<i>Florence Jany-Catrice</i> Faculté des Sciences économiques et sociales Université des Sciences et Technologies de Lille, Lille, France	
<b>The retail trade sector in Germany</b> .....	115
<i>Dr. Thomas Haipeter</i> IAT, Gelsenkirchen	
<b>The retail trade sector in Portugal</b> .....	122
<i>Alberto de Castro</i> <i>Hugo Figueiredo</i> <i>Pilar González</i>	
<b>The retail trade sector in Sweden</b> .....	134
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## Introduction on the retail trade sector

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The objective of the NESY project was to investigate, firstly, changes in employment and working-time forms in the service sector and, secondly, the forces driving those changes. Thus differentiation within and beyond the “standard employment relationship” lies at the heart of the project. It is the “blurring of the boundaries” between “standard” gainful employment and, at one end of the scale, self employment and, at the other end, casual labour that accounts for the wide diversity of employment and working-time forms found in service activities in particular.

From this perspective, the retail trade is clearly of major interest. Over and above the obvious fact that it employs large numbers of people (the industry still accounts for the largest share of service employment in the European countries), the retail sector is representative of white-collar service work in the lower and (to some extent) intermediate skill segments, where there is considerable potential for the standardisation of many tasks, particularly through the introduction of self-service. This basic feature gives rise to fierce price competition and forces retailers to place savings on personnel costs right at the heart of their corporate strategies. Further, the retail trade also serves as a good example of the personal services sector, in which personnel assignment is linked specifically to fluctuations in customer flows. New forms of employment and working time in the retail trade are closely linked to firms’ efforts to increase labour flexibility while at the same time reducing personnel costs. Moreover, it is an industry with a particularly high share of female employees. Thus we were particularly interested in comparing Scandinavian countries with central and southern European countries in order to highlight the importance of women’s attitudes to labour market participation for employment practices within retail outlets, as well as the growing importance of the burgeoning youth labour market.

The research was conducted in Denmark, Finland, France, Germany, Portugal and Sweden. In each of these countries we visited similar types of retail outlets: on the one hand, large, self-service, mainly food stores (the type of outlet known in France as a *hypermarché*) and, on the other, large multiple clothes stores. In four countries it was possible to focus on two multinational clothing chains (one in Denmark and France, and another chain in Sweden and Finland), thus giving us an opportunity to look at local adaptations of transnational corporate cultures.

### **The research team agreed on two guiding questions.**

Firstly, we suggested that the majority of retail companies in the major subcategories of the sector (such as the retail food trade) are facing basically the same challenges as they seek to increase market share and reduce personnel costs. We suggested, however, that their strategies, and in particular their personnel practices, are modified by country-specific factors. In this respect, we focused our attention on the importance of the general attitudes and expectations of women in each society vis-à-vis the labour market and on the institutions linked to women’s economic activity, as well as on other regulatory features such as low-

wage segments for high school students and the marked differences in trade union power among the countries involved.

Secondly, we were interested in the interaction between employment and working-time forms and service quality. We suggest that the very nature of the service provided, i.e. the retail trade's specific product, is influenced by the change in the employment relationship. In other words, we wanted to assess, for example, the effects of an increasingly young, modestly paid and often poorly skilled workforce on the quality of service management deems appropriate for each market segment. Clearly, such an assessment has to be conducted in the same market segment in each country (i.e. the one selling comparable goods), which is why it was so important to examine the same kind of retail organisation in all the countries involved.

The findings are presented in six country reports. The summaries in the present booklet give a flavour of the richness of this research. An in-depth synthesis of the country reports is under way and will be published at a later stage. However, the present summary reports give an impressive picture of some of the principal characteristics of retail work now and in the future.

(1) It is true that the retail trade continues to be an industry dominated by small firms, although they account for no more than 20% of total employment in the industry (depending on the country). An enormous process of capital concentration is taking place which is leading, in almost all countries involved, to a concentration of employment in an increasingly limited number of large firms.

(2) A growing economy does not necessarily lead to employment growth in the retail trade. This is clearly reflected in the fact that the share of retail employment in total employment is dropping in most countries involved. In terms of the actual number of people employed, however, this trend is being obscured by the soaring rate of part-time work in the industry. If we were to count the hours worked in total, the decreasing relative importance of retail employment would be revealed much more dramatically.

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

(4) However, the fragmentation of employment and working time in the retail trade proves to have negative side effects for companies. Some reports provide in-depth analyses of these hidden costs. There are various problems connected to high rates of personnel turnover in particular, making personnel policy in large retail trade organisations a tightrope act. The core problem is the strong link between staff loyalty and customer loyalty. The case studies provide evidence of various attempts by firms to manage the contradiction between

fragmentation and staff loyalty / staff commitment, including the introduction of performance-related pay. Some cases are reported in which firms have stepped back from excessive fragmentation and established a contractual minimum weekly working time in order to stabilise the workforce.

(5) The reports draw our attention not just to the common trend towards higher part-time rates but also to the different levels of part-time work in the six countries. The part-time levels differ considerably, from more than 50% in Germany to 33% in Sweden and a modest 10% in Portugal. Another striking, and related, difference is the structure of part-time work in the countries involved. This applies in particular to the share of part-time contracts with short hours (marginal part-time). As indicated in the present reports, the main explanation for these differences lies in the country-specific patterns of female labour market participation. In some countries, particularly Finland, France and Portugal, retail organisations seeking to increase the share of part-time workers face a societal “headwind”, whereas in other countries, the major example here being Germany, they benefit from a powerful societal “tailwind”.

**Table: Share of women and part-timers in total dependent employment in the retail trade**

Country	Feminisation rate (%)	Part-time rate (%)	Details on part-time rate
Germany (1998)			
Retail trade	71.1	51.4	16.7% fewer than 15 hours per week
Self-service department stores	no data	66.4	22.2 % fewer than 15 hours per week
France (1996)			
Retail trade	56	34.1	10.3% fewer than 19.5 hours/week
Supermarkets	67	35.3	6.0% fewer than 19.5 hours/week
Portugal #			
Sweden (1998)	62.7	33.0	-
Denmark (1997)	56,3	39	-
Finland (1998)			
Retail trade	67.9	39	22% fewer than 30 hours/week
Supermarkets	kA	57	no data

Sources: Country reports

(6) In the Nordic countries, particularly in Denmark, the large retail chains could not function (at least in the short term) without high-school and university students. It is true, as pointed out in the reports, that a “leisure-time workforce” of young people studying at high schools or universities is a longstanding tradition in these countries. However, the share of these young marginal part-timers in the retail workforce far outweighs the general labour market participation rates for these groups. This student work force is very much the functional equivalent of the female “second-earner” part-timers typically encountered in the German retail trade. One particular reason for the increasing importance of a very young labour force is the existence of low, age-related pay grades in the collective agreements for the retail trade in some countries.

(7) Retail organisations are striving to increase temporal flexibility among their staff. To this end they draw primarily on three sources of flexibility: part-time work, female labour and young people who are studying at high school or university. However, the actual mix of flexibility tools used differs considerably from country to country and, to some extent, from firm to firm. Each specific combination of flexibility tools produces a distinct profile. The

various profiles can be briefly summarised as follows: increased working time for “involuntary” female part-timers (France and Finland in particular), variable working times for “voluntary second earners” (Germany), the deployment of high school and university students as the main source of flexibility (Denmark and other Nordic countries), together with some use of fixed-term contracts (Sweden).

(8) Country-specific aspects of labour market regulation may “channel” the temporal flexibility of the retail work force in distinct ways. By way of example, special low pay grades for young people encourage Danish and Swedish retail organisations to go considerably further down the route of internal labour market segmentation. In France, on the other hand, the current introduction of the 35-hour week as the legal standard is encouraging firms to raise the minimum threshold of hours to be worked and even to replace (at least “long”) part-time work with annualised full-time contracts, thereby helping to make retail work somewhat less precarious.

The underlying reality of the present summary reports appears to be that the retail labour markets in all the countries studied are being substantially reorganised. The big chains are trying to shape the structure of their workforces in accordance with their cost-cutting and flexibility priorities; in doing so, they are both establishing and making use of new segments in the labour market. Since retailers are engaged in a process of trial and error and have to be aware of the potentially negative side effects of staff fragmentation on service quality and customer loyalty, labour market regulation may have a much stronger effect on the stabilisation of retail trade employment than might have been expected at first sight.

## The Retail Trade Sector in Denmark

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### 1. Introduction

The retail trade sector is one of the employment heavy parts of the service sector. In 1997 retail trade accounted for approximately 6.5 percent of the total employment in Denmark. At the same time the retail trade sector has been going through considerable structural change over the last couple of decades.

This paper deals with the general trends in regards to the structure of retail trade sector in Denmark, as well as the employment structure and working time within the sector. This is done through an analysis of existing literature and statistics on the sector. In addition case studies were made in two stores – a large warehouse and a clothing store – in order to be able to see some specific examples of how staff and working time is organised.

### 2. Changing competitive market

#### 2.1 Structure and developments

In general the Danish retail trade sector has followed the international trend towards fewer and larger shops. From 1982 to 1992 the total number of shops in Denmark fell by 37 per cent, compared to a European average of 17 per cent. Likewise, the four largest actors in the sector in Denmark control over 75 per cent of the market (Erhvervsministeriet, 1998 p.24).

Denmark, however, still has a relatively large number of shops per person in comparison with other countries in Northern Europe. In Denmark there are 10.1 shops per 1000 habitants, while in both Sweden and Germany there are 8.4 shops per 1000 habitants. (Lind, 1999).

The size of the retail trade sector relative to the total economy seems to have remained largely constant over the last 25 years, in terms of value added. This tendency is typical for the European countries, whereas in USA and Japan the retail trade has been responsible for an ever-larger part of the total value added in the economy (Erhvervsministeriet, 1998 p.25).

As for the future, the expansion within retail will probably be at the expense of the competitors, rather than due to increasing demand. Thus rationalisations, economy of scale and price competition are likely to continue to be the ingredients of competitive advantages. (Erhvervsfremmestyrelsen, 1994).

Table 1 shows the number of different shop types, their turnover and employment. It is noticeable that the retail trade sector is dominated by small establishments. Specialised food stores and specialised non-food stores account for more than 70 per cent of stores, and over half of the employment in the sector. However, The department stores and warehouses, even though they only account for 1 percent of the shops, still have 20 percent of the turnover and 15 per cent of the employment in the sector. Supermarkets and discount stores also have a

relatively high fraction of the turnover compared to the number of shops in these sub-sectors. It should be noted that even though discount stores have been the fastest growing category of shops in recent years, they still accounted for no more than 4 per cent of the total employment and 6 per cent of the turnover in the retail trade sector in 1994.

**Table 1. Number of shops, turnover and employees by type of shop, 1994.**

	Number of shops		Turnover	Employees	
	N	Percent	Percent	N	Percent
Department stores and warehouses	199	1.0	20.2	25700	15.1
Discount stores	652	3.3	5.5	6500	3.8
Supermarkets	946	4.7	17.5	22700	13.3
Minimarkets	2128	10.7	6.3	13300	7.8
Specialized food stores	3300	16.5	6.4	25200	14.8
Convenience stores	1257	6.3	7.0	10100	5.9
Service stores	413	2.1	0.8	1800	1.1
Specialized non food stores	11070	55.4	35.5	65200	38.2
Total	19965	100.0	99.2	170500	100.0

Source: Erhvervsministeriet 1998, p. 52, 78 and our calculations.

The everyday goods sector therefore seems to be much more concentrated than the non-food stores. There is obviously a large number of relatively small shops in the specialised non food sector and the number seems to be relatively unchanged over the last ten years - in contrast to the concentration which has been seen in the food and everyday goods sector (Erhvervsministeriet 1998, p. 51).

The supermarkets are still the most important type of shop in the everyday commodities market. In 1996 they accounted for 35 per cent of the total turnover in this market. This figure has been stable since 1985 even though the number of supermarkets has declined by 20 per cent. Hence, there is a trend towards larger units also in this sector (ibid.).

The only area where a rise in the number of shops is expected is within discount stores. As late as 1980 there were only 16 discount stores in Denmark, but since then incredible growth has led to a total of 739 shops in 1997 accounting for 16 per cent of the turnover in everyday commodities (Erhvervsministeriet 1998, p 53).

## **2.2. The role of service**

One consequence of the rise of the discount store and the concentration within the everyday goods sector is that price seems to be the single most important factor in the competition within the sector. The Danish shopper is apparently a notorious bargain hunter.

Both the cases are also typical as examples of the price competitive, low service store. Though they are by no means discount stores. The managers of both cases mention price as the most important competitive factor, though they also mention the importance of other things like product selection and quality. However, direct customer service is not among the mentioned factors.

In case of the supermarket, the service concept is as normal in warehouses based on customer self-service. Even the electronics department interviewed, which is probably one of the most service-heavy departments, states that they probably only have contact with 1/3 of the customers buying goods from the department. This is very different from a traditional specialised store where the staff actively sells almost each and every goods to the customer. Consequently the manager of the electronics department assess that the department only has 1/3 of the staff/turnover rate that a specialised store has. Only when the customer asks will he or she get help from an employee.

There are some differences in the service concepts between the departments. Some departments practice practically no direct customer service (for instance basic foods or household goods) while others offer considerably more customer service (radio/TV, paint, cosmetics, bicycles). The departments offering customer service have a so called “service area”, a staffed counter where the customer can contact the employees for help. The departments with service areas generally require more product knowledge of the employees.

However, face-to-face customer service is not the only service parameter in the store. Even though the concept of “store readiness” is not mentioned directly in the supermarket case, it is evident that the preparation of the store is a major component of the service concept. The store sells a lot of what is referred to as “potato goods”; that is bulky or heavy commodity like goods, sold in large amounts and requiring no service whatsoever. Typical examples of “potato goods” are (besides potatoes) things like toilet paper, fruit juice, beer and soda, etc. The sales manager mentions the problems for some departments in managing to sell highly differentiated products requiring customer service on the one hand and on the other hand keeping the logistics of the potato goods running. This is especially evident in departments such as cosmetics, fruit and vegetables and dairy products.

One solution to this problem is to keep two distinct groups of personnel in the department: One group with product knowledge to do the inventory management and customer service and another group of less qualified workers to carry in, unpack and pile up the endless stream of “potato goods”. But keeping those different task well managed requires some “*fingerspitzengefühl*” on the part of the department manager.

In the check out line the service concept is of yet another kind; for many customers the check out employee is the only contact they have to the staff, and therefore the check out line is very much the face of the store to the customers. Therefore, the manager of the line puts some emphasis on having employees with a positive attitude who treat the customers well.

In the clothing store the role of service in the store is also deliberately downplayed. The customer is allowed to browse around on his own and must make contact with the staff if wanting help. Only when a customer looks completely lost will the staff initiate contact. The main element of service in the store is to cater for the “readiness” of the store. The readiness concept means that the store is tidied up, that all the clothes are sorted by size, price marked appropriately etc. It is a cornerstone in the service concept that if the store has a high degree of readiness, the customer will be able to serve himself and there will be only a limited demand for face-to-face servicing of the customers.

### 3. The employment structure

In terms of employment the Danish retail trade sector seems to be special in that it has actually seen a decline in retail trade sector employment relative to total employment. The general trend in Europe seems to be that employment in retail has remained stable or risen as a part of total employment.

The employment structure in the retail trade sector differs considerably from the overall workforce. The workforce of the retail sector is poorly educated, low paid, and has a large over representation of young workers and a low average seniority (table 2 and 3).

**Table 2: Employment structure in Denmark, 1997**

	Retail <sup>1)</sup>		Total labour force	
	N	per cent	N	Per cent
<b>Employment</b>				
Male	83483	43.7	1605959	54.7
Female	107386	56.3	1328645	45.3
Total	190869	100.0	2934604	100.0
<b>Age</b>				
Under 25	84362	44.2	509286	17.4
25 – 39	49886	26.1	1028319	35.0
40 – 59	47663	25.0	1218081	41.5
60 and over	8958	4.7	178918	6.1
Total	190869	100.0	2934604	100.0
<b>Position</b>				
Employee	168540	88.3	2724991	92.9
Self employed <sup>2)</sup>	22329	11.7	209613	7.1
Total	190869	100.0	2934604	100.0
<b>Skill level <sup>3)</sup></b>				
Top manager	6236	3.7	70596	2.6
Highest level	2376	1.4	306323	11.2
Medium level	11049	6.6	385311	14.1
Basic level	91465	54.3	1162848	42.7
No basic level	16136	9.6	274351	10.1
Other, n.a.	41278	24.5	525562	19.3
Total	168540	100.0	2724991	100.0

1) Retail trade defined as NACE group 5200

2) Including co-working spouses

3) For employees only

Source: DS: Statistiske efterretninger, generel erhvervsstatistik 1999:6.

### 3.1 The training of the workforce

Traditionally retail trade employees have been skilled workers with an education comparable to that of craftsmen or skilled workers in industry. The commercial basic education is a four-year education with a finished 9th grade as entry requirement. Of the four years two or three are on the job training in a shop, whereas the remainders are classes taken at a commercial school. The topics taught at the commercial schools cover subjects specific to retail trade as well as traditional school subjects such as Danish, English and mathematics. The trained retail worker is still the most common type of employee in the specialised stores. In the supermarkets and warehouses the core staff on the floor are also mainly trained employees, whereas the check out workers and the part timers are mainly unskilled.

**Table 3: Education level in Danish retail trade, January 1999**

	Men		Women		All	
	n	Percent	n	percent	n	percent
Unskilled	15355	20,0	27698	27,3	43053	24,2
Students and under 18's	23704	30,8	27035	26,7	50739	28,5
Skilled	33871	44,0	39387	38,9	73258	41,1
Higher education	4029	5,2	7194	7,1	11223	6,3
All	80630	100,0	103729	100,0	184359	100,0

Note: Retail trade defined as NACE group 5200

Source: Our calculations based on DS: Statistiske efterretninger, arbejdsmarked 2000:7.

As can be seen in table 2 and 3 the retail trade sector has a higher number of workers without education and a much higher number of young employees than the economy as a whole. The sector also differs from the overall economy when it comes to part time work. Almost 30 per cent of the employees in the retail sector work part time, while the part timers only account for 15 per cent in all industries. Furthermore it is notable, that 27 per cent of the men in the retail trade work part time, while this only goes for 10 per cent of the men in the economy as a whole. (Erhvervsministeriet, 1998).

Special attention should be given to the role of youth employment in the Danish retail trade sector. In 1999 a full 28 per cent of the employment in the sector were students or children (table 3); mainly working part time after school and on weekends. This is well above the European average, and probably covers wide variation between the different sub sectors.

The part time employment of persons below the age of 18 has a long tradition in the Danish labour market, and seems to be generally accepted throughout the industry and unions. Maybe because this "leisure time workforce" takes over the unattractive working hours – weekends and late nights – as well as the unattractive repetitive work.

### 3.2 The workforce of the case organisations: The supermarket

Even though the two cases – as described above – have similar service concepts, they differ considerably in regards to their employment structure.

The supermarket has approximately 350 staff in total. Of these 74 work in check out line with 18 counters staffed at the busiest times. Apart from the overall store management the

remainder of the staff is organised into 14 departments and the checkout line. Our case was the Radio/TV/Electronics department with a total staff of 13.

The structure of the staff in the supermarket is characterised by four relatively distinct groups:

1. Employees with management responsibility. This group is salaried and relatively well paid, has very long working hours and they are generally difficult for the store to recruit.
2. Full time core employees: Have some responsibilities in the day to day management of the department. Paid by the hour, low basic salary, but some options for personal bonuses. Generally work within the 37-hour week.
3. Part time assisting employees and checkout employees: Generally young people between 18 and mid 20's. Working time varies from 9 to approximately 30 hours/week. Paid the basic salary by the hour.
4. Young employees: Age 16 to 18. Assist with various tasks. Are not allowed to work in the checkout line (this is a store policy, not regulation). Working time typically 9 to 15 hours/week. Pay is approximately half of the basic salary for over 18's.

There is some mobility between these categories. For example employees move up from category 4 to 3 after turning 18, or from 2 to 1 if wanting to pursue a career in retail. It is a deliberate policy of the store management, to use the young and part timers as a recruitment pool. This is, however, only possible to some degree, as most of the part timers have their job in the supermarket as a supplement while studying, and are pursuing a career in another field.

One of the "category 3" employees interviewed thinks that the recruitment to "career positions" from the checkout line employees is rather limited. According to her, the tendency is more for the employees to work a couple of years in the supermarket and then: "They really get fed up with the work and go on to do something completely different".

A very high proportion of the employees work part time. This is partly an (unintended) consequence of working time regulation and the long opening hours. According to the working time clause in the general agreement an employee is only allowed to work one long evening (after 18:00) per week. Therefore, it is necessary to have many employees with few hours in order to staff the store on all weeknights (which are relatively busy), without overstaffing in the daytime.

This trend is most obvious in the check out line. In the departments they have the option of planning the work throughout the day, so that they can manage the department with only a few employees present in the evenings. But the departments still have a large number of part timers anyway. Just not to the same degree as the check out line.

The store management reckons that this working time clause is one important reason why they have so many part timers in the store. It is not so much a question as to whether it is a good thing to have many part timers, it is simply a necessity in order to meet the staffing needs of the store while complying with the working time agreement.

There are hardly any "core staff" with long seniority in the check out line. The vast majority of the staff in the checkout line are aged between 18 and approximately 25. There are a few older employees who have been there "all the years", but in general the line is filled with two types of people.

- a) Young people who have just finished high school, who want to work full time for a period in order to earn some money before starting their studies, travelling etc.
- b) Students who work a few evening shifts a week after school.

Type a and the few older staff generally take the shifts during the day, from 9.00 to approximately 17.30, and type b take the evening shifts from around 17.00 to 21.30. But the individual worker can get a different schedule if they want to. The manager seems to be rather flexible on this matter. Because of the large number of persons working in the checkout line, there is a lot of room for flexibility.

The employee interviewed is actually atypical in that she has been working in the line for almost six years. She thinks that is probably a few more years than she actually wanted and consequently she will be moving on to start a career in another field after the summer. She can not imagine that anyone would want to make a career out of working in the check out line. She thinks the few older employees are stuck in the checkout line because they never had the initiative to move on.

The manager of the line more or less supports this view. When the few older employees leave someday it will probably also mean the end of that type of employee in the line. The manager would actually like to recruit more older employees, but she never gets applications from any and she reckons that the employment she can offer is probably not seen as very attractive for this group of people. She has not thought about doing anything actively to recruit older employees. All in all she seems quite satisfied with the young profile of the check out line. The general comment that comes up again and again is the “all in all things are working out well by us”.

The regular employees in the supermarket generally stay within their contractual weekly working time. This is mainly a consequence of overtime pay being very expensive for the store. The managers, however, have very long working times – 50 to 60 hours per week is not uncommon.

### **3.3 The workforce of the case organisations: The clothing store**

The Clothing store has a staff structure very different from that of the supermarket. Whereas the supermarket is characterised by a very differentiated staff with lots of low skilled and transitional workers, the clothing store has a much more uniform workforce.

The store has 35 employees. Of these 26 are full time or near full time employees (30 to 37 hours week). 9 employees are part timers working 9 hours/week on Fridays and Saturdays. These are mainly students. Moreover the store has a few young persons under 18 to help in the afternoon, but these only do ‘practical’ work such as cleaning up or moving boxes, they do not take part in the core activities of the store.

It is the intention of the store manager that all the full time employees should be skilled. The employment of unskilled labour is – as opposed to the supermarket case – the exception to the rule. The average age of an employee is approximately 25 years and the manager asserts that the staff turnover is somewhat higher than in the textile retail sector taken as a whole. Four employees have, however, worked in the store for more than 10 years. The age of the employees probably has to do with the rather ‘young’ image of the chain. But the manager

also mentions that it might have to do with the sort of work being performed by the store's employees. There is a high turnover of the goods in the store meaning that much time is spent unpacking boxes of clothes, rather than providing personal customer service or just hanging around waiting for customers.

Working time is arranged on 16-week schedules. The weekly working time does not have to be 37 hours every week as long as it is on average 37 hours over this 16-week period. The manager makes these schedules which he claims to be quite a difficult task. Therefore it is also limited what influence the employees have on their working time. Usually they have their days off fixed on specific weekdays. In as far as it fits into the overall plan the manager also tries to take specific wishes into consideration.

Normally the working time is arranged so that the employee works four days in the full business hours of the store and then has one day off. Every other Saturday is also off. But there are variations to this scheme. Some employees show up earlier in the morning on some days, and others might leave earlier. Also some of the part timers have half days.

As opposed to the managers in the supermarket the store manager in the clothing store claims that he himself generally works within the 37-hour week. There might be exceptions if he has to go to meetings etc., but he has a working time schedule just as any other employee and generally sticks to it.

## **4 Concluding remarks**

### **4.1 Service concepts**

Even though the two cases represent two different store types: the warehouse and the specialised non-food store they show similarities in that they both utilise the same sort of store concept. High turnover rate of the goods and a lack of emphasis on direct face to face customer service characterise both cases.

In both shops, the work seems rather de-qualified. Though a certain level of qualifications is needed according to the manager of the electric department of the supermarket, apparently the service level does not give rise to any problems in weekends and in the evenings, when most of the staff is actually unskilled part timers. Thus one gets the impression, that the knowledge of the products is not that important in relation to the customers.

Nor in the clothing store, does the service concept rely on product knowledge or customer related skills. The main task of most of the employees is to fill up the store, having as little contact with the customers as possible.

Even though they both have what might be called "low direct service profiles" the employment structure of the two stores differs considerably. The supermarket has many part timers and unskilled workers, while the clothing store primarily employs skilled employees, most of them working full time.

Thus, the educational level does not seem to be related to the qualification requirements of the work, but rather it is related to the employment regulations and the opening hours. Also, tradition as well as the perceived self-identity of the stores might explain some of the difference. Even though the clothing store is a "low direct service profile" store, it is still seen as a specialised store, a segment that has traditionally relied on a skilled workforce as well as

a high degree of direct customer service. So one can say that even though the clothing store has never had the direct customer service in its concept, it has kept the workforce profile of the traditional specialised store.

#### **4.2 The employment structure, work organisation and working time**

As mentioned above, the educational level of the employees seems to be related to the employment regulation and the opening hours rather than to the qualification level of the work. Thus in the supermarket, the long opening hours and the collective agreement “clashes” and creates the need for more part timers. In the supermarket the regulation limiting the long evenings to one per week actually leads to a higher number of part-time jobs. Part time employees are seen as the only way of reconciling the working time regulations with the needs of the store. Because the clothing store closes at 17.30 instead of 20.00 they do not get into conflict with this regulation and thus can staff their store exclusively with full time or near full time staff.

Accordingly the supermarket operates with a (small) group of core employees and a (large) group of periphery workers, while the clothing store tries to keep a uniform workforce.

It is difficult to say whether the tradition of using school children and students is a precondition or a result of the employment structure in the supermarket and in retail in general. Leisure time jobs have a long tradition in Denmark. One explanation for this tradition is that in Denmark young people tend to move away from their parents at an early age, even if they are studying. Thus they need leisure time jobs besides their studies, in order to maintain a household.

Anyway, it is obvious that the employment structure of the supermarket to a large extent is based on this young student work force. The check out line is almost exclusively manned with “transit student workers”, that is young people working a year or two before beginning their studies. The other department relies heavily on school children and students in evenings and weekends.

At the same time, this employment strategy may contribute to the de-qualification process. When the staff is unskilled, the work must be organised accordingly making sure, that the work tasks do not require too many qualifications. This, on the other hand, makes it even more difficult to attract qualified employees.

A few years back, the trade unions did actually question this extensive use of students instead of “real” full time employees. The students were said to take jobs from those on the real labour market. However, this sort of argument has silenced in line with the continuous decline in the unemployment rate and increasing problems of recruiting staff for the longer opening hours.

#### **4.3 Working hours**

The working hours seems quite structured and regulated as far as the employees are concerned. The employees do not work overtime, but we do not know, if the many part timers in the supermarket would wish to work full time.

The managers, on the other hand, have very different working time in the two cases. In the supermarket the managers work very long hours, whereas the manager in the clothing store generally has a normal working time (according to the manager himself). This is hard to explain by anything other than “informal store policy” or tradition. Maybe the fact that the supermarket has a large group of managers, whereas the clothing store only has a few can be a contributing factor. The department manager in the supermarket tends to compare himself to managers in the other departments, thus making an upward moving spiral: nobody wants to be the one working the least hours. The manager in the clothing store do not have a peer group in the store and therefor might tend to compare his own working time more to that of the

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## The Retail Trade Sector in Finland

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### 1. Introduction

The aim of this report is to examine the situation in the Finnish retail trade. The report combines quantitative and qualitative research methods as well as micro and macro approaches. The quantitative parts include the provision of quantitative data relating to the new forms of employment and working time in the retail trade as well as to individual working-time preferences (The Finnish Labour force survey 1998).

The qualitative parts include case studies aiming to identify basic industry and activity-specific reasons for the emergence of new forms of employment and working time in retail trade. The case studies covered two outlets of bigger retail companies. One outlet was a hypermarket with food and non-food areas; the other was a clothing store.

#### 1.1. Retail trade in Finland: trends and structure

The main trends in retail trade are connected to the overall change of the Finnish economy and society. Still in the early 1950s Finland was mainly an agrarian society: half of the total employment worked in agriculture and forestry. Since the late 1950s there has been a rapid structural change: the proportion of agriculture of total employment has reduced to 6% (1999) and population has concentrated on urban areas. Retail trade expanded in Finland until the sixties when the rationalisation phase began. Retail trade became concentrated in urban areas. Self-service shops and large-sized firms became common and retail trade formed chains. These large chains became incorporated and developed a sophisticated management style. At the same time competition intensified.

During the last 30 years, the proportion of retail trade (NACE 62) of total employment has declined from 8,8% (1970) to 6,0% (1998). In national accounts, the proportion of retail trade of gross domestic product has declined during 1975-96 from 4,2% to 3,3%.

Productivity has increased in retail trade as a result of rationalisation, self-service and improved storage and distribution facilities. Almost all food stores operate along self-service lines. Rapid urbanisation and increased car ownership have contributed to the demise of small shops in the more distant areas and their replacement by downtown multistore shopping malls, department stores and supermarkets.

Two thirds of private consumption is channelled through the retail trade organised into a number of competing chains. Although fierce competition exists in the retail trade in everyday goods, the recession of the early 1990s did much to induce the groups to cooperate.

With the current population and low population density the rationalisation of retail trade (more self-service, larger unit size) reduces the possibilities of the retail trade to reach its former position as an employer. On the other hand, the continuation of urbanisation, the

increase of real income and the moderate population growth create for their part preconditions for specialisation in the retail trade, too.

### *Structure of retail trade of daily products*

During the 1990s, the total sales area has been quite stable, but within the retail trade the proportion of small and medium-sized units has decreased. In 1998, 410 largest shops covered half to the total sales of daily products. During the 1990s, especially hypermarkets and large supermarkets have increased their market share (<http://www.kaupankl.fi/pty/Opas/3.htm>). In many cities, a common trend has been the construction of large hypermarkets outside the city centre and downtown multistore shopping malls during the last few years. A similar boom occurred in the late 1980s - before the recession of early 1990's.

Within retail trade of daily products, the proportions of different store types were in 1998 as follows: department stores 6,9%, hypermarkets 17,0%, large supermarkets 21,0%, small supermarkets 22,0%, traditional food shops 21,9%, small shops 3,4%, gasoline stations 3,4% and kiosks 4,4% In numbers, there is nowadays more than 100 hypermarkets in Finland (<http://www.kaupankl.fi/pty/Opas/6.htm>).

## **1.2. Structural change of employment and working-time**

During the recession years (1991-94) retail trade lost 51,000 employees (29%), which is much more than the average loss in total employment (16%). Besides the decline in total demand, there were other internal factors effecting the loss of jobs in retail trade, especially the proliferation of self-service functions and increase of the unit size. In 1998, the retail trade (NACE 521-526) employed 134,000 persons according to the Labour Force Survey. The proportion of retail trade of total employment was 6,0%. Within retail trade, 81,3% of employed persons were wage earners and 18,7% self-employed and unpaid family workers in 1998. The proportion of women was 68%.

**Table 1. The structure of employment in retail trade 1990-98**

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Self-employed, family members	31	29	27	25	26	25	24	26	25
Employees (thousands)	141	128	115	106	98	98	101	104	109
% of 1-34 hours	24.7	26.7	25.3	29.1	32.4	32.9	33.7	37.3	39.3
% of managers	4.1	4.1	5.2	6.3	4.7	4.7	5.4	4	4.3
Main employee groups (%)									
- sales personnel	73,3	74,6	73,2	72,0	75,2	71,4	71,4	72,7	74,1
- warehouse and transport	5,0	4,5	3,9	3,9	3,3	4,0	3,3	4,0	3,8
- office and clerical work	6,4	6,2	6,7	5,5	5,2	6,7	7,0	7,3	5,7
- building caretaking, cleaning	2,1	2,1	1,9	2,6	1,6	1,6	1,5	0,7	1,0
- marketing and advertisement	1,6	1,2	1,1	1,5	1,3	0,8	1,1	0,9	0,9
- other personnel and management	11,6	11,4	13,1	14,5	13,4	15,5	17,0	14,5	14,3

Source: Lehtonen 1999.

### *Characteristics of retail trade employees in 1998*

Compared to all employees in the Finnish labour market, typical features of retail trade employees (NACE 521) are as follows:

- Most employees in retail trade are women (70% in 1998) compared to 51% of all employees. Within the retail trade, proportion of women is larger in small establishments compared to larger establishments.
- Retail trade employees more young people compared to other sectors: half (52%) are less than 35 years old (compared to 33% of all employees). Similarly, the mean age in retail trade is 34 years compared to 40 years among all employees. Within the retail trade, men (32 years) are younger compared to women (35 years). Furthermore, the average age is younger in larger establishments.
- The educational level is lower in retail trade compared to all employees: 40% of retail trade employees have only first level education (compared 24% of all employees). On the other hand, larger proportion of retail trade employees (24%) have participated into formal education during the last four weeks while working compared to all employees (9%). Similarly, 17% of retail trade employees classified themselves students rather than employees in the labour force survey.
- In addition, smaller proportion of retail trade employees (34%) has participated on-the-job training organised by the employer during the last year compared to all employees (43%). Within the retail trade, personnel training is more common in larger establishments compared to smaller ones.
- Retail trade is a low paid sector. 72% of retail trade wage earners got less than 8000 FIM salary per month (compared 36% of all employees). This is partly due to the large extent of part time work.
- Traditionally the union density rate has been lower in retail trade than the national average. In the labour force survey (1998), 57% of respondents were members of trade unions in retail trade; the national average was 78%.

### *Working time*

The proportion of part-time work in the Finnish labour market is relative small (11% in 1998; women 16%, men 7%). In retail trade, the proportion of part-time employment was 41%, when part-time work was based on respondents subjective definition (women 51%, men 17%). If part-time work is defined as hours between 1-34, the proportion was 44% in 1998.

According to the subjective definition of part-time work, 41% of employees in retail trade classified themselves as part-timers (not full-timers). Among these part-timers, the most common reasons for working on part-time basis were: studying (43%), lack of full-time work (30%), does not want full-time work (13%), taking care of children (9%) and other reasons (5%). Compared to part-timers in other sectors, retail trade part-timers mentioned more often studying as the main reason for working on part-time basis (43% vs. 33%). Similarly, smaller proportion of retail trade part-timers reported willingness to shift to full-time work compared to all part-timers (41%).

### *Temporary employment*

In the Labour force survey the proportion of temporary employment in retail trade is 17% (17% of men, 17% of women). In addition, temporary contracts were more common in larger (21%) than smaller (13%) establishments. The main reasons for temporary work were lack of permanent work (49%) and unwillingness to take a permanent work (38%). However, it seems that in retail trade temporary contracts are less often involuntary compared to other sectors: 73% of all temporary employees reported that lack of permanent job was the main reason for having a temporary contract.

#### **1.3. Product market regulations relevant for the retail trade**

The restrictions concerning shop opening hours have been dismantled since 1960's.

**Table 2. Central shop opening hours in 1998**

	<b>Opening hours</b>
Monday to Friday	7 – 21
Saturday	7-18
Sunday	On Sundays in June, July, August and December 12-21 and on 5 Sundays specified by Ministry of Trade and Industry. However not in feast day, Independence Day or in May day. If there is two feast days one after another, the shop can be open 4 hours between 8-18 in the latter day.
Eve of feast day	Christmas and Midsummer eve shops have to close by 1 p.m.
Free opening hours	Opening hours are totally free in service stations, kiosks (sale area 100 sq metres at the most), pharmacies, garden shops and shops in sparsely populated areas.

Source: Kajalo 1999: Laajempien aukiolomahdollisuuksien käyttö päivittäistavarakaupassa. Kauppa- ja teollisuusministeriön tutkimuksia ja raportteja 2/1999)

According to Kajalo's research, most of (67%) shops selling daily consumer goods open at 9 am (in Saturdays 64%). There is no major difference between opening hours in the morning, whereas the closing time differs significantly between shops.

According to Kajalo's (1999) research the experiences on extended opening hours are both positive and negative. Slightly above half of all shopkeepers (52%) had a fairly positive (18%) or very positive (34%) attitude to the release of opening hours. Due to the high labour costs on expensive evening and Sunday working time, some smaller shops can operate, because the owners work these expensive hours.

At the chain level, extension of opening hours has very limited influence on the total profitability of the chain. Even those chains, which have used extended hours, did not estimate a notable change in profitability. It is probably so, that shops will not cause disappointment to customers and keep doors open if most competitors do so.

Our case Hallmarket's (Jyväskylä) opening hours are Monday to Friday 9-21 and Saturday 9-18. Opening hours in the evenings are as long as possible according to Finnish law. Opening hours of the markets in the area are quite uniform. Both Hallmarkets shopkeepers (food and non-food departments) attitudes to larger opening hours in week days (Monday to Friday) are negative. There is certain hope for free opening hours, but there is hardly any great need for

extension of opening hours. However the establishment tries to satisfy customers needs and the long opening hours are considered as a good service.

#### **1.4. Working time regulation in retail trade**

In retail trade the regular working time (normal working time in compliance with the contract of employment) is 37,5 hours per week. The new working time act, which replaced numerous former regulations on working time, came into force in November 1996. The new law allows wide opportunities for exceptions to its norms through collective agreements. We interviewed experts from the retail sector employees' and employers' central organisations (The Union of Commercial Employees and Employers' Confederation of Service Industries) concerning working time issues. Both experts stated, that collective agreements enable very flexible use of working time. Restricting factors relate usually to cultural barriers.

Collective agreement in retail trade enables the arrangements of regular working time in 1-26 weeks periods. Our case studies reveal, that the levelling periods are very important in HRM strategies concerning working time arrangements. Also employers associations emphasise the significance of implementation of levelling periods (Kaupan työaikaopas 1999).

Retail trade's collective agreement on part-time regulates, that part-time worker's average working hours are 34 hour for a maximum. Minimum average working hours (1-34) have to be agreed in part-time contract. However, part-time worker can do temporarily additional hours up till 37,5 hour per week with normal hourly pay.

## **2. Case studies**

### **2.1. Hallmarket Hypermarkets**

Our case hypermarket is Hallmarket, which is a part of a chain, including a couple of dozen similar markets in Finland. Hallmarket has separate food and non-food departments (in the same premises), which both have own personnel and management. The size of non-food department is about 5400 sqm and food department about 2800 sqm. The total amount of personnel working in Hallmarket is a little over 100. This corresponds to common amount of personnel in hypermarkets.

Age structure in utility department is young. Especially check out department uses young workers, who are usually students. On the one hand there is a lot of employees, who have a short working experience in Hallmarket and on the other hand a lot of employees with over 10 years experience. Turnover of students is high, whereas those with a long work history in Hallmarket hold tightly to their position. There is a group of older stable workforce and a rapidly changing young workforce.

Hallmarket uses part-time work as a main measure to adapt to fluctuations in demand. The checkout department differs from other departments in regard to working time and forms of employment . All workers (33) in the checkout department are women. Two of them are full-time employees. 20 employees have 25-30 hours per week and 11 employees have 5-12 hours per week.

Table 3. Contractual working hours of Hallmarket personnel.

Hours per week (contractual)	Men	Women
0 - 10	0	6
11 - 20	3	8
21 - 30	1	38
31 -	4	14

## 2.2 DressHouse

Our other case organisation in retail trade is DressHouse, which is one of the new-comers in Finnish retail trade of clothing. Finnish DressHouse has 24 stores situated mostly in larger towns. DressHouse sells clothes for the whole family (separate departments for women, men and children). A special target group is adult woman.

Almost all employees (98%) are women. Turnover of the personnel is a problem especially in Helsinki. Human resource management has a new strategy to avoid the turnover by offering longer working hours. There is a lack of employees, who commit themselves to company.

On the other hand, there is a supply of young jobseekers, usually students, who want a temporary part-time work. Average age of personnel is 35 year. Intentionally the company seeks also older workers to meet customers life situation and expectations. Formal qualifications do not play any significant role in recruitment process.

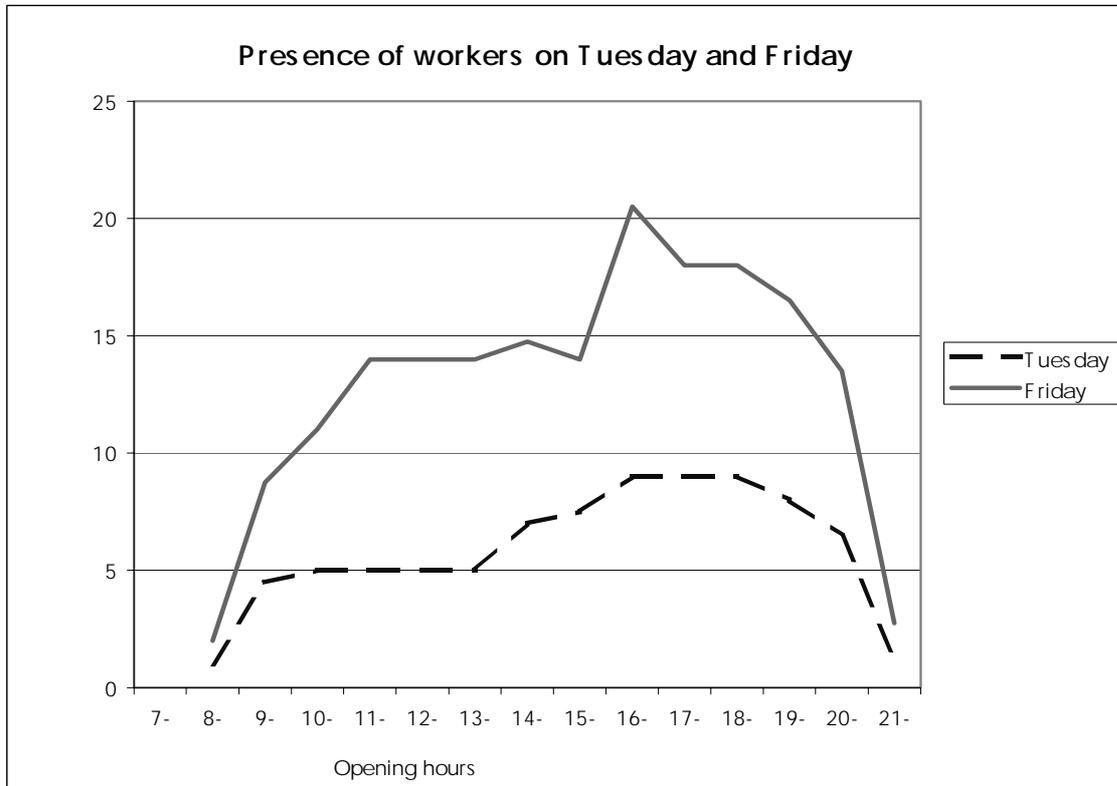
## 2.3 Long term and short term fluctuations in demand and company strategies

Number of Hallmarket customers per day vary from 2500 to 8000. The most busiest times during summer are May and June and during winter November and December. Seasonal fluctuations are covered by recruiting extra workers, usually students, in seasonal peaks.

In the non-food department working times are centred on the evening according to the customers flow. Checkout consist of 21 cash desks, of which about 5 are used when the business is quiet and 14-17 at the peak hours. Figure 1 represent s the presence of workers in different opening hours, which also illustrate the fluctuations in demand during the weekdays.

The flow of the customers is lively especially on Friday and Saturdays. The sales of these two days cover nearly half of the total sales. And in normal weekday the sales after the 16.30 covers half of the days total sales. The placement of check out department's working hours reflect most strictly the flow of customers.

In check out department the minimum used daily working time is 4, 75 hours and the maximum length is 9 hours. Locally bargained agreement enables 10 hours working day on the eve of the feast days. In check out department Sunday shifts could be 10 hours long. Average length of workday is 6 to 7 hours. The placement of working time of the workers with 25 hours and 30 hours contract differs to some extent. 25-hour contract workers do shorter shifts than 30 workers with 30 hour contracts, which helps to avoid overlapping of the presence of workers. In practice, all workers have given their consent to weekend work in the work contract.

**Figure 1. Presence of check out personnel on Tuesday and Friday in Hallmarket.**

According to the check out department's manager and employees representative, majority of part time workers would prefer longer working hours. In practice they also get additional hours, when substituting sick leaves and other absences.

DressHouse's opening hours are most often 9.00 - 21.00 and in Saturdays 9.00 – 18.00. In the small towns, shops are open 19.00. In some shopping malls DressHouse's opening hours follow the opening hours of total mall (e.g. opens 10.00).

There is a great yearly fluctuation in demand. Firm use part-time work to adapt to fluctuation in demand, which varies considerably according to seasons and weekdays. Total sales in February is 4,2 % of year's total sales, when the sales in December is 15,2% of the sales of the year.

Our case unit (DressHouse Helsinki) uses 26 weeks equalisation periods of working time. The manager of the case establishment said, that the half a year equalisation period with part-time work (see earlier table) is the most important instrument of flexibility. The human resource department in the head office of DressHouse has tried to market 26 weeks equalisation period in all chain's store. It is quite common that single shops have used a couple of weeks long equalisation periods, which are considered to be too inefficient when the periods of fluctuation in demand are longer.

Temporary work contracts are made only relating to Christmas season or summer holidays. From the workers point of view, the use of equalisation periods could in theory cause marked differences in working hours in different months, directly affecting incomes. In our case shop

in Helsinki, the amount of weekly hours do not vary significantly. According to shop manager, it varies about 4-5 hours between weeks, maximum is about 7 hours.

Our case shop in Helsinki has increased intentionally the contractual hours of employees. When the shop opened six years ago, the most of employees (about 50%) had a 25 weekly hours contract and none of the sales persons did not have a full time contract.

**Table 4. Contractual hours of DressHouse employees (sales persons).**

Working time of salespersons (Hours/week)	Women (N=302) %	Men (N=6)
0-10	12	1
11-20	18	1
21-30	50	2
31-34	9	
37,5	11	2

Because of shortage of labour, companies offer longer contractual working time to meet employees' preferences. Central goal is to increase employees' commitment to company. According to case shop manager they can not get competent and committed employees by offering short term contracts. The manager estimates, that majority of employees prefer longer working time than they now have.

DressHouse in Helsinki uses temporary work contracts in Christmas season, and when substituting of summer holidays and maternity leaves and long sick leaves. But in the case of new recruitment, the work contract is permanent. In the beginning of work contract is four months trial period.

Company has made employee questionnaires concerning work contentment etc. Central problems relate to hurry and overstrain at work. The causes of perceived overstraining are unclear. Hurry is a natural outcome of increased productivity i.e. the higher share of sales per worked hours. In the early stages of Finnish DressHouse, in the first five stores, all employees had full-time work. After the phase of recession and fiercer competition with a claim for higher efficiency, the number of employees is the same, but weekly hours have been reduced. Administration follows the development of the worked hours in every shop and compares these hours with the sales.

In the few last years, raising of quality of DressHouse's clothes as well as quality of service has been company's main strategy. According to shop manager, the most important goal is the improvement of service quality. Training of sales persons is important measure in service quality strategy.

### **3. Organisation of work and working time**

#### **3.1. Labour supply and female labour market participation**

In the Nordic context Finland seems to be an exception: the comparative proportion of female part-time workers is distinctly smaller, and the characteristics of Finnish part-time work are also different. In 1995, the female participation rate was at almost the same high level in all

the Nordic countries (from 70% in Finland to 75% in Sweden). In the other Nordic countries, the considerable increase in female economic activity was the result of an increase in part-time work, but in Finland a tradition of full-time work has dominated the female labour market.

Majority of wage earners (53%) in retail trade want to restrict current opening hours. One third support current hours and 12% support totally free opening hours. Attitudes to free opening hours are in connection to age. Older workers resist free opening hours. In general, those who want free opening hours, are under 30 year old part time workers (Nikkilä 1999: Vähittäiskaupan aukiolo – Myyntihenkilöstön mielipiteitä kaupan aukioloajoista. Työselosteita ja esitelmää 49/99).

According to employees estimation work in Sundays is usually not forced, but one third of employees have done Sunday work reluctantly. Part timers work Sundays more often than full timers. Under 30-years old workers, as well as part time workers, are more willing to do Sunday work (and also other unsocial hours).

Part timers and also younger workers are willing to work also late during the week and Saturday work. However only a few per cent of workers are ready to work later than current hours. All employee groups, and especially over 45-years old full timers, resist lengthening of weekday evening opening hours. In department stores 99 % of employees resist lengthening of weekday evening hours. About 40 per cent of employees think that weekend evening hours will be suitable for them, but Sundays for only one fourth of employees.

In 1990's the attitudes to Sunday opening hours have still changed to more positive direction. In 1998, 71 % of employees thought that Sunday work does not fit them, while the corresponding share was 82% in 1995.

### **3.2. The organisation of work**

Quality of Work Life survey 1997 reveals, that during last years, some new methods of management were used at the workplaces in retail trade: almost half (48%) of respondents reported of increased assessment or monitoring based on productivity and results of work; 21% reported of new supplement or bonuses based on the productivity of work; 13% reported of outsourcing of work preciously done in-house; and 64% reported that teamworking had been applied at least to some extent at the workplace.

Hypermarket's business idea is based on cost efficiency and as large volumes as possible. The sales of different departments are observed with short period reports. Although part-time work is very important measure for adjusting to fluctuation in demand, the management sees also negative aspects of it: low commitment and high turnover of part-time employees.

Our case organisations use students as a weekend and evening workers. These organisations recruit new employees mainly on permanent contract. Students, seasonal extra workers and maternity leave and summer holiday substitutes have a temporary contract. The use of students and young work force offer also a measure to adapt to, especially seasonal, fluctuation in demand.

#### **4. Concluding remarks**

Retail trade expanded in Finland until the sixties when the rationalization phase began. Retail trade became concentrated in urban areas. Self-service shops and large-sized firms became common and retail trade formed chains. These large chains became incorporated and developed a sophisticated management style. At the same time competition intensified. During the 1990s, especially hypermarkets and large supermarkets have increased their market share.

Two thirds of private consumption is channelled through the retail trade organised into a number of competing chains. Productivity has increased in retail trade as a result of rationalisation, self-service and improved storage and distribution facilities. Competition is a driving factor behind the increase of unsocial hours.

Compared to other sectors in the Finnish labour market, retail trade employs especially women, young and low-educated persons. Retail trade is a low paid sector. This is partly due to the large extent of part time work. In Finland a tradition of full-time work has dominated the female labour market. To certain extent, working time preferences of women and retail trade working time practices seems to be in contradiction with each other. Temporary contracts are less often involuntary compared to other sectors.

The working time arrangements of retail trade based on collective agreement are very flexible. The use of part time work is the main source of flexibility in short time fluctuation of demand. The use of students and young work force is a measure to adapt to, especially seasonal, fluctuation in demand. In our case organisation the working time planning is based on calculation of cost efficiency and rational placement of part-time hours according to this plan.

## The Retail Trade Sector in France

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### 1. The object of investigation: employment in the retail trade

#### *Structural change in the sector*

The retail trade is one of the largest employers in the French economy; in 1998 it employed more than 2 million people<sup>1</sup>. The sector has undergone profound change since the 1960s. These changes have lent it a profile that sets it apart somewhat from that in other European countries. This is reflected, for example, in the exceptionally high market shares of the large outlets, particularly the hypermarkets. The industry has also developed a number of distinctive approaches to labour management, in response to the industry's various commercial requirements, to the strategic positioning of firms in the sector and to changes in the regulation of business activity and employment. In the 1990s, the large-scale, mainly food retail trade consolidated its position as market leader (over the past five years, there has been a marked expansion of large food retail outlets<sup>2</sup>), despite the fact that authorisations to open new stores have become increasingly hedged in with constraints and restrictions. Since 1994, most new stores have been opened by the so-called hard discounters, whose commercial strategy is based on serving local neighbourhood markets<sup>3</sup> while offering low prices and a very restricted range of services. The emergence of the hard discounters in France was probably one of the factors leading to the development of price competition (in 1994, low-cost products accounted for about 10% of the food products sold by Carrefour hypermarkets<sup>4</sup>). Whether by choice or simply out of a need to survive, the large retailers have also (and more paradoxically) developed more qualitative strategies, which combine an expansion of product ranges with the development of customer services. The concentration in the sector, which is reflected in the large retailers' increasingly high share market shares already noted above, has been further compounded by a recent trend towards mergers between large companies.

The large retailers have also increased their share of non-food retailing. Thus according to INSEE, the large-scale food retailers accounted not only for almost 60% of the sales of food products in 1997 but also for 19% of non-food sales<sup>5</sup>. The large-scale food retail trade is developing not only by opening large outlets but also by putting in place distribution networks based on small and medium-sized outlets, whether franchised or not.

<sup>1</sup> INSEE, Enquête Emploi 1998.

<sup>2</sup> + 4.3% in volume terms, according to INSEE.

<sup>3</sup> with stores smaller than the threshold above which prior authorisation is required.

<sup>4</sup> Analyse Financière, 1994.

<sup>5</sup> Insee, la situation du commerce en 1997, premier bilan, commission des comptes commerciaux de la Nation, mars 1998.

### ***Importance of the case study organisations as examples of new forms of employment***

The case studies we conducted are not representative (in the statistical sense of the term) of the industry as a whole. They were selected because they are expanding rapidly in France and because they are frequently described as symptomatic of new employment forms.

In the case of large-scale food retailing, our case study organisation is a large hypermarket operated by one of the leading companies in the French market, which combines a strategy of competing on price with one based on the development of customer services. With sales areas in excess of 10,000 m<sup>2</sup>, these hypermarkets combine food and non-food products in equal shares.

In the case of the specialist, non-food retail trade, our case study organisation is a chain of clothes stores that is part of a multinational chain that has already grown very rapidly and looks set to continue that growth in future. In this respect, the company reflects, in part at least, likely future trends in the French retail clothing trade. The French commercial strategy, which is similar to the multinational parent's European strategy<sup>6</sup>, is very clear: the company is seeking to position itself as a low-cost fashion retailer, relying on a very extensive product range to do so. In implementing its strategy, it uses a very high-profile marketing policy (posters etc.), in order to create its image as a "trendy" fashion retailer, and a low-price policy, which is made possible by its size and the volumes it can sell, not just in France (the company's turnover in 1999 was around 650 million francs) but also throughout Europe (almost 26 billion francs). The sales areas of the French stores vary in size between 1500 and 4500 m<sup>2</sup>, which makes them fairly large in comparison with the French retail clothing trade as a whole.

## **2. How do retail organisation perceive their major competitive challenges?**

The clothing retailer, and the individual store we studied, are exposed to fierce competition, since the market is relatively saturated (Crédoc, 2000<sup>7</sup>). This competition is further exacerbated in France by the fact that the hypermarkets and other large retail outlets have a not insignificant presence in markets for non-food products and are further increasing their market shares by taking advantage of economies of scale and adopting low-price strategies. According to INSEE, 29% of the French retail clothing trade is accounted for by "generalist retail chains" (including large, mainly food retail outlets, mail order companies and department stores), with hypermarkets and supermarkets alone accounting for 14% of the market<sup>8</sup>.

The clothing retailer that has set up branches in France is not protected from this intense competition, and indeed has further intensified it by opening its stores in the busiest shopping malls and town centres because "that's where the customers are". The low-price/high-volume strategy adopted by the company is combined with a limited range of services provided to customers. True, "indirect services" are highly developed (local stores with easy direct access, lifts and escalators when the stores are on several floors, and adaptations for handicapped

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<sup>6</sup> Of the 25 people employed at head office, more than 25% are foreigners.

<sup>7</sup> Crédoc, 2000, synthèse des principaux résultats de l'étude Contrat d'Etude Prospective commerce de détail non alimentaire.

<sup>8</sup> Insee Première, janvier 1998, Marché de l'habillement : les enseignes développent leurs marques, Thierry Le Bot, Jérôme Philippe, n°567.

customers and pushchairs; large number of cash desks in order to cut waiting times during busy periods, changing rooms, either self-service (children's department) or staffed (other departments); unconditional returns policy). In fact, all these services described as "indirect" by the store manager are "time and work-saving services" (Gadrey, 1992) but, in line with the company's strategy, they are provided on a self-service basis whenever possible.

Selling goods on a self-service basis has a direct effect on employee profiles workforce and on job content: sales staff are more involved in handling goods (unloading delivery lorries, putting clothes on display, tidying, filling shelves, etc.) than in providing services and advice directly to customers. The "all year round discount" and limited service strategy also has significant effects on the management of costs, and particularly of labour costs.

This "self-service" policy is fairly characteristic of large non-food retailers in France, which have a strong culture rooted in the large-scale retail food trade and have perhaps to deal with this type of competitor more than retailers in other companies. Stores are subject to considerable fluctuations in sales, "depending on time, place, season and holiday periods". These fluctuations are partly predictable because of the advanced market analyses the firm carries out and its experience in other European markets. Nevertheless, some of the fluctuations are difficult to predict because of the relatively impulsive nature of clothes purchasing behaviour. This "unforeseen" element in the fluctuations is absorbed by putting in place specific human resource management tools, particularly the use of part-time staff and, as was very evident in the clothing retailer, by encouraging a very high level of functional flexibility (i.e. multiactivity strategy) among its sales staff.

### 3. Who works in the retail trade?

#### *In the retail trade as a whole*

The growth in the number of people employed in the French retail trade since 1992 has taken place within a regulatory framework that is particularly favourable to an industry that uses large numbers of part-timers. This growth has been accompanied by an increase in the number of part-time workers and a concomitant fall in average individual working time. In 1998 in France, there were about 2.045 million people employed in the retail trade. The summary table below shows the main characteristics of jobs in the French retail trade in 1998.

**Table 1: The main characteristics of employment in the French retail trade, 1998**

	<b>Feminisation rate</b>	<b>Part-time rate</b>	<b>Average actual working time</b>	<b>% of under-25s</b>
Non-specialist retail trade	69.0%	31.2%	33.6	15.6%
Specialist retail trade	67.0%	24.1%	37.2	11.3%
Motor trade and other repair services	18.5%	8.7%		14.3%
Total	56.3%	22.4%	36.0	13%

Source : enquête emploi, INSEE, 1998, CD Rom version.

The main conclusions that can be drawn are as follows. Firstly, the feminisation rate is high: more than two thirds of workers in the retail trade excluding the motor trade are female, and more than half in the retail trade as a whole. Secondly, the part-time rate exceeds one quarter of the total population employed in the retail trade excluding the motor trade (26.5% for the

retail trade as a whole). Moreover, these two characteristics are directly correlated, in the sense that part-time work in the French retail trade is highly feminised. It is 98% feminised in department stores and 90% feminised in the retail trade as a whole.

The increase in women's employment in the retail trade has taken place against a difficult background of very high unemployment in France. It is so-called atypical jobs that are most highly feminised, and this applies particularly to part-time jobs. Thirdly, the share of young people employed in the sector cannot be ignored. Depending on the particular segment of the retail trade in question, the share of employees under 25 years of age is as high as 20% of the total employee population. Fourthly, average actual working time is 36 hours (excluding the motor trade). In order to capture the various realities concealed behind this average value, the following table shows the distribution of employees by actual working-time band. This reveals the wide diversity of situations, with a not insignificant share of employees working fewer than 22 hours per week (this share is even higher among women ) and another group working in excess of 43 hours.

**Table 2: Actual weekly working hours : TOTAL (excl. motor trade)**

Working-time bands	< 22 hours	23-30 hours	31-35 hours	36-42 hours	> 43 hours
Non-specialist retail trade	19.7%	14.6%	6.6%	42.6%	16.6%
Specialist retail trade	18.8%	8.2%	4.4%	38.7%	29.9%

Source : enquête emploi, INSEE, 1998, CD Rom version.

### *In the case studies*

The clothing retailer's workforce is characterised by a high rate of feminisation (of the order of 80%) and a very low average age (of the order of 25). The high rate of feminisation in this store is surprising, since the part-time rate at company level is relatively low, which proves that part-time rates and feminisation rates may be correlated without necessarily being linked functionally. The only explanation offered for this high rate of feminisation was that the sale of "textile" products is traditionally more feminised. On the other hand, the low average age of the workforce is the result of various trends, which we analyse as follows.

1 – The very youthful labour supply is linked in part to the attraction of the products offered for sale. The brand is obviously very popular among young French people (partly because of its "trendy" image but also because of its European origin) and its excellent brand image exerts a not insignificant influence on the applicants for jobs at the store. Most of the unsolicited applications come from very young people. No formal qualifications are required, which also encourages certain categories of unemployed young people to enquire about employment opportunities in this new company. A not insignificant share of those recruited are young people seeking their first jobs.

2 – The demand for labour is aimed particularly at young people : this segment of the labour force, which is more "docile" than other categories, is more likely than other segments to accept both low pay and flexible working hours. Apart from a few students (there are currently four in the store we studied, 8% of the total workforce, although the store manager is intending to recruit some additions to the team in the coming months), who work fixed schedules in the late afternoons and on Saturdays (two 8-hour contracts) and/or Wednesdays (two 16-hour contracts), the sales staff have permanently changing schedules without a fixed

day off: “the part-timers’ schedules are very variable, completely variable in fact, at least in theory. This is why we need very flexible people who can be available as and when required. This undoubtedly poses great problems for women with children” (store manager). Young people are more likely to be tempted by this sort of job as their first work experience.

Rates of pay are also low, in part because the staff recruited frequently have no experience (another advantage of using such a young workforce, most of whom are seeking their first jobs, as we said before) and have no particular rate of pay in mind, partly also because the company tries not to offer new recruits rates of pay higher than the national minimum wage. Finally, rates of pay are further depressed by the fact that many of the sales staff are part-timers (working 18½ hours per week in the store we studied), which means that monthly earnings are low. “It’s true that wages are low. Many of the staff are 18 or 20 years old, living with their parents (...), but later they tend to leave their parents to move in with their boyfriends, and at that point they start to ask for better pay because their circumstances have changed” (store manager)

3 – The part-time rates are (or will be) high, depending on the employers. This is because part-timers play a fundamental role in providing the flexibility made necessary by fluctuating workloads.

#### **4. What does “flexibility” mean in practice?**

In the clothing retail company as a whole, the system of working-time flexibility rests on two main pillars:

1 – adjustment of full-timers’ working hours, made possible by the changeover to the 35-hour week. Weekly working time rises to 40 hours during peak periods and falls to 25 hours during slack seasons. Temporary agency workers are used only in emergencies because management considers the cost to be prohibitive. They were used during the busy periods the company experienced when it first opened its stores in France, which were to some extent unexpected.

2 – The use of additional hours for part-timers (those employees not covered by the agreement on the 35-hour week) in order to absorb the various unforeseen events the company has to deal with: unanticipated fluctuations in workloads, unplanned increases in workloads, unexpected illness, absenteeism, etc.

Surprisingly, this massive use of part-time work does not always go hand in hand with a Taylorist division of labour. Indeed, the contrary is often the case. In the clothing retail company, one of the main pillars of the system of work organisation in the stores is functional flexibility, which applies to all functions and to all staff. When this finding is compared with the case of large-scale food retailing, the apparent contradiction might seem surprising: functional flexibility and part-time work go hand in hand, and thus the very high part-time rates encountered, for example, in large-scale food retailing in France cannot be attributed solely to the division of labour.

The dichotomy between voluntary and enforced part-time work, which is hotly debated in France, was reflected in several ways in our case studies.

(1) The volume of hours worked. This factor seems to be the most important one in this sector, and our interviews show that 90% of part-timers would prefer to work longer hours or even to be hired on a full-time contract (35 hours); they are described as "involuntary part-timers".

(2) The fragmentation of work schedules. This aspect is managed in ways that are more less favourable to employees, depending on the case in question. The stores operated by the clothing retailer have early and late teams, with no split shifts. This form of labour management, which is more flexible from the employees' point of view, is made possible by the total functional flexibility that is the main pillar of work organisation in the stores. In large-scale food retailing, on the other hand, the division of labour (particularly between the checkouts and shop floor) encourages employers to impose work schedules based on fixed time slots that allow employees little room for manoeuvre.

(3) The variability of work schedules. Work schedules in the clothing retailer's stores are extremely variable, in the sense that employees are given only one or two weeks' notice of their forthcoming schedules, they never have a fixed day off and a high volume of additional hours is worked in order to cope with unforeseen events. These additional hours are worked solely by part-timers, this being in effect their main function. Planning functions are highly centralised and individual work schedules are drawn up at management team level. This gives rise to difficulties with the management of planning functions that are attributable in part to the youth of many managers, who have been the beneficiaries of rapid promotion.

## **5. "One best way" or strategic choice?**

While the use of part-timers has many advantages for employers, they are the source of numerous costs that are not evident from an initial analysis. These costs can be broken down into four categories.

### **(1) Negative effects on productivity and service quality**

These negative effects are directly linked to the lower level of involvement and commitment among part-timers, which is likely to result in lower labour productivity. Indeed, the lack of continuity in the workplace, the downgrading of employment status and corporate strategies that seek to use part-timers for routine, unskilled tasks inevitably give rise to a lack of enthusiasm for work among certain sections of the workforce. This lack of involvement is further compounded by the tendency of part-timers, even those on permanent contracts, not to be considered (or not to consider themselves) as holders of their own jobs (Maruani, 1989). Secondly, the requirement that part-timers should be constantly available to work the hours demanded by managers as they attempt to deal with unexpected changes in workloads and unplanned absences is an additional factor in this lack of motivation. Part-timers' low monthly earnings do little to increase the attractiveness of these jobs, which are often paid at the legal minimum and in proportion to the number of hours worked, which provides an income scarcely higher than the social security benefits paid to the most destitute. The retail trade is one of the sectors with the highest concentration of "working poor" in France.

Finally, the frequent changes of staff in direct contact with customers may damage continuity of service. These changes are the product both of a mode of work organisation based on a proliferation of "short-hours" jobs and of a high rate of labour turnover in the retail trade. This brings us to the following point.

(2) High turnover among contingent staff. It is of the order of 50% on average, a rate that is partly “natural” in the case of certain peripheral segments of the workforce (students, for example ) but which also reflects dissatisfaction among those who would like to work longer hours: “You can do everything possible, but if you’re on 24 hours a week and you’re offered 39 hours somewhere else, even if you’re well integrated into the group, you’re going to go off to work for the competition. How can we retain the good workers under such circumstances?” (Human resources manager, non-food retailer).

(3) The low return to investment to training when it involves employees who leave the company prematurely. More generally, the high turnover rates in the sector are an obstacle to the efficient management of competences (Evraere, 1999). They also help to confine these categories of “segmented” workers to the most subordinate roles and functions without any real promotion or career prospects that might offer hope of escape.

(4) Management costs rise as part-time work expands. These management costs arise out of the excessive number of contracts to be managed, the difficulty in managing individual schedules and the financial burden imposed by the complexity of managing the payroll when employees are required to work large volumes of additional hours, with all the attendant legal and administrative formalities. It might be imagined that these practices are optimal from the employers’ point of view – after all, they make considerable use of them. In fact, they are usually the result of inadequately controlled practices which, in the view of employers themselves, sometimes border on unsustainability. In those firms that have introduced annualised part-time working, for example, these additional management costs have, according to the managers themselves, reached worrying proportions.

Largely in order to deal with these “flexibility costs” , companies have developed strategies based primarily on a high degree of segmentation of both jobs and social profiles.

## 6. Conclusion

### *Our analysis reveals the following general trends.*

The French retail trade as a whole has profited from the collective reduction in working time imposed by French legislation in order to rationalise its management practices and to combat the additional costs incurred by the high level of flexibility required of a workforce, many of whom in this particular sector are “involuntary” part-timers. The tensions caused by the use of enforced part-time work can be explained by the fact that, in France, women, who form the majority of the workforce in the retail trade, wish to work fairly long hours, unlike their counterparts in other European countries, notably because the formal and informal childcare infrastructure is more highly developed than elsewhere.

In order to ease these tensions, which generate additional costs in the form of absenteeism, turnover, low return to investment, lower productivity etc., employers are making greater efforts than in the past to vary the characteristic profile of the population recruited by employing young or even very young workers. Employers find that these young people are just as willing, if not more so, to make themselves available for work as and when required and to accept pay flexibility. Nevertheless, it is still the case that, in terms of the supply of and demand for labour, the service sector in France is highly feminised and that these new forms of flexibility could apply to very young women.

In the service sector, individual and collective reductions in working time through the use of part-time work, on the one hand, and the introduction of the 35-hour week, on the other, have combined to form a system. Our case studies show that there have been some improvements in the status of part-time jobs following an increase in working hours among certain categories of employees who wish to work longer hours. At the same time, the ever greater constraints imposed by fluctuating workloads mean that the burden of flexibility seems to be borne more by all categories in the workforce, including full-timers, as annualised working hours become more widespread.

Nevertheless, the precariousness of jobs, in the sense that the ties between companies and their employees are weak, is in no way diminished. On the contrary, in fact, companies are increasingly willing to segment the workforce by drawing up employee “profiles” that have the “agreed” social characteristics and confine employees to occupational and social roles based on a high level of availability for work, leaving them little scope for progression in the internal submarkets that characterise the sector.

## The Retail Trade Sector in Germany

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### 1. Structural change in the retail change

In the 1990s, there was a change in the pattern of development in the German retail trade. In earlier decades, the retail trade had recorded more or less continuous growth in profits. At the beginning of the 1990s, however, profits began to stagnate. Since then, the growth dynamic of earlier decades seems to have been lost. Moreover, the retail trade is visibly losing out to other sectors of the German economy. The result is increasing competitive pressures, a manifestation of more intense “crowding out” effects.

In this situation, costs and prices are regarded as the decisive factors of competition in most segments of the retail trade. Firms have reacted to this by adopting various strategies, among which the concentration strategy is, at first sight, the most prominent. Concentration is important in two respects. Firstly, concentration means the amalgamation of firms as a result of take-overs and mergers. A declining number of expanding firms are competing in the markets for customers. Secondly, concentration also means a reduction in the density of branch networks and a shift towards large retail outlets. Large outlets with lower staffing levels are being used as a means of reducing labour costs and achieving economies of scale. The concentration strategy frequently coincides with cost reduction and flexibilisation strategies. These strategies combine the goal of reducing labour costs with attempts to adjust employee rostering more precisely to fluctuations in customer flows. Cost-reduction and flexibilisation strategies have significant effects on personnel policy in general and working-time policy in particular. Indeed, they are the driving force behind the changes in forms of employment and working time in the industry.

Thus the two retail case studies conducted in the course of the NESY project are of particular interest for an analysis of new working-time and employment forms because they can be interpreted, at least in part, as attempts to swim against the tide of intense cost competition. Both stores, indeed, are seeking to counter competitive and cost pressures by taking the high-quality route to a greater or lesser extent.

### 2. Market and personnel strategies

Both stores are attempting to break out of the constraints of cost competition by developing their own approaches to service quality. The assumptions on which these attempts are based are of course very different, because the stores are very different types of retail outlet operating in different market segments. This in turn explains to a large extent the differences in their approaches to service.

Store A is a hypermarket with a very large sales area. It competes in its local environment with both supermarkets and discount stores. The store management describes prices and costs as “knock-out factors” in relentless cost competition. Nonetheless, it sees some scope for alternative market strategies, which it is attempting to exploit with the aid of its own quality strategy. The objective is to achieve competitive advantages within the general context of cost

competition by establishing a difference in service quality that is evident to customers. The store's approach to quality has three main pillars:

- a product range that is both broad and deep and also includes niche products;
- a customer-friendly guarantee system, which ensures that complaints will be dealt with generously and quickly;
- a high level of customer service provided by a well-trained and motivated workforce.

Adherence to the relevant collective agreement and the negotiated settlement is also regarded by the store management as part of its quality strategy. That this can no longer be taken for granted in the German retail trade is evident from the decision of a number of firms not to adhere to the industry-wide collective agreement, which means that the agreement has lost its general applicability in several regions. The decisive question for Store A is whether customers will accept the fact that the quality strategy means that prices are somewhat higher than those charged by the competition.

Store B is a large clothing store, and as such operates in a somewhat calmer commercial environment. It competes directly with other large clothes stores, as well as with specialist shops and outlets with lower service standards. The company's conversion to a joint-stock company three years ago has intensified pressure to raise profits. Since then, the satisfaction of shareholders' interests has become a corporate goal in its own right. Under these circumstances, the store has adopted a quality strategy based on three main pillars:

- an extensive range of clothing with high-quality, branded products and own-brand lines in all price bands and a presence in small but exclusive market segments such as wine, books and music;
- the provision of lavish and attractive furnishings and appointments for the store, which are continuously renewed and varied as the thematic focal point changes;
- a high level of service quality that is the equal of that provided by specialist shops and depends on highly motivated and professionally and socially competent staff.

Whereas Store A is trying to implement its quality strategy in an environment characterised by price competition between outlets with large sales areas and low manning levels, Store B's commercial and quality strategy is intended to combine the advantages of large stores with a high level of service quality as a means of escaping the pressure of direct price competition. Thus it is no accident that their quality strategies differ considerably. In Store A, quality is seen as the enhancement of the self-service format with an extensive product range and the provision of customer advice on specific points; in Store B, on the other hand, it means comprehensive and high-quality customer advice equal to that provided by specialist retailers.

In both stores, personnel strategy is the main instrument used to implement the market and quality strategies. In Store A, more than 80% of the workforce possess a formal retail qualification. Minimal use is made of high-school pupils and university students, who are employed only during the summer holiday period. Permanent jobs are the standard employment form in the store. Customer focus has recently begun to play an important role as a criterion for selecting job applicants. There is a twin track approach to further training. On-the-job training is administered through a coaching system, while employees and managers have opportunities to acquire further skills and qualifications by attending further training seminars. Attempts are made in the internal labour market to offer employees career

opportunities. These measures have been put in place by management in order to train and motivate the workforce to provide a good level of service.

In Store B, one of the aims of personnel policy is to build up a workforce that mirrors the target customer groups. As in Store A, this has led to a comprehensive list of measures being put in place, ranging from staff recruitment to staff development. New staff are recruited primarily from employees' friends and acquaintances. Applicants' social competences are an important selection criterion. Professional and social competences are given equal emphasis in training programmes. There is a compulsory further training programme for young employees. In addition, further training courses are provided, with the aim of developing professional and social competences. Bonuses are paid to individual departments through a profits-related remuneration system. And finally, the management of Store B adheres to the collective agreements and maintains relationships of trust with the bodies representing employees' interests.

### **3. The stores and the labour market**

Staff in the two stores are not regarded solely as a cost factor but also as a resource to be drawn on in the implementation of quality-oriented commercial strategies. An examination of industry trends shows that the personnel strategies adopted by both stores are playing a very particular role in this respect. Nevertheless, there are also certain areas of overlap between the industry trends and developments in the two stores in our sample.

The general trends in the German retail labour market are towards job losses and a reduction of individual working time. Employment levels in the 1990s were on a downward trend, with a drop of 6.3% between 1995 and 1998 alone. This drop in employment levels was accompanied by a restructuring of employment forms. The heaviest losses were in the full-time category, where more than 10% of jobs were lost. Part-time employment fell by only half of this value. Marginal part-time employment, on the other hand, rose significantly. The combined shares of part-time and marginal part-time employment are now far greater than the share of full-time employment. Part-time work now constitutes the standard employment relationship in the retail trade. This trend is replicated in all types of retail outlet. The high part-time rate reflects the high share of women in total employment in the retail trade.

In 1998, more than two thirds of all employees in the retail trade were women. This is considerably higher than the average for the German economy as a whole, which is just 43%. However, only 32% of the women are in full-time jobs. Well over 50% of the women employed in the retail trade are in part-time jobs with variable weekly working times. Of these, 20% are employed in marginal part-time jobs. Of the male employees, only 17% work part-time, about 6% in standard part-time jobs and 11% in marginal part-time jobs. It is clear from these figures that women are the main source of labour for the expansion of new employment forms in the retail trade, and it is from the female labour supply that part-timers are mainly recruited. Only in the marginal part-time category do men account for larger shares of the new employment forms. This suggests that male employees work part-time primarily as high-school or university students; for women, on the other hand, part-time work has become the standard employment form in the retail trade. It can be assumed, on the basis of the relatively low earnings of retail employees, that female part-timers in the retail trade are merely earning a second income. The retail trade has become an industry for secondary earners.

At first sight, these developments would appear to be the result of the flexibilisation strategies adopted by firms, in which part-time work functions as the principal source of flexibility. At this point, the stores we studied are in line with the industry trend. Indeed, the part-time rate in both stores is even higher than the industry average. And the personnel managers in both stores emphasised that they are seeking to expand part-time employment further. Virtually all part-timers in the two stores are female. However, the industry trend towards increased use of marginal part-time jobs is not reflected in the two stores. All part-timers have permanent contracts with long weekly working hours. This is to be interpreted as a consequence of the quality strategies adopted by the two stores: marginal part-time employment is largely a field for unskilled workers, whereas the stores we examined rely on skilled workers to implement their strategies.

However, the companies' strategies are not in themselves sufficient to explain how far and how quickly new employment forms have spread throughout the retail trade. It is only by examining the labour supply that the trends outlined here can be properly understood. Like other European labour markets, the German labour market has seen an unceasing influx of women seeking work. The orientation towards part-time work has exerted considerable influence over the pattern of labour market participation among women. Retail companies' strategic goal of reducing individual working time coincides with the willingness of a growing number of female employees to accept part-time work. This willingness can be explained by the strong cognitive, normative and material incentives to work part-time generated by traditional models of the family and social institutions. The institutional incentives for the maintenance of traditional gender roles are many and varied. The tax and social security system rewards married couples through the so-called "splitting system" if one partner earns significantly less than the other, the childcare system and the primary schools provide only half-day care for children and the care system encourages families to look after those of their members in need of care.

Besides marginal part-time employment, training is another area in which the stores we investigated diverge from the industry trend. In the sector as a whole, the trend is towards reduced training provision. Between 1996 and 1999 alone, the share of trainees in total employment in the retail trade fell by 2.5%. In addition, the retail trade has a relatively low share of formally qualified employees compared with other industries. More than 20% of all retail employees have no formal training, compared with an average of only 5.5% across the whole of the German economy. In contrast to the industry-wide trend, the number of training places in our two stores has increased rather than decreased in recent years. Moreover, the shares of employees with formal qualifications are around the average for the economy as a whole. Both indicators can be taken as proof of the effects of the quality strategies on the personnel structure.

#### **4. The approaches to flexibility**

The evolution of employment forms towards increased part-time employment provides some preliminary clues as to the nature of the firms' approaches to flexibility. Both the industry-wide trend and our case studies show that the increase in flexibility is closely linked to the increase in part-time working. Several reasons for the stores' efforts to increase flexibility emerged from our interviews:

- The extension of opening hours. Both stores have lengthened their opening hours in recent years, with Store A operating right up to the statutory and collectively negotiated limits (it is open every evening until 8 p.m. and on Saturdays until 4 or 6 p.m.). The extended

opening hours increase the need for flexible staff deployment because they can no longer be covered by full-time jobs or simple two-shift systems for part-time workers.

- Adjustment to customer demand. Staff deployment has to be adapted to the fluctuations in customer flows. In this way, non-productive periods are to be filled and work intensity increased. Moreover, costly overtime or short-time working are to be avoided.
- Increasing customer satisfaction. Customer satisfaction is to be improved by reducing or eliminating waiting times by deploying staff as and when required.
- Increasing employee satisfaction. The question of employee job satisfaction is to be addressed by giving employees new freedom to organise their own work schedules. Store B is also seeking in this way to increase the firm's attractiveness in the labour market.

Both stores are attempting to realise their flexibility requirements with the aid of new working-time systems. The central cornerstone of these systems is part-time employment. The aim of both systems is to fill empty time slots in shift schedules and employee rosters by deploying staff flexibly. This can be achieved by varying the duration, scheduling and distribution of weekly working time. The firms prefer to employ part-timers, on the grounds that they can be fitted more precisely into flexible schedules.

In Store A, the shift schedules are drawn up with the aid of complex software packages at department level for a period of three weeks in each case. Two sorts of data are fed into the software systems: historic data on the evolution of fluctuations in customer flows and personal data on the duration of individual working hours and employees' working-time preferences. These data are then used to draw up an individual shift schedule for each employee. The scheduling and distribution of working time can vary from week to week. The introduction of an annualised working-time system means that the duration of weekly working times can also be varied in accordance with seasonal fluctuations, although monthly pay remains unchanged. Three limitations on this flexibility have been agreed with the works council. Firstly, each shift must be at least four hours in length. Secondly, each shift must begin at a time that falls within an unchanging core timeframe. Thirdly, any overtime worked must be balanced out within a calendar year.

The high degree of acceptance of the system among employees (according to an internal survey, 95% of employees are satisfied with the working-time system) can be explained by the participative elements built into the process of drawing up shift schedules. The system offers employees opportunities to influence their own work schedules in two different ways. The first, already alluded to above, is the incorporation of employees' working-time preferences into the data set used to draw up the shift schedules. The second is the possibility of swapping shifts with colleagues. Any such swaps must be agreed by supervisors. This reinforces communications among employees themselves and between employees and supervisors. Indeed, a culture of negotiation based on mutual give and take has developed between employees and supervisors, a culture that has a high degree of normative and cohesive force.

If the limits on time flexibility are exceeded because of unforeseen fluctuations in customer flows, management has two options. Firstly, an internal troubleshooting measure, namely a limited degree of functional flexibility, can be activated in bottleneck areas. Secondly, in emergencies employees can be telephoned and asked to help out at short notice. This extension of time flexibility is an element in the system of mutual give and take.

In Store B, individual working times are based on monthly working times. Within the limits of the agreed monthly working hours, weekly working times can vary in duration, scheduling and distribution. As in Store A, however, the limits on time flexibility have been agreed with the works council. In two respects, these limits are more tightly drawn than in Store A. Firstly, there is a minimum daily working time of eight hours. Part-time and full-time employees have exactly the same daily working times. This removes one of the important fundamental elements in any strategy for filling “time slots” on a flexible basis, since such time slots can be filled in units of days but not of hours. Secondly, the upper limits on the overtime balances in individual working-time accounts (20 hours) have been set at a low level, and any overtime worked must be balanced out within three months, or at the very latest within a year. This arrangement does not allow for large seasonal fluctuations. A further restriction arises out of the tradition of fixed working days, which are claimed by about 60% of employees. This tradition involves long-standing agreements between employees and heads of department that allow the former to work on certain days of the week only. This further restricts the opportunities for the flexible allocation of working hours.

Within this more tightly drawn framework, manpower assignment in Store B functions in much the same way as in Store A. This applies in particular to the opportunities for employee participation. As in Store A, there are two ways in which employees can influence their work schedules: by making their time preferences known and by swapping shifts with colleagues. And as in Store A, this system has a high degree of acceptance among the workforce.

Nevertheless, there are significant differences in the ways in which the additional sources of flexibility are called on in bottleneck situations. In Store A, these additional sources are confined to the deployment of a limited degree of functional flexibility and spontaneous requests for employees to help out. In Store B, on the other hand, managers have at their disposal extensive backup sources of functional flexibility when it comes to staff deployment. This can be explained by the mode of work organisation. In Store A, the main emphasis is on standardisation. The store management is seeking to reduce the functional flexibility that has hitherto characterised staff deployment in favour of standardised and tightly defined job descriptions. The objectives of this drive to “taylorise” work organisation are to increase labour productivity and to improve workforce monitoring. The resultant reduction in functional flexibility is consciously accepted. What management fails to take into account is the question of the compatibility between this Taylorist organisational strategy and the store’s quality-oriented commercial strategy. Do reduced and standardised task definitions sit easily with high levels of motivation and professional service? At any rate, certain elements of human resource management have been introduced into the store that might help to counter the possible negative effects of Taylorisation. These include the establishment of project teams and the delegation to employees of responsibility for decisions on customer complaints.

Store B has taken the opposite route. The approach adopted here is to create a workforce that is sufficiently multifunctional to be deployed in a broadly flexible way. The company’s comprehensive training and further training programme is geared to these requirements. The functional flexibility is realised at three levels: within individual departments, between departments and between the various links of the value-added chain within the store. The deployment of staff on a functional flexible basis serves as an important buffer against fluctuations in customer flows both within and between departments, a buffer that Store A is unable to exploit.

## 5. Conclusion

The similarities between the two stores in matters of staff deployment that were revealed on initial examination tend on closer examination to recede into the background, to be replaced by a more differentiated picture in which the differences seem rather to predominate. Both stores operate working-time systems that allow employees some degree of influence over their work schedules. Both systems actively involve employees in the flexible scheduling of working hours. However, they do so in very different contexts. In Store A, active time flexibility sits alongside Taylorist organisational structures that offer little scope for active functional flexibility. Active time flexibility is combined with functional passivity in such a way as to produce what might be called “passive flexibilisation with active elements”. In Store B, the more highly regulated system of active time flexibility is combined with a high degree of functional flexibility, which offers employees a range of possibilities when it comes to drawing up their rosters. This strategy is one of “active flexibilisation”.

It became clear during the case studies that the crucial factor in determining the degree of actually usable flexibility is the manpower available to the stores. Management in both stores admitted that the scope for flexible adjustments diminishes as manning levels decline. This is why the strong downward pressure on labour costs that is now being exerted in both stores can have negative effects on the flexibility of staff deployment and on employees’ scope for shaping their own work schedules. This in turn may adversely affect the high degree of acceptance the working-time systems enjoy among employees and undermine their motivation, which is so important for the stores’ quality-oriented strategies. The goals of labour cost reduction, on the one hand, and flexibilisation and high-quality service, on the other, may ultimately be incompatible.

This immediately raises the question of the strategic room for manoeuvre the stores enjoy in their respective commercial environments. What chance do they actually have of successfully implementing a quality strategy? What are the economic imperatives that make a cost reduction strategy necessary? There is no doubt that the choice of retail format gives rise to major pressures. In the hypermarket sector, price competition is now much greater than in the traditional department store sector. For this reason, a quality strategy in that sector has a different emphasis. In the hypermarket, quality is seen as an enhancement of the self-service format, whereas the department store is seeking to provide its customers with high-quality advice. Nevertheless, both case studies show that there is more than one commercial strategy that can be pursued by each type of outlet. There is scope for variation within each type of outlet, even though it may appear limited in comparison with the possible variation between outlets. Thus in the hypermarket sector there is scope both for active employee involvement in the organisation of work schedules and more demanding approaches to staff development. The shift towards Taylorism in Store A is not an inevitability, and the savings achieved through standardisation and a rigid division of labour have to be set against the costs of restricted flexibility and declining motivation. In any event, it is not clear at the outset what will emerge in the final count. Conversely, the department store format offers greater scope for sophisticated quality strategies, which the store we investigated was already exploiting to a large extent. Here, the growing pressure on costs is in part of the company’s own making, a consequence of its stock market flotation. This has exposed the company to additional pressure to increase profits, which influences decision-making at central management level because of the growing influence of shareholders’ interests. The stores’ commercial strategies will be prey to further conflicts if cost reduction is to be equated with job losses and standardisation. However, there is as yet no clear indications that this is the case.

## The Retail Trade Sector in Portugal

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### 1. Overall picture

The Portuguese retail industry is still best described as being dominated by a large number of small firms, mostly family owned and family run. In 1998 there were 135,816 firms operating in the industry employing some 420,590 people. Approximately 98% of the firms had less than 10 employees accounting for approximately 77% of total employment in the industry. The high density of firms and the small number of persons employed per firm, has been considered in past studies as a sign of a yet incomplete modernisation process of the sector. Another study of the industry blames the low levels of education and the high average age of the entrepreneurs as major obstacles to the process of modernisation. The low level of integration in economic groups or in franchising and other networks is presented as an example. Nevertheless, the Portuguese retail industry has been undergoing rapid structural changes in the past decade with consequences thought to be yet incomplete. As its main current result, there is now a considerably higher degree of diversity and heterogeneity in the sector. What sort of modernisation we are talking about? Does it mean a process where small and midsize firms are able to adapt to a new environment and the development of large distribution chains will not lead to their demise? Or is this just an initial stage of a more drastic adjustment that will remodel the industry structure?

The analysis of the industry as a whole can hide very different sub-sectoral dynamics. The food sector seems a paradigmatic case, where tension between the traditional and the new is more visible. Large stores (supermarkets and hypermarkets) are in fact gaining a considerable importance, mainly affecting the more traditional firms that seem unable of adjusting to the new consumption patterns. According to a recent inquiry, the major competition problems for the smaller stores are blamed on the advantages of large stores, mainly in terms of price and variety and on their more recent ability of circumventing the traditional disadvantage of proximity. Yet more important is the fact that this kind of establishment seems incapable of adjusting to the new market conditions and of finding a new place in the market. The same study reveals a clear lack of interest on the part of these firms to pursue determined modernisation strategies: only 4% of the firms inquired claimed to have computer management tools and only 1% contracted external services of advertisement. Thirteen percent referred interest on pursuing short-term investment with only 22% of it being on the layout and the redecorating of the stores. A passive strategy seems to dominate. This echoes the natural difficulties of modernisation ensuing from the structural nature of the industry. The traditional retail firm suffers from the very small firm size, their family ownership and management, the high average age of the entrepreneurs and a low level of basic and specific skills. All account to inhibit substantial innovative efforts.

The traditional food retail firms seem to stay out of touch with two major trends in the sector: the tendency for extended opening hours and of location in large suburban sales outlets. But, the pressure of the new forms of distribution can be felt not just in the food business. Despite not yet so evident, there is also an increasing tendency in the non-food retail trade for

the expansion of large specialised commercial facilities (megastore). These stores normally aim at providing the full range in one specific product universe and are normally part of large national or international economic groups. There are examples of such units in areas like construction materials, decoration and household goods, sports goods, toys, and culture and entertainment products. It is safe to conclude that their importance is already substantial in large urban areas.

One other relevant feature of the current retail trade environment is the success of large suburban shopping malls in large urban areas. In part, this development is an answer to a considerable shift in the consumers shopping preferences. An economic factor that seems to have a considerable importance in this change is the high woman participation rate that makes Portugal an outlier within the group of southern European countries. This national particularity is normally associated with a preference for concentration of purchases which encourages the development of such large retail outlets offering convenient opening hours, a wide range of goods and the spread of self-service. Therefore, the major urban areas witnessed the development of a generation of shopping malls that stand, in some dimensions, in direct opposition to the traditional commercial structure and are the focus of interest of large national and international economic groups.

On the one hand, they constitute a truly innovative commercial environment with regard to the management and operation regimes of the stores, their lay out and promotion efforts but also because of its location and logic of extended opening hours (daily and weekly). On the other hand, there is also an obvious difference in terms of the economic and social functions that those structures fulfil and in the kind of activities they gather. Those are places where leisure and consumption are associated, and that in turn makes them attractive to activities that depart considerably from the traditional commercial organisation. In relation to this development two final remarks should be made. First, those large facilities seem to be conquering what used to be advantages of the small retail business (proximity, personal service and credit) while adding the diversity of products or the existence of car parking facilities. Second, it should be added that the trend towards large shopping malls is fostering the creation of a growing number of small businesses in all areas of retail, a fact that can help to explain the relatively negligible drop in the number of firms operating in the retail trade sector.

Concluding, the overall picture of the sector is one of high diversity and heterogeneity. The Portuguese retail trade is being subject to a considerable restructuring process that makes possible the current coexistence of very different commercial realities. The fact that the new forms of distribution seem to be very concentrated around the two major urban areas of the country can contribute to the lack of empirical evidence when considering aggregate data. In fact, in 1997, these two areas accounted for 31% of all hypermarkets, 60% of the large specialised facilities and almost all the shopping mall complexes with regional importance. In the same year, 40.1% of all the commercial establishments in the country were located in these areas.

## **2. Product and Labour Market Regulations (relevant for the retail trade)**

### **2.1. Industrial Relations**

Currently, there are two union confederations (GCTP and UGT) that share the leadership of workers organisations and which take different political perspectives. Even without representing the largest share of workers, the more politically moderate UGT is thought to have a particular influence in Services and a considerable involvement in their collective agreements. On the employers' side, the bargaining actors range from individual firms to employers associations mostly related to a particular industry and with a regional approach. At the top level, confederations again congregate all the organisations of employers. These are structured along a corporative model with one confederation for each major sector of activity. CCP, the confederation for wholesale and retail trade, brings together 137 employers' associations. As result of this framework, each year a large number of collective agreements regulate each economic sector. The retail trade sector is no exception. Generally, there is more than one agreement in each district of the country.

### **2.2. Opening Hours**

Shop opening hours and working time regulations have been a matter for heavy dispute between economic agents in the retail trade sector, opposing not only employers to employees, but also the new forms of commerce to the traditional ones. Sunday opening, if allowed by most municipalities, is not permitted by most collective agreements. Unions' strong opposition against the generalisation of work on Sunday remains a matter of dispute as these new forms of commerce develop. However, apart from this specific question, unions are becoming more and more amenable to opening hours flexibility (as long as the workers' rights are maintained). On their side, the employers' position is twofold. Traditional shops, unable or unwilling to open on Sunday, demand for tighter regulation. This position is justified on the grounds of defending traditional commerce against the unfair competition of the new forms of organisation. On their side, representatives of the large distribution chains claim for the total liberalisation of shop opening hours.

In Portugal, regulation of shop opening hours is excluded from the scope of collective bargaining. Local municipalities are endowed with such a power provided that they comply with the legal framework defined by the central government. As a general rule, this framework establishes that every store can be open from 6.00 a.m. to midnight, every day of the week. In some particular cases, an exceptional regime allows for longer opening hours. One example is convenience stores which are allowed to stay open until 2.00 a.m. On the other side, those legal limits were recently reduced for the specific case of those "continuous commercial spaces with a relevant dimension", namely the hypermarkets. These are currently prevented from opening all day on both Sundays and public holidays. On these days, these establishments can be only open from 8.00 a.m. to 1.00 p.m. However, this applies only in the months between January and October. In the two months before Christmas regular opening hours prevail. Except for this last case, local municipalities may have the power to overrule those limits as long as it is clearly justified by tourism reasons or the consumers well being. In such a process, there is the legal obligation of consulting the employers, workers and consumers' representatives. Such a legal framework allows for one of the most liberal and extended opening hours within the European countries.

### **2.3. Employment Regulations**

In the last decades, the Portuguese employment law followed an evolution path that can be considered similar to those of its European counterparts: 1) a tradition of highly centralised regulation where the law ruled over all major aspects of, for instance, working time progressively giving place to one in which collective bargaining becomes more and more important; 2) there was a trend towards greater flexibility. This trend had four major consequences. Workers' adaptability and multiskilling was enhanced by, respectively, making easier the management and organisation of working time and by giving employers more power to decide which tasks should their workers accomplish. Furthermore, new (atypical) forms of work were regulated and dismissals (including collective ones) were made easier.

### **2.4. Regulation of Working Time**

Working time in the Portuguese labour market is determined by statutory regulation with an increasing role of decentralised-level collective agreements. At the statutory level, apart from the regulation on opening hours there are no specific work regulations for the retail trade sector.

### **2.5. Regulation of "New"/Atypical Forms of Employment**

The law on the use of term and temporary contracts has been changed in the beginning of the 90's, making the resort to these forms more difficult. By coincidence, or not, temporary employment experienced a considerable downturn throughout the 90's. This changed the scenario of a widespread use of non-permanent contracts in the 80's mainly due to the high flexibility awarded by law then to the use of such alternatives. In the specific case of term contracts, the new rules include a strict identification of the situations where recourse to term-contracts is permitted, the mandatory priority that must be given to non-permanent workers in acceding to permanent jobs, and the introduction of a mandatory severance payment to non-permanent workers upon completion of their work contract. They were designed with the main objective of stopping the tendency on the part of the employers to replace permanent with temporary workers. Term contracts are currently designed to fulfil three main objectives: satisfying transitory demand for workers (e.g. seasonal, temporary replacement, etc.) operate as a pro-employment device and as an investment policy instrument. Overall, a high percentage of new contracts are term contracts (around 60%) but there is a low overall percentage of employment under term contracts (20%). Consequently, it seems reasonable to admit that it is easy to circumvent the restrictions imposed by law and that term contracts are also (mainly?) used as a selection device.

In turn, part-time work has been regulated recently (1999). The new law, which defines incentives for firms to use this type of contract namely they apply to specific population groups, has still not had the time for a true evaluation. Still, part-time appears to be steadily growing in the last years essentially amongst women.

## **3. Employment Trends in the Portuguese Retail Trade.**

In 1998, retail trade accounted for slightly more than 9% of the total employment in the country. Considering the evolution of the total number of employees in the sector, we have two different scenarios depending on which database we rely on. According to INE, the picture of the last decade is one of relative stability in the number of employees of the retail

trade, with a slight up-trend in the end. However, the sector seems to be highly sensitive to the economic conjuncture as it presents amplified employment cycles if compared with the economy as a whole.

If, alternatively, we consider the QP database, a different picture can be drawn. From 1995 to 1998, there is a steady upward trend in employment. Once again, we need to take in consideration the different nature of the data presented under the two sources. What seems to be at stake is a particular capacity of employment creation on the part of the new actors in the sector, one that stands in sharp contrast to the performance of the traditional structure based on small, family owned and managed firms. By new actors we mean the large commercial outlets, such as supermarkets and hypermarkets, but also the growing number of small businesses in all retail branches, which was fostered by the development of large shopping centres in the urban areas of the country. The performance of the supermarkets and hypermarkets has a particular statistical visibility. Between 1995 and 1998, the annual employment growth rate in the non-specialised retail stores (in which supermarkets and hypermarkets have a decisive importance) was clearly higher than the average of the whole sector (7.37% vs. 4.25%).

Another characteristic of the retail trade sector is its relatively young workforce. In the retail trade as whole, about 24% of all employees are less than 25 years old. In the non-specialised retail (supermarkets and hypermarkets) that share is about 36%. If we consider the whole labour market that share falls to about 18%. Therefore, the sector seems to be attractive mainly to young segments of the workforce, which are probably constituted by students or workers in the beginning of their careers.

Retail trade is also a low paid sector. About 62% of all wage earners in the sector have a monthly wage that is inferior to 100,000 PTE, compared with 42% for all employees. If we take in consideration the food retail in specialised stores that figure goes up to about 82%. This is associated with a relatively lower educational level of its workforce, with about 51% of its employees having an educational record shorter than 6 years of schooling. It is however wrong to generalise this conclusion to the whole retail trade sector as the picture is somewhat more complex. If compared to the economy as a whole, the retail trade has a lower share of employees with only first level education (30% vs. 40.7%). In the specific cases of non-specialised stores and non-food specialised stores, the share of employees with a secondary level of education is considerably higher than in the economy as a whole (respectively 26% and 23% compared with 15%). Once again, the high share of young employees is probably decisive in this picture.

A high turnover (mainly in the most peripheral segments of the workforce) comes as the natural consequence. In 1997, the retail firms saw about 43% of their workforce changed. In the same year, only 7.5% of the workers hired on a temporary basis became permanent workers. A considerable part of the employees remains with non-permanent contracts for long periods. The most likely scenario is one in which there is a high rotation of workers between the retail trade firms/establishments, probably with short periods of unemployment in between. In 1998, according to INE, 95% of all the employees in retail trade were performing the same activity as the year before. In that same year, about 11% of all the unemployed in Portugal had a retail trade activity as their last occupation.

Two main trends characterise the recent evolution of the employment and working-time indicators. First, women are gaining a growing weight in the retail employment figures.

Second, the “standard” way of hiring is undergoing major changes with “new” or “atypical” forms of employment playing an increasing role. Nowadays, the majority of the retail employees are women. Considering that the average income of women is still inferior to men’s, this trend had as a side effect easing the employers’ salary burden. Contracts of a non-permanent nature are playing an increasing role in the sector. Yet, if we take the retail trade as a whole, those contracts are still far from being a predominant form. In 1998, about one fifth of retail employees were under a term contract. The numbers for women are considerably higher than those for men. Again, there are reasons to believe that not only the rate of occurrence of these contracts is augmenting (in 1992, about 16% of the employees were under a term contract) as it is considerably higher in certain segments within the sector. Besides, firm size appears as a decisive variable. If we look at the retail firms with more than 100 employees the share of workers under term contracts rises to about 42%. Likewise, part-time contracts have a lower incidence but are becoming more and more common.

## 4. Case Studies

### 4.1. Modelo-Continente

Modelo-Continente is a large distribution chain, with international affiliates, employing 17,000 people in Portugal and 25,000 in Brazil. It is part of a larger group (SONAE SGPS) that includes, besides super and hypermarkets, a textile company, a Electronics/TV/Cine/Photo retail chain, a supermarket chain of construction materials, a retail chain of sports utilities and a retail chain of computer and computer related products. Continente provides a wide range of products with a significant share of non-food items. At the level of market positioning, the first priority admitted, in terms of company strategy, was towards price and costs. Nevertheless, this is not the only major competitive issue as it was admitted that some high standards in the service and variety provided have to be accomplished. The notion of convenience underlies these efforts. Costs with personnel assume a particular importance accounting for about 18% of the total.

A successful change from a decentralised culture to a centralised one is seen both as the underlying strategy that enabled the past rise to the current market position and as the route to follow in the near future. Logistics was and is still seen as a major competitive concern. A project of centralisation was pursued at this level and nowadays all stores of this chain are furnished by a large central logistics department. Achieving efficiency by specialisation is the main competitive attitude. The institutional figure of “management by categories” is the consequence. Each manager of each category should aim at being the “best specialist” on a specific product range. Considerable investments in the areas of training and recruiting were necessary to pursue this strategy that resulted in a considerable growth of the company.

Centralisation is again the rule in the process of decision-making. Marketing, advertisement campaigns, training, recruiting at white-collar level and personnel mobility are all dealt with internally and in a centralised way. At the level of the store management, the main areas of action are those related to “team leadership”, “serving well the customer” and “good furnishing and opening of the store”. Blue-collar recruitment is done at the store level. Training policy is decided centrally and “projects and milestones” are established for the company as a whole. The responsibility to handle peak consequences is, usually, devolved to the store level although it still has to comply with general company procedures.

The major area of technological change is being the computerisation of the logistics area. A good capacity of adaptation seems to be the rule. This fact is explained, in the management words, by the capacity of “defining a route and a culture for the company”, of “providing a rich amount of information” and for the fact that “ the processes of change are always started when the company is in a good position”.

Generally, the operating hours for Continente stores are weekdays and Saturday 9.00 – 22.00 and 9.00- 13.00 on Sunday. Nevertheless, some flexibility is allowed for better integration in special markets. Opening at night is an example with some stores closing at 23.00, particularly on Fridays and Saturdays. Law forbids large hypermarkets to open in the afternoon on Sundays and public holidays. Activities of refurbishing, repositioning, pricing and cleaning are carried before and after opening hours in order to obtain the objective of a “good opening”. Typically, internal personnel carry out all those activities. There is a very limited use of outsourcing.

The stores in this chain experience major variations in sales daily, weekly, monthly and annually. The capacity of anticipation provides the possibility of defining working schedules generally in a monthly basis.

In Continente 34% of the workforce is in a part-time regime. Women employment accounts for 65% of the total workforce. Female employment has been growing spreading into areas, like logistics, previously considered as a “man’s job”. The staff at the shop level is predominantly young, averaging 23.6 years. Absenteeism is generally considered low for the sector (5%). Annual staff turnover is considerable (the average tenure is 3.5 years). In this sector “40% of the store changes each year”. This figure is also related to a relative strong incidence of short fixed term contracts (1 or 2 months) and some casual work.

The organisational structure shows a high degree of centralisation. For instance, the shop manager directs the handling of complaints to the central marketing services. Working time schedule patterns are defined centrally but the store has enough flexibility to choose its own portfolio of pre-defined working time schedules. Training policy is also defined centrally and projects, for the company as a whole, are carried in order to achieve some “milestones” identified on a year-to-year basis.

Overall, there is a special corporate awareness for three areas: 1) customer service, for which exists a pre-defined manual with basic rules; 2) perishable goods handling, to assure a high standard in food quality; 3) leadership and management skills at intermediate levels.

Concerning the role of personnel management within the company strategy two major issues were referred. First, a larger share of part-time work is seen as desirable mainly due to its flexibility. Nevertheless, the company has not been able to meet that objective. In company management words, “the figure of part-time is not larger because there is no more people willing to work that way”. Second, high turnover (if normal by sector standards) brings the necessity of a large effort in training. The company faces a common problem to the sector. Achieving convenience for the public in general means that company employees have a working time schedule contrary to the rest of the population. Working time for these employees is leisure time for the others. Average payment is low. This kind of jobs is then perceived mainly as first, or starting, jobs. The youth of most employees comes as a consequence as they are the ones who are willing to accept low payments and part-time. On the other hand they are also the ones with a higher propensity to short job tenures, which

enhances turnover ratios. The company, at the shop level, is for all purposes unable to attract older people with established family lives. The situation is seen as inevitable. In turn the same arguments explain low levels of absenteeism, which is not seen as a problem.

If a large horizontal mobility exists due to high turnover rates, “considerable vertical mobility” was also referred by the company, mainly “as result of the expansion process” that the company experienced in the last years. 1/3 of shop managers are product of internal mobility. This career path possibility (at the shop level) is seen as a source of incentive for employees.

Due to wide opening hours and to the existence of considerable peaks of activity (annually, monthly, weekly, daily), the company faces the need of extreme working-time flexibility. A multiplicity of working time arrangements comes as a result. Working time patterns are decided centrally and each store chooses its own portfolio. There is no use of shifts in the traditional sense of teams of workers sharing the same weekly working schedule. There are fixed working times with rotating rest periods.

A high service quality standard, even if not stated by the company as the main competitive issue, is still highly regarded and the obligation of meeting high thresholds in service quality is seen as crucial. In management words, nowadays “it is not enough to just provide low prices” if they are not supported by a “company with a vocation for good customer service”. This concern is reflected in an explicit internal framework built with the help of a consulting company. There are 12 internal commitments in terms of service quality applicable to all levels of employees. Regular auditing actions check the level of compliance and classifications are given to each store. A store ranking is then built. The company aims at a total system of quality circles as each store ranking influences payments, training and recruiting practices.

#### **4.2. Maconde–MacModa.**

MacModa is, by Portuguese standards, a relatively large apparel chain with a strong focus on the Portuguese market. It belongs to Maconde, a corporation whose core activity is apparel manufacturing but that has diversified into services. MacModa has 42 stores in Portugal, 30 of which located in shopping malls, the remaining being traditional “street stores”. Shopping mall location is seen as the desirable tendency for the future. The chain also has 6 stores in Spain. MacModa is the current generation of a “natural evolution in the retail area”, an evolution that is currently following the shopping mall expansion in the country.

Meanwhile, a new perception of the critical factors for competitiveness started developing. Nowadays, adding to the price, service quality is seen as increasingly important. According to the management, stores should be “more and more attractive, beautiful, practical, and handy”. Nevertheless, stores should always sell products with a good price/quality relationship. Well priced, well fitting and “looking good”. Men suits were recognised as an area of expertise of the company.

For the near future “MacModa virtual store” with its project of an “electronic tailor” that simulates a fitting room is the main priority.

Concerning opening hours, and since the stores main locations are shopping malls, the company faces a perspective of very large opening hours. 98 weekly opening hours is the rule

(10-24, 7 days a week), as stores with traditional opening hours are “fated to end”. Even for “street stores” the perspective is one of extended opening hours as lunch hours opening and later closing times are seen as objectives. 60 opening hours is seen as the desirable minimum. The company sees opening hours as a crucial issue due to its demand of a whole new and more complex way of human resources management.

According to management, sales variations do not depend much upon geographical location but on the shopping mall in which the store is integrated and of the different time of the year. Daily, the 23.00-24.00 bracket is seen as an important one, particularly in summer times, when “people buy later”.

An important change in personnel structure occurred in the last few years. Starting with a situation of 90% of full-time employees five years ago, the company has, nowadays, 40% of part-time workers. The 30-hour contractual bracket is the dominant one. 25-hour and 16-hour brackets are also referred as important. Women make for the largest share of employees with a very high percentage of young employees that work mainly in a part-time regime. There is a high percentage of fixed term contracts. There is a high annual staff turnover with 1/3 of the entire workforce changing each year. According to the management this rate “is similar to the one in large supermarkets” and is seen “as inevitable in this sector”.

With the increasing importance of service quality, a bigger effort in employees training is being made. Nevertheless, the investment, when made, is more “a global effort of skilling that only aims at workers with relatively longer job tenure”. Due to the large turnover rates of young employees, training is thought of as “money thrown away”. The existence of a “newcomers’ manual” and the efforts of shop managers in providing direct, on-the-job training are seen as sufficient procedures to guarantee good customer service. Shop managers have more careful and specific training and they are typically involved in training periods that, at the beginning of their activity, go from 8 to 15 days. A visit to the factory, an apprenticeship period, and getting familiar with the enterprise culture are the objectives. Recruitment is done by the company itself. The use of “head hunting” companies is not a common practice of the company.

An explicit strategy of job satisfaction evaluation does not exist at the firm. Nevertheless, and according to management, it is possible to evaluate “during the year, using more informal methods”. Besides “feeling the everyday working climate”, the company is capable of reaching some conclusions as by-products of the regular evaluation interviews made to the workers.

MacModa resort to part-time work is driven by the need to guarantee an adequate operation of the store. Flexibility is considered as the main source of value for part-time work.

The high availability that the sector demands is seen as the major obstacle to have a more balanced and more stable workforce. The company blames working schedules for the low attractiveness of the jobs provided. The fact that those jobs “are not very well paid” is another cause but not seen as the most important. Nevertheless, the company sees the resulting high turnover as inevitable in the sector and no specific measures are taken to improve the situation. In full-time jobs the situation is slightly different and “there is a high number of workers above thirty years old”. The company employs quantitative and explicit methods of productivity measurement.

The company referred the priority given to internal workers in recruitment as a factor capable of enhancing the development of career paths for all workers (even for check out operators). The possibility of “rising to the position of shop manager in a two or three years time” was given as an example. The preference for current employees and the possibility of career paths is seen as a positive factor by its capacity of creating a sustained base of workers for the company. Each store should then have 4 or 5 people with a strong link with the company and capable of managing the already mentioned problems of the employment structure.

Due to the extended opening hours scenario and to the existence of considerable peaks of activity, the company faces the need of extreme flexibility. Part-time is seen as important in accomplishing it. Working time is structured in shifts. Each store has its working time pattern decided centrally. Day-by-day adjustments are part of the shop management responsibilities.

As it was already referred, the company sees service quality as an increasingly important (yet non exclusive) competitive issue recognising that it can constitute a “differentiation factor”. The company envisages itself in a process of “radical transformation” aiming at “considerable evolution in terms of quality”. Even if price is still seen as a decisive factor, “excellent service” is an objective. In company words, “the client has to be satisfied each time he crosses the door of the store”.

## 5. Analysis

- Possibly the main aspect that seems to emerge as a particularity of the Portuguese situation has to do with the existence of very large operating hours. Some obvious questions follow from this large operating time both from the employers and the workers’ perspective: 1) in the employers’ perspective the main problem is the need of defining a flexible work organisation in order to organise the opening and operation of the shops for large periods and adapt to the existing daily, weekly, monthly and yearly peaks; 2) in the workers’ perspective these jobs and the associated schedules are seen as requiring working on unsociable hours making it difficult to face them as a potential career. Consequently, these jobs are essentially seen as a starting point in their working life or as a casual link to the labour market.

Despite their different origin, a lot of similarities emerge regarding the way the firm’s strategy is defined, namely referring to the way they manage their human resources:

- In the two cases there is a full-time dominance. Still part-time has, namely by national standards, a very important expression (around 30% and 40%, which is very high when compared to the national share of part-time: 11.1% of total employment ). Also the managers of both companies mentioned their interest in increasing the share of part-timers and the difficulties that they face in achieving this, essentially because of shortages in the supply of labour for these type of jobs;
- The two cases show a majority of women in the labour force with a percentage of about 65% of total employment;
- The two cases show a prevalence of youngsters in the working force of the company.;
- In both plants employers face low absenteeism (around 5%);
- In both case employers face high turnover (around 30 and 40% of the workers change every year);
- In both cases there is a relatively high incidence of fixed term contracts and low pay.

- Furthermore, and despite those tendencies, there is also some similarity on the strategic perspective of maintaining a competitive market position, expressed in several aspects and namely in human resources management:
- In both companies the recognition of price competition as a central aspect has been underlined. Still, and also in the two cases, a lot of emphasis has been put on the need of linking competition through prices with promotion of the quality of the service provided to the customer. One of the means of achieving that is relying on training actions amongst employees. However, both the strategies and the emphasis put on training actions, as well as the more or less formalised nature of them, seems to differ between the two companies: more formalised on the hypermarket and less formalised and relying more on the experience of the older workers in the clothing company;
- In both companies there is an explicit recognition of the important of creating, as far as possible, an internal labour market namely through the preference awarded to recruiting within the enterprise and through the importance attributed to the development of a “company spirit”;
- In both companies there is an explicit recognition of the importance of promoting the best feasible job quality, although recognising that most of the jobs provided are, by the operating conditions and also by the content of some of the tasks, difficult to be considered attractive by workers.

Firms seem to have solved the puzzle of human resource organisation by adopting rather similar procedures:

- Recruiting full-timers and as much part-timers as they can in order to improve flexibility;
- To centralise the organisation of working schedules;
- Training workers for specific tasks but assuring some type of general training allowing workers to be as much multi-skilled as they can in order, again, to promote flexibility;
- To create a certain incentive to stay in the company by recruiting, primarily, amongst the workers of the firm;
- To allow some informal flexibility between workers by accepting changes among them.

### ***On a different perspective***

(i) There is some expectation about the effects of regulation of part-time work, and of the incentives that it did create for firms, on the development of this form of work. The existence of those incentives, together with the dynamics of job creation in the service sector, namely in the large urban areas, may result in an expansion of this type of jobs that can become, more and more, the only type of job for certain groups of workers. This is probably one of the central issues to be taken in account both by the Unions and by the institutions working in the field of equal opportunities. The tendency for the growth of part-time work and its potential enlargement, has to be evaluated in terms of its voluntary or involuntary nature and in terms of its impact on the quality of jobs provided and the quality of life that it promotes (or not). The different impact that this type of jobs is likely to have from a gender perspective has also to be evaluated;

(ii) Despite being recognised as an important issue by the two companies that have been studied, training is not seen as the central issue. It is important to notice that training is

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primarily conceived as a means to promote the quality of the service that the companies are providing by making employees aware of the importance of customer service;

(iii) Retail trade is a low wage sector and firms, having to compete through prices, do not seem to face any possibility of promoting the quality of work by giving wage incentives. Other aspects reinforce the non-effectiveness of this procedure from the firm perspective: the fact that the vast majority of jobs are low-skilled and that there will probably always exist a high turnover in the sector;

(iv) Trade union density within the firms does not seem to be very important. It is anyway higher in the case of the hypermarket. Given the context in which these firms operate, the workers' organisations will probably remain weak: the high rotation in the workforce and the high incidence of youngsters and of women among workers do not make predictable an increase in workers' organisation. Besides it is important to stress that the main claims of the workers (the bad conditions of life imposed by the unsociable working hours and the low wages) have been assumed by managers of both firms as legitimate but that the firm, given the competitive conditions of the sector, could not help following;

(v) Within a tendency towards a greater centralisation of human resource management both companies acknowledge the importance of keeping some degree of autonomy at the store level, permitting adaptation to unexpected problems occurring in there. So some autonomy of the store manager and some room for multi-skilling are assumed as essential for safeguarding the quality of service necessary to guarantee customers' loyalty. Informal arrangements among workers allowing them to, by their own initiative, to substitute for each other in order to overcome some personal impossibilities, is seen as an element that can provide more flexibility to workers and less tension linked to the organisation of work schedules;

(vi) The issue of regulation and of whether it is looked up as a barrier or as a stimulus is quite interesting in the Portuguese recent history and is quite well illustrated by the two case studies that have been done. In fact, as it has been stressed on Part I, the existence of hypermarkets and large shopping centres is quite recent in Portugal. Since its beginning they have been operating with long opening periods. So, the recent regulation on working time reducing their opening period is looked as a constraint with relevant effects on their sales and reinforcing strategies in the interior of the company to developing other smaller shops that are not conditioned by that regulation. These changes in regulation have been essentially introduced as a means of protecting the small business, which does not seem to occur according to the tendencies stressed in the first part of the report. Still the more dynamic firms, as appears to be the clothing firm that has been under study, have looked at the ongoing changes as a reality to which the enterprise had to adapt. To this company the inevitable consequence has been to adapt the existing shops changing them from street shops with traditional opening hour to shopping centre shops with large opening hours. From this perspective, the regulation to protect traditional trade seems completely useless. The retail trade is going through deep changes which go together with the changing patterns of consumption essentially (but not only) in the large urban centres and companies have to adapt to the changes in the consumption forms if they want to keep the market position. As to the changes in the regulation of part-time work, and as we previously referred, a careful evaluation of the recent changes in its regulation is necessary in order to assure that it is not a means (necessary?) of introducing precariousness more than flexibility.

## **The Retail Trade Sector in Sweden**

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### **1. The Structure of the Swedish Retail Sector**

#### **1.1. Structural change of the sector**

The Swedish retail sector consists of relatively heterogeneous activities and includes a variety of sub-branches that produces variety of services. About 90 % of the firms operating in the retail sector has less than 10 employees and the sector is characterised by a large proportion of firms without employees (around 60 %). The distribution of employment by firm size shows that around 50 % of total employment in retailing is found in small companies with less than 50 employees while large firms account for 40 % of employment in the sector. There is also a significant higher proportion of self-employed in the retail trade sector compared to the whole economy, 18 and 11 percent respectively.

During the last decades the retail sector has been undergoing rapid structural changes. One feature of this is the dramatic decline in the number of retail stores. The number of stores selling food and non-durable goods has decreased by 80 percent, from 39 000 to below 7 000 between the years 1950 and 1997. The number of specialised stores has decreased by 20 percent during the same period. At the same time, the stores have become much larger. In 1980 there were 40 hypermarkets and in 1997 this number had increased to 78.

Parallel to this development there has also been a large increase of large specialised stores, sometimes called "category killers". Contrary to traditional department stores they concentrate on depth instead of a wide range of commodities. To the concept is usually connected a low price and a smaller staff. These are often located outside the centre of cities. Thus, the volume of small shops and department stores has declined while discount stores and large niche chain stores have increased their market shares.

In the retail trade of food and non-durable goods the grocery shops (*allivsbutiker*) and the department stores have since the 70's decreased their market share. At the same time discount stores and hypermarkets, but also convenience stores (*servicebutiker*) and petrol stations have increased their market shares.

Yet another feature of structural change is the rapid globalisation. The wholesale trade is already one of the most globalised sectors, with 26 percent own by foreign companies. In the retail the proportion own by foreign actors is only 5 percent but is expected to increase in the future. The so-called electronic trade still constitutes only some small percentage of the total sale in the retail sector, but has experienced a significant growth during recent years.

## 1.2. Labour market regulations and industrial relations

### 1.2.1. Industrial relations and bargaining process

Both the strong legal standing of the collective bargain and the strength of Swedish trade unions (even white-collared) and employer organisations make the collective bargaining a central instruments for labour market regulation. The actual capacity of the two sides of industry (at various levels) to sign agreements relevant to areas that regulate employment and the labour market may be illustrated with reference to two of the most important laws regulating the labour market, namely the Employment Protection Law (*lagen om anställningsskydd*), and the Working Hour Act (*Arbetstidslagen*), which may be partly or entirely modified through collective agreement, (see the following section). Matters of common interest to the two sides of industry are almost exclusively regulated in collective bargaining. The strong position of the social partners and the collective bargain is reflected in the lack of state involvement in the bargaining process.

Trade union membership in Sweden has risen constantly since the mid-1960s even though the union density has experienced a weak decline in connection with the sharp increase of unemployment in the early 1990:s. A very large proportion of employees belong to trade unions in Sweden, more than 80%. Union density in the wholesale and retail trade sector is however; lower than the average for the whole economy, around 68 percent in 2000. The relatively low union density in the retail sector can be explained partly by the large share of limited duration contract (21 % of all dependent employees in the retail sector in 1999, 22% of female dependent employees and 18 % of males) and partly by the age structure (large share of young people). Even though the retail sector displays a lower union density rate, the coverage rate of collective bargaining remains very high. (greater than 95 %)<sup>9</sup>.

The two largest unions in the retail sale sector are the Commercial Employees' Union (Handelsanställda förbund, Handels) affiliated to the Swedish Confederation of Trade Unions (LO\_S, blue-collars) and the Salaried Employees Union (Handels Tjänstemannaförbundet, HTF) associated to the Swedish Central Organisation of Salaried Employees (TCO, white-collars). The share of HTF members working in whole sale and retail amounts to 32 % of the total number of HTF members (10 % in retail trade).

The largest federation, Handels, organises a major part of employees in the retail trade sector and is a predominantly female trade union; almost 74 percent of members are women. A majority of the women are employed in low-status jobs, with low relative wages, a high proportion of part-time jobs and inconvenient working hours. The Salaried Employees Union (Tjänstemannaförbundet, HTF ), organise white collar employees (administrative staff) in the retail trade. Like the blue collar union, the share of female affiliates in HTF is large (around 70 % )

The employer's organisation within retail trade is the Swedish Federation of Trade and Service (SHT) which belong to the Swedish Employer's Confederation (SAF). SHT is the

<sup>9</sup> Due largely to the strength of the Swedish unions, there is no Swedish labour law equivalent to, for example, the Belgian, French or German extension (*erga omnes* principle or *Allgemeinverbindlicherklärung*). Labour Court have however followed this praxis in that they have interpreted the collective agreement to apply even to non-union members, even if such a stipulation is not present in the agreement, which explain the high coverage rate of collective bargaining in the retail sector despite a lower union density.

principal organisation in Sweden for importers, wholesalers, suppliers and retailers and negotiates on a national level with the above mentioned trade unions (HTF and Handels) on wages, salaries and working conditions. The organisation was created in 1997 through a merger between the Federation of Swedish Commerce and Trade, the Swedish Retail Federation and the Swedish Commercial and Service Employers' Association. The Federation has over 20,000 members in more than 60 trade associations, and 19 regional and 350 local business associations. The members of the Federation handle the major share of Swedish domestic trade and imports.

Swedish industrial relations are characterized by a relatively centralised wage bargaining system. Since the mid-eighties, however, there has been a general tendency to decentralise the level of negotiation and decision at the branch and even at the firm/organisation level<sup>10</sup>. This tendency to decentralisation of the bargaining process has not only been limited to wage bargaining but also to working time arrangement.

The bargaining process on wage and working conditions in the retail sector begins with negotiations leading to a national agreement between the various federations involved in the bargaining process. In most cases these national agreements, provide the framework for further negotiation at the local level. In particular the distribution of special individual wage pots which are distributed at the firm level. During the last couples of years the possibility to negotiate and distribute the local pot at the local level has been increasingly used.

While the white collars federation HTF is more prone to accept wage differentiation and individualized wage setting, the blue collars federation Handels is more reticent to wage individualisation and has during the last decade sticks with the Solidaristic Wage Policy (i.e. equity principle, same wage for the same work). As mentioned above, the prevailing industry collective agreement for blue collars stipulates, besides a general guaranteed wage increase and a minimum entry wage, a local wage pot, is distributed locally and individually according to seniority, responsibility and competence. Globally, the average entry wage among blue collars is low (around 12 000 SEK) and the wage structure in the retail sector is highly compressed (low wage dispersion) and characterised by a flat age-wage profile. For white collars, the current industry collective agreement specifies only a local wage pot, which has to be negotiated and distributed individually at the firm level.

### ***1.2.2. Regulation of working time***

Working time in the Swedish labour market is determined by an interaction between statutory regulation and collective agreements. Law stipulates standard and maximum working hours, while more specific rules on working time patterns are set forth in collective agreements reached at either industry or local level. Despite a statutory 40-hour working week, regulated maximum annual overtime (200 hours a year) and a general prohibition on night work, a considerable number of exceptions and adaptations make allowance for the diversity and specific constraints of the various industries. It should also be noted that the law does not stipulate a statutory maximum daily working time. As mentioned previously, the Working

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<sup>10</sup> Directly binding (for organisation and their members) collective bargaining on wage and working condition, since the early 1980 take place essentially at industry level (*förbunds*). Collective agreement at industry level may contain delegation clauses that permit the local parties (regional or company) to negotiate at the firm or establishment level.

Hours Act (1982) is optional<sup>11</sup> and can be partly or entirely replaced through collective agreements at the industry and/or and firm level. The social partners are therefore free to negotiate industry wide employees' agreements on working time.

Both blue and white collars employees in retailing have a collective agreed working time identical to the statutory norm, but on average the weekly hours amounts to 38,15. According to the industry collective agreement, local agreements can also be reached regarding the length and the distribution of working time. To illustrate the base period to calculate the average weekly working time can be modified by a local collective agreement. It must also be noted that reduction of working time has not been a central issue in the last bargaining rounds. This is related to the fact that the retail sector is, as mentioned before, a low wage sector with a relatively high incidence of part-timers. Besides, the 1980:s and the early 1990:s have been characterised by a stagnation of real wage.

A majority of both white collars and blue collars works daytime irrespective of gender. However, daytime work is less common among blue collars compared to white collars in the trade sector, but the share of blue collars working day time is higher in the retail sector compared to the whole economy. Not surprisingly, work according to rolling timetable is also more common among blue collars than among white collars. A larger share of employees in the retail sector also work overtime relative to the whole economy, both paid and unpaid overtime are more common in the retail sector compare to other sectors.

### *1.2.3. Opening hours in the Swedish retail sector*

Since the early 1970 opening hours in Sweden are not subject to statutory regulation. During the last three decade we can observe a clear tendency to a lengthening of opening hour in retail trade in Sweden (see SOU 1991:10). After the deregulation of opening hours in the early seventies a significant increase of the proportion of shops open on Sunday has been noticed. According to a survey performed in early 1990:s, approx 80 % of all department stores and hypermarkets was open on Sunday, compared with approx 22 % in 1972 (SOU 1991:10). For supermarkets the corresponding share was at the same date 54 and 6 % respectively. One of the reasons explaining the increasing share of supermarkets operating on Sunday is the rapid growth of local convenience stores, which stay open until late during every day of the week. The emergence of such store during the last two decades has been facilitated by the liberalisation of opening hours.

For department stores and hypermarket, the number of actually weekly average open hours has increased by 6 hours since the beginning of the seventies (1972-1991). The corresponding lengthening of weekly opening hours for supermarkets has been estimated to approx. 10 hours. (SOU 1991:10).

For department stores and hypermarkets that are open on Sunday, the actual weekly open hours was in 1991 around 64 hours, while the corresponding figures for department stores and hypermarkets closed on Sunday was at the same date 55 hours. For supermarket the corresponding averages has been estimated to 74 and 51 hours respectively.

<sup>11</sup> If the Swedish law is optional there is nevertheless certain mandatory provisions that apply to the working hours of young people (under 18 years of age).

Despite the liberal dispositions for opening hours, it must be noticed that collective agreement forbid night work and except for gasoline stations, stores covered by collective agreements are closed after 22 hours.

#### ***1.2.4. Employment structure in the Swedish retail trade***

The total numbers of employees (self-employed included) in the retail trade sector has decreased over the last decade, from about 270 000 in the late 1980's to around 230 000 in 1999. The decline of employment has been somewhat larger for women. As mentioned previously, the share of self-employed is, not surprisingly, larger in the retail sector compared to the whole economy (18.4 % resp. 10.6 %). Counted on a yearly basis there were about 186 000 dependent employees working in the Swedish retail trade sector. Of these 67 per cent were women, compared to 49 % for the economy as a whole. The share of limited duration contracts is also significantly higher in the retail sector (21 % compared to 16 % for the Swedish economy as a whole) and higher among female employees. The share of short-term contracts has increased during the last decade in relation to the economic recession and the sharp increase of unemployment in the early 1990s.

Of all employees<sup>12</sup> in the retail trade sector in 1999, 45 per cent worked part-time<sup>13</sup> which is significantly higher than the average for the whole economy. Of all part-timers in the retail sector, around 90 per cent were women. Among female employees, 55 % worked part-time, (42% long part-time and 13% short part-time<sup>14</sup>). The corresponding figure for men is 15 %, a larger proportion of male part-timers working short part-time (8 short part-time and 7 % for long part-time).

Among male dependent employees, the share of part-timers is slightly higher (17%) than for employees (included self-employed) and also significantly higher than in the economy as a whole (9%). For female wage earner in the retail sector the share of part-timers is also clearly higher than for employees (59% versus 45%) and also higher than the share of wage earners in the whole economy (42%). As far the age distribution is concerned, male part-time work is more common in the younger ages (16-24) but decline smoothly with age. Also among the women, part-time work is related to age, but is more common in the youngest and the oldest age groups. Among part-timers, 26.3 per cent are working short part-time (22.4% for female and 53.2% for male employees).

## **2. The two companies analysed (companies / establishments)**

The case studies performed at the two companies are based on a common questionnaire (semi-directive individual interviews). Two interviews for each company have been performed one with the store manager and one with a trade union representative (Handels, blue collar).

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<sup>12</sup> Inclusive self-employed

<sup>13</sup> Part-time is defined as less than 35 hours per week.

<sup>14</sup> Short part time is less than 20 hour a week. Long part-time between 20-34 hours a week.

## 2.1. Organisation 1: Kapp Ahl

### 2.1.1. Company profile

Kapp Ahl is one of the largest fashion chains (NACE 5142) in Scandinavia with 201 stores and is since 1990 fully owned by the Swedish Cooperative Union. Of the 2 400 employees in the Scandinavian countries 90 per cent are women, and at the higher positions 69 per cent are women. The organisation interviewed is a store within KappAhl's Göteborg sales region. It is situated in a medium size shopping mall in the western part of Göteborg. It is a full range store, which means that it offers clothes and underwear for women, men and children. The total sale has increased while the volume of employees as well as the size of the store has decreased, implying large productivity increase.

During the last decade, the store has experienced a dramatic change in the seasonal patterns of sale. While the sale pattern in the beginning of the 1990's were easy to predict for certain weeks or days (plus minus 5 per cent) it is nowadays almost impossible to know what the sale will be for a certain day. However, some seasonal pattern may be distinguished over a year, such as peaks during December, but also during May, June and September.

### 2.1.2. Employment structure, working time and opening hours

In 1999, there were a total of 31 employees working in the store (29 women and 2 men). Of these, 14 had a permanent position of which, in turn, 6 had full time positions. Thus, a large proportion of employees (55 %) work on short-term contracts or on an hourly basis. It is important to note that the employees are actually employed by KappAhl- Göteborg (and the collective agreement at the local level concerns all KappAhl's stores in Göteborg). Thus, the volume of personnel and the recruitment, in different stores are co-ordinated within the area of Göteborg. There are three different categories of employees in the store; sales personnel, checkout personnel and one window dresser. The manager is responsible for the store and has to his assistance a group of three employees (assisting manager), which are responsible when the manager is absent. These three positions can be seen as a career path but are usually limited for a period of two years (rotation). Any employee in the store can apply for these positions. The average age is 32 years for all employees and 48 years for those on permanent positions. Among those who have a permanent position there is practically no difference in the average age between full time and part time employees.

According to the manager, the actual working time is "definitely not shorter than the agreed working time". Those working part-time usually extend their work when there is a shortage of personnel, at sales peaks and substitute employees on parental leave<sup>15</sup>. The employees working on short-term contracts and on an hourly basis are used systematically to cover absence due to sickness and holidays but also for personnel who switch working days and also to cope with the sales peaks. The absenteeism is around 6 per cent (17 per cent if including one long-term sickness) and has, in relation to the variation in sales, been a problem. It has been difficult to plan the volume of personnel and there has been a frequent use of personnel working on an hourly basis. The labour turnover is very low<sup>16</sup> and when new

<sup>15</sup> At present 2 employees are on parental leave on part-time basis.

<sup>16</sup> The average duration of employment in KappAhl is about 16 years.

recruitment is necessary, when possible<sup>17</sup>, the new recruits are selected mainly outside KappAhl. There are no problems of recruiting personnel neither on permanent nor on short-term basis. Concerning the employees working on short-term contracts or on an hourly basis these are to a large extent young persons, age 20-25. They have finished their upper secondary education but have often no previous connection to the labour market. Often, these short-term contracts lead to a permanent position within KappAhl.

Concerning the shop opening hours the store have closed 5 days per year. In addition the store has been closed 12 Sundays during the summer. The usual weekly opening hours are 10.00-19.00 on weekdays, 10.00-16.00 on Saturdays and 12.00-16.00 on Sundays, i.e. 55 hours on average per week. As an experiment the store will during the summer 2000 extend the opening hours on Saturdays 10.00-18.00 and on Sundays 12.00-18.00. This is a decision from the mother company and the manager is sceptical to the experiment, mainly because of the personnel well being. He argues that, although it could be profitable for the company both in real term and through an increased service for the customers, the employees need the summer vacation in order to maintain the quality of their services.

Full time is defined according to the collective agreement and is 38.15 hours per week. However, a majority of the full time permanent employees have shorter locally agreed working hours, around 36 hours per week. The working day follows the opening hours and practically no work is performed before or after the opening hours. The schedule is defined over a period of 6 weeks, working 2 weekends out of 6. According to the collective agreement there is an upper limit of 200 hours of over time per year. Overtime can be compensated either in time off in lieu (between 1.5 and 2 hours for each hour of overtime, depending when overtime take place) or in monetary compensation.

The manager decides the working time schedule in close collaboration with the three assisting managers and the personnel. The schedule is adjusted each Monday and personnel often exchange working days with each other. For the moment there is a time clock in the store, which eventually will be removed. All of the employees, except the manager, work on an hourly basis i.e. they are compensated per hour according to agreed working time. A part of the central agreement is stipulated as local wage increase (local pot), which is distributed on an individual basis by the manager and the union representative at the store. The local union and the management (KappAhl in Göteborg) have agreed the criterion for the individual wage increase. These criterions takes into account for example responsibilities, competence, service and flexibility.

### ***2.1.3. Service quality and technology***

KappAhl's main competing strategy is the service quality and the manager states, "they aim to be the best service company in the country". The store (and KappAhl as a whole) put large efforts to have satisfied customers. Daily surveys are performed and analysed twice a year. The goal is that 80 per cent of the customers will be satisfied with the services. The service concept includes for example shorter waiting times in the checkout desks (through scanners and other technical equipment). In addition, more responsibilities have been delegated such that it is possible for the sales personnel to satisfy the customers e.g. it is possible for the

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<sup>17</sup> However, according to the Employment Protection Act, employees, working on short-term contract within KappAhl could have priority to these positions. The criterion is that they have worked during a period of 36 months.

customers to return the clothes within 30 days and have the money back. Since KappAhl is a part of the cooperative union they can offer the customers, who are members, a bonus system.

KappAhl in Göteborg has also invested in a new computer system and software, which will improve the control of the warehouse and purchasing routines as well as the planning of the roster. According to the manager, this will improve the planning of the volume of personnel and thus the workload and work environment.

#### ***2.1.4. Social dialogue***

All the permanent employees (and two on limited duration contracts) are members of the Commercial Employees' Union (Handels), which is affiliated to the Swedish Trade Union Organisation (LO). The board of the local trade union in KappAhl (one representative from each store in Göteborg) meets every third month. The main issues discussed are the schedules, the planning of holidays and opening hours.

The trade union at the local level has no demand for shorter working hours. The main reason is that part-time workers want to extend their working hours in order to receive a wage in parity with full-time employees. Both the employer and the union representative would like to hire more personnel on a full-time permanent basis. They both argue that this would reduce the sickness absence as well as improve the work environment.

According to the union representative the work has become more stressful, mainly due to reduction in personnel and increased sale. As a consequence the number of sickness leaves has increased. The heaviest tasks are to handle the clothes when they arrive and to unpack and hang them out in the store. There are at present discussions between the manager and the personnel to hire a person for these tasks.

## **2.2. Organisation 2. ICA MAXI**

### ***2.2.1. Company profile***

ICA is the Nordic region's largest grocery retail group with 4,600 stores in Norway, Sweden and the Baltic. In Sweden, the ICA stores are owned and run by individual retailers, who adapt their stores in line with local market conditions, and who also, through the ICA organisation, have access to those economies of scale that an integrated grocery retail business can offer.

ICA is focused on food and functions as an over-arching organisation, offering support to store network with differing ownership formats. In Sweden, basically all ICA stores are owned by their retailers.

The store interviewed is a hypermarket (NACE 521) within the ICA group with a broad selection of foods and extensive non-food departments including books, clothing, household equipment and sporting goods plus gardening goods (around 35 000 articles). It is divided into two sub-stores. One includes extensive non-food departments such as books, clothing, household equipment and sporting goods plus gardening goods and is owned by the ICA group. It has 15 employees and covers half of the 5 000 square meter sales area. The other sub-store, which is the focus of the interview, entails a broad selection of food departments

and is owned by a private retailer. The checkout desks are organised within the food sub-store and the stores divide the costs for the checkout according to their total sales.

### ***2.2.2. Employment structure, working time and opening hours patterns***

There are a total of 100 employees at the pay list (45 full time equivalent), of which 60 per cent are men. Generally, the larger the store is the higher proportion of men. The average age is about 30 years old (somewhat higher in the checkout desks). A majority of those on the pay list (45 employees) are working in the checkout desks, while about 30 are working on the floor. The remainders are employees working on short-term contracts and on an hourly basis. Thus, there are a total of about 75 permanent employees in the food sub-store of which a large proportion work part-time. Those working full-time have a working time of 40 hours per week, stipulated in the collective agreement.

The personnel working on short-term contracts and on an hourly basis are usually university students. These are used systematically to cover different types of absenteeism. The ambition from the employer is that the students shall work as much as they like. However, due to the government educational loan system<sup>18</sup> student who wants to have a full grant cannot work more than three months full-time.

The working time is structured according to opening hours and the variation in sales. Generally, the sale is higher in the evenings 17.00-19.00, between Thursday and Sunday and at the end of the months. During the summer, the sale is dependent on the weather and the staff is usually not fully replaced during vacations. The opening hours are on weekdays 09.00-21.00, on Saturdays 10.00-18.00 and on Sundays 12.00-16.00, i.e weekly average opening hours of 72 hours. According to the collective agreement it is not allowed to work between 24.00 and 05.00 (due to safety reason), usually there are activities (reception of goods etc) going on in the store between 06.00 and 21.30. A majority of the employees working on the floor have daytime shifts usually starting between 06.00-08.00 and ending at around 15.00-17.00, while the personnel at the checkout desks work two-shifts between either 08.45-17.00 or 12.00-21.00. The deviation between actual and agreed working hours is recorded. According to the prevailing collective agreement, there is an upper limit of 200 hours of overtimes per year. Overtime can be compensated either in time off in lieu (between 1,5 and 2 hours for each hour of overtime, depending when overtime take place) or in monetary compensation. Generally, the absenteeism and labour turnover is higher among the personnel at the checkout desks, while the opposite is true among the personnel working on the floor.

Concerning the wages, ICA Maxi (as well as the ICA Group) follows the collective agreement, with the exception that the personnel responsible for a department have some extra compensation (SEK 20-25 per hour or SEK 3 000 per month). All of the permanent employees have a monthly wage while those on short-term contracts have an hourly wage. As mentioned in section 1.2.1, the industry collective agreement stipulates a local wage increase (local pot) distributed on an individual basis by the manager and the union representative at

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<sup>18</sup> Students in Sweden are entitled to receive a mixed of grants and public loans in order to complete their study. For degree-level training the maximum monthly allowance is around 7 200 SEK (10 months), about two third of which is repayable. The terms of repayment of the loan are not very onerous: it is a subsidized loan, the first repayment of which falls due two years after completion of the course, and the annual repayments of the public loan are capped at four percent of the net pre-tax income when the individual starts to work.

the store. This wage increase is normally distributed on an individual basis, usually among the permanent employees, according to qualification, competence and responsibilities.

### **2.2.3. Service quality and technology**

During recent years some important technology changes have been introduced such as scanners in the checkout desks as well as the automatic scales, which weights the groceries without any lifting moment for the personnel. This equipment has made the work easier at the same time as it has shortened the waiting time in the queues.

According to the manager interviewed, the strategy of the store is to have a wide range of products of groceries. The price shall not be the lowest and there is a trade off between the price and the service. Service is important part of the ICA Maxi concept, and a majority of the permanent employees have participated in some forms of “on the job training” (*vidareutbildning*) through the ICA Group’s own educational system. These training programs are also career paths for the employees, which often only have a basic education. Among other things ICA educate personnel who are intended to become store manager. The education and on the job training take place during working time with full monetary compensation.

### **2.2.4. Social dialogue**

Only 10 per cent of the employees at ICA are members of a trade union, which is clearly under the average for the industry. Those employees affiliated to the union are members of the Commercial Employees’ Union (Handels), which is affiliated to the Swedish blue collars Confederation (LO-S). It is important to note that although very few are members of the trade union, all employees at ICA are covered by the industry collective agreement. Due to the low union density there have been very few issues discussed among the members. According to the union representative the trade union at the store has not been very active, only 2 meetings during the last two years. Issues relevant to the employees are instead discussed on working place meetings, held frequently within each department, or directly with the store manager. Issues discussed through these channels include for example roster, employment regulations concerning short-term contracts. According to the trade union representative, collective reduction of working time is not an issue discussed at the department store.

## **3. Concluding remarks**

During the last decades, the retail sector has been undergoing rapid structural changes. One feature of this development is the dramatic decline in the number of retail stores. The volume of stores selling food and non-durable goods has decreased by 80 percent while the number of specialised stores has decreased by 20 percent during the same period. At the same time, the stores have become much larger. Parallel to this development there has also been a large increase of large specialised stores. Overall the volume of small shops and department stores has declined while discount stores and large niche chain stores have increased their market shares.

Since the early 1970, opening hours in Sweden are not subject to statutory regulation. During the last three decades we can observe a clear tendency to a lengthening of opening hour in the Swedish retail trade. After the deregulation of opening hours in the early seventies a

significant increase of the share of shops open on Sunday can be noticed. For department stores and hypermarket, the number of actually weekly average opening hours has increased by 6 hours since the beginning of the seventies. The corresponding lengthening for supermarkets has been estimated to approx. 10 hours. Despite the liberal dispositions for opening hours, it must be noticed that collective agreement in the retail sector forbids night work and except for gasoline stations, stores covered by collective agreements are closed after 22 hours.

During the last decade employment in the retail sector has declined by around 15 %. Regarding the employment structure the retail sector is clearly female dominated and characterised, compared to the economy as a whole, by a larger share of self-employed, a younger age structure, a relatively low educational attainment and high share of unskilled job and a significantly higher incidence of limited duration contract and part-timers.

As far as industrial relations are concerned, both the strong legal standing of the collective bargain and the strength of Swedish trade unions and employer organisations make the collective bargaining a central instruments for labour market regulation. More than 80 percent of dependent employees belongs to trade unions in Sweden. However, the union density in the retail trade sector is significantly lower than for the economy as a whole. The relatively lower union density in the retail sector can be explained partly by the larger share of limited duration contract, partly by above mentioned age structure. Despite the lower union density rate, the coverage rate of collective bargaining remains very high making collective agreement both at the industry level and firm level the main instrument of regulation both for wage setting and working conditions.

The bargaining process on wage and working conditions in the retail sector begins with negotiations leading to a national industry agreement between the various federations involved in the bargaining process. In most cases these national agreements, provide the framework for further negotiation at the local level. In particular the industry collective agreement stipulates, special individual wage pots, which are distributed locally and individually according to seniority, responsibility and competence. During the last couples of years the possibility to negotiate and distribute these local pots at the local level, i.e. to differentiate wages, has been increasingly used. Despite this tendency to individualisation and differentiation of wages, the average entry wage remains low and the wage structure in the retail sector is highly compressed and characterised by a flat age-wage profile.

Working time in the Swedish labour market is determined by an interaction between statutory regulation and collective agreements. Hence, the Working Hours Act (1982) is optional and can be partly or entirely replaced through collective agreements at the industry and/or and firm level. The social partners are therefore free to negotiate industry wide and local agreements on working time. Weekly normal working hours in the retail trade does not depart significantly from the statutory provision (40 hours) but on average the weekly normal working time is shorter (38,5 hours a week). Furthermore, according to the industry collective agreement, local agreements can also be reached regarding the length and the distribution of working time giving a large room of manoeuvre of local social partners to adapt working hours to the firms competitive and productive requirements and the employees needs. Due to the low wage level and the stagnation of real wages during the last two decades, working time reduction has not to been a key issue neither at the industry or local level.

The two case studies, performed at a department store and a fashion chain, constitute a good illustration of the above-described main features of the retail sector. In the two companies, the incidence of limited duration contracts and part-timers is very high and the average age of employees is low. Both firms are also characterised by a rather traditional work organisation and working time patterns. The weekly opening hours in the two shops are relatively long (72 hours for the department store and 55 hours for the fashion chain) and have had a tendency to increase during recent years. Service availability and accessibility and hence the long opening hours are a key feature of the service concept of the 2 companies. The large incidence of part-timers and limited duration contact is obviously coupled to the opening hours patterns but also to cost minimizing strategies (reduction of overtime costs). Limited duration contract and part-time works are extensively used both to meet short-term variations in demand (numerical flexibility) and also to cope with legal absenteeism, such as sickness, parental and educational leave. Limited duration contracts are also, to some extent, used as a probationary device and it is quite frequent that short-term contracts get permanent positions. Despite the low union density, (10 % at the department store and 50 % at the fashion chain) wage and working conditions are regulated through the current collective agreement. The dispositions regarding wage and working conditions apply also to the employees not member of the union. Permanent employees have monthly wages while employees on short term contracts are paid on hourly basis. According to the managers interviewed, there are no difficulties to recruit personnel either on a short term or permanent basis and in the two companies the labour turnover is low. Limited duration contracts are to a large extent young people (often students). Linked to the public educational loan system for study and also to a long tradition of holiday work in Sweden, the supply of temporary labour is large.

In both shops, the wages are relatively low and career prospect are limited, leading to a rather compressed wage structure, despite the above-mentioned institutional possibility to differentiate wage. The actual source of individual working time flexibility and also the scope of working time reduction are mainly connected to the ambitious and generous Swedish leave system. However, permanent full time employees in the fashion chain have an actual weekly working time slightly shorter than the industry collectively agreed norm. On the other hand, in the department store, normal working hours do not depart from the collective agreement. The interviews with the trade union representatives confirms also that collective working time reduction is not a central bargaining issue, mainly as mentioned before, due to the low wage level and also to the large incidence of part-timers. The main bargaining issues concern principally work environment problems (work intensity and absence due to sickness), employment protection for the short-term contracts, the lengthening of working hours for part-timers and wage prospects.



## **Part IV**

### **New forms of employment and working time in the service economy (NESY)**

#### **The case of the health sector**

Conference organised by the European Trade Union Institute (ETUI)  
and the Institut für Arbeit und Technik (IAT)

26 and 27 April 2001, Brussels, Belgium

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**Contents**

<b>Introduction on the health sector</b> .....	149
<i>Christophe Baret</i> Université Lyon 3, IAE, Lyon, France	
<b>The health sector in Belgium</b> .....	151
Département d'Économie Appliquée de l'ULB, DULBEA-ETE Université Libre de Bruxelles (ULB), Brussels, Belgium	
<b>The health sector in France</b> .....	168
<i>David Piovesan, Christophe Baret</i> Université Jean Moulin – Lyon III, Lyon, France	
<b>The health sector in Italy</b> .....	181
<i>Paola Villa, Elisabetta Zeni</i> Dipartimento di Economia Università degli Studi di Trento, Trento, Italy	
<b>The health sector in Netherlands</b> .....	192
<i>Janneke Plantenga &amp; Chantal Remery</i> Institute of Economics, University of Utrecht, Utrecht, The Netherlands	
<b>The health sector in the United Kingdom</b> .....	200
<i>Mark Smith and Marilyn Carroll</i> European Work and Employment Research Centre (EWERC) Manchester School of Management, UMIST, UK	
<b>The health sector in Sweden</b> .....	215
<i>Dominique Anxo &amp; Håkan Nyman</i> Centre for European Labour Market Studies, Göteborg, Sweden	

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## Introduction on the health sector

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In the framework of this study of new forms of employment and working time in the services sector, it appeared – for several different reasons – essential to examine the situation in the health sector.

The health sector, in the six countries covered by the study (Belgium, Italy, France, Great Britain, the Netherlands and Sweden), accounts for a very significant section of the employed labour force (between 6 and 10 per cent, depending on country). In addition, this sector already makes considerable use of non-standard forms of employment, especially part-time work which accounts for, depending on country, between 5 per cent (Italy) and 74.3 per cent (Netherlands) of nursing staff. Employment management is also a matter of central concern to hospitals because staffing costs account for around half their operating costs.

Furthermore, in all the countries studied, the health sector has been subject, for quite some years, to major pressure to reduce costs and raise the quality of care. In order to reduce health expenditure, governments have subjected hospitals to strict monitoring of expenditure and are attempting to make hospital administrators more aware of their responsibility in this respect. The reaction on the part of the hospitals has been to cut down on the length of stays, thereby increasing the staff workload in technical, administrative and relational terms.

Another problem affecting this sector in recent years, in all the countries studied to a greater or lesser extent, has been a serious shortage of staff. This has entailed a major impact on employment and working time management, with consequences such as staff being unable to take the time off to which they are entitled because there is no one to replace them. Does this shortage perhaps represent a foretaste of the situation that will befall many more sectors of the economy in coming years? This “pioneering” aspect is yet another reason to pay special attention to the health sector.

In this context, on account of the European harmonisation of qualifications and technological progress, the level of recruitment for nursing schools has been raised and studies have been lengthened so that in many countries the standard course is now three years of higher education. Taking advantage of their relative scarcity and the higher esteem in which their training now has to be held, nurses in many countries are demanding better economic and social recognition that takes account of their working time constraints and their increasing work load. This development is naturally not without consequences on the management of employment and organisation of work.

All in all, given the frequently contradictory pressures exerted by the funding bodies, the patients, the labour market and the workers concerned, the management of work and working time is subject to particularly strong tensions in this sector. This situation is no doubt likely to prompt innovation.

For purposes of comparison of the situations observed in the six countries under study, we adopted certain methodological options in terms of the workers and establishments and the information collected.

We thus decided to focus on the public health sector which still represents the broad majority of provision in all the countries in question. Alongside an overall study of the sector, the research teams in each country conducted in-depth surveys in two public hospitals and more specifically in two departments, namely gynaecology-obstetrics and orthopaedics.

The workers studied are the nursing staff, i.e. qualified nurses, nursing assistants and midwives, who account for the largest section of hospital staff (between 45 and 50 per cent of staff).

## The health sector in Belgium

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### Introduction

The Belgian hospital sector is composed of general and psychiatric hospitals. The latter include hospitals that are exclusively concerned with psychiatric patients. We distinguish two groups of hospitals: the public hospitals and the private hospitals. Public hospitals represent nearly 40 % of the total of hospitals.

The difference between private and public hospitals is very tenuous. The private hospitals depend on private institutions (university, mutual insurance,). The public hospitals depend on a public organism (especially communal). The difference can play a role between the status of workers (employees, civil servant, private status), and have an incidence on the working conditions through the collective agreements, etc.

In Belgium, health insurance is compulsory. The Ministry of public health, social affairs and environment is in charge of public health. Two organs intervene in the financing of hospitals, the Ministry of public health, social affairs and environment and the insurance institute, namely INAMI ("*Institut National d'Assurance Maladie et Invalidité*"). Besides, there are two other marginal sources that participate in the financing of hospital : fees of medical staff and shares paid by the insured (they represent more or less 17 % of the total cost of hospitalisation).

The government fixes the "daily price" and it finances only 25 % of it. The remaining 75% is financed by the INAMI. The Ministry of public health defines authorisation norms for hospitals.

All hospitals, public or private, are financed in the same way provided that the ministry approves them. Nevertheless, the financing between university and non-university hospitals is different. The financing of university hospitals permits them to have more staff thanks to their charges of learning for students and nurses.

INAMI manages 6 health care insurance's that cover nearly 99 % of the population. Some companies have even developed their own insurance funds for their workers. The principal source of resources of INAMI is the social security contributions while the resources of the government come from direct taxes.

This paper will deal with the work organisation in the Belgian health sector in general and with the work organisation of nurses or medical staff in particular. The paper is divided in two chapters.

The first chapter is divided in five sections. In the first section, we will present on the one hand some figures in order to have an idea about the composition of the Belgian health sector and on the other hand we will analyse the method used to finance hospitals.

In the second section, we will deal with the market for health care. Thus, we will analyse the present situation of supply and demand for health care as well as future development of the health care market. On the supply side, we will look at the composition of the nursing staff, the qualifications of nurses and the rate of unemployment prevailing in the sector. On the demand side, we will examine the trends in the evolution of the inpatient length of stay and the number of patients receiving health care. The development of the demand for health care is very much linked to the evolution of the legislation governing the financing of hospitals.

In the third section or the industrial space, we will deal with the different authorities (public and private) involved in the decision making process in the health sector. This section is in particular concerned with the impact of the legislation on work organisation.

In the four sections or the organisational space, we will deal with the structure or architecture of hospitals. We will enumerate different components that are crucial for the organisation and different levels of authorities participating in the hospital organisation.

In the last section or the domestic space, we will talk about the interaction between the professional and the private life. In other words, we will talk about the necessity of taking into account the worker's needs and desires in the work organisation since the majority of staff in this sector is female.

The second chapter is devoted to the analysis of one case study realised in one department of the Erasme hospital: the gynaecology-obstetrical department.

## I. General analysis of the hospital sector in Belgium

### 1. General Figures

Before going in the depth of the subject, we will present some figures, which will allow us to have some ideas about the Belgian health sector.

**Table 1: Repartition of medical staff**

	<b>Total</b>	<b>% of male</b>
Number of doctors	34924	74
Number of nurses	104555	11

Source: Data are from INS (National Institute of Statistics : annual regional statistics ), 1996. Figures contain only graduated doctors with clinical practice.

The share of doctors in the total of medical staff (doctors plus nurses) is about a quarter of the total. When we compare medical staff by sex, we see that the majority of doctors are male. The opposite results apply for nurses. Nurse care practitioners are composed of graduated nurses, certified nurses, assistant nurses and midwives. This repartition shows some preferences for men for "prestigious" occupations.

**Table 2: Distribution (number) of general hospitals by sector**

	90	91	92	93	94	95
General private hospitals	173	168	166	151	134	106
General public hospitals	126	129	127	120	88	84

Source: Data are from INS (National Institute of Statistics : annual regional statistics ), 1992-1996

The table shows that general public hospitals represent more or less 42 % of the total of general hospitals. The number of general hospitals is decreasing in time. Mergers of different (small) hospitals explain this fact.

The evolution of health care expenses is greater than the evolution of the budget. Indeed, between 1986-1998, the yearly average growth rate for expense amounts to 0.048 and for the budget, the yearly average growth rate is equal to 0.042.

This steady growth of expenses and the pressure from the Maastricht criteria led Belgian authorities to take measures in order to control the growth of public deficit. These measures entail important mutations in the working organisation of the health sector and in the financing of the hospitals. Indeed, starting from 1986<sup>1</sup>, some reforms were introduced in the financing of hospitals. The government decided to fix, ex-ante, the hospital budget and to guarantee its application. This system entered into effect in 1990. In fact the steady increase of health care expenses whereas resources are quasi constant led Belgian government to control or to modify the financing procedure characterising hospitals.

The Government increased control on the capacity of the hospital (reduction of the number of doctors authorised to work and reduction of the number of beds). It also decided to maintain the maximum yearly growth rate of the health care expenses at 1.5%. These measures were taken in order to fight the moral hazard characterising doctors since hospital were financed by (each) intervention and for expenses faced during the accounting year.

In demand side, the government increased the contribution of the patient for the first day of hospitalisation in order to reduce the increase demand of health care for luxury purpose. However this increase can not be so important given universality of health care.

In the new method developed for the financing of hospitals, the Government defines the hospital budget at the beginning of the accounting exercise. This budget is obtained by the product between the “standard” inpatient length of stay for each hospital and the “daily price”. The budget was estimated by reference to the past budget. The inpatient length of stay is obtained by using the APDRG<sup>2</sup> method developed by B. Fetter of Yale University. This method groups pathologies in homogeneous groups (by taking into account socio-economic characteristics of patients and characteristics of each service) for all hospitals. These different groups will allow health authorities to compare the inpatient length of stay for each pathology in different hospitals. So, the average days obtained will define the “reference” number of days. The day’s quota or the standard number of hospitalisation days is obtained by adjusting the “reference” number of days by the number of beds and the

<sup>1</sup> For further information, see Dussart C., Michel B., Masudi O. and Soil C. in “Etude du budget du secteur hospitalier” (1997).

<sup>2</sup> APDRG : All Patients Diagnosis Related Groups.

occupation rate defined for each pathology. The daily price is then obtained by the ratio between the “estimated ” budget and the day’s quota.

After enumerating some effects, which can explain the present form of working organisation, we will now develop our analysis according to the “four socio-economic spaces” approach. The four spaces are the market structure space, the organisational space, the industrial or statutory space and the domestic (family) space.

## **2. The market space**

In the market space, we will deal with the supply and the demand of health care. We will make some references to the book wrote by Xavier Leroy<sup>3</sup>. Firstly, we analyse the present characteristics of the supply and the demand of health care. Secondly, we will inspect the future of the health care market.

The supply of health care is composed by health care staff and by the capital required to receive patients or the capacity of reception i.e. the number of beds. In this section, we will deal with the health care staff while the number of beds will be developed in the industrial space since the evolution of the number of beds is rather linked to legislation changes.

In the demand side, we will deal with the evolution of the number of patients receiving health care. The evolution of the inpatient length of stay will be developed in the industrial space since this evolution is also due to the change of health care legislation.

### **2.1. The supply side**

Belgium has three communities, the French community, the German community and the Flemish community. The French community and the German community are presented together.

When we analyse the period going from 1981 to 1996, the number of students (graduated and certified nurses) registered in first year has decreased noticeably from 1984. This diminution has continued in a steady way until the end of the 80's. In the French community, the number of students registered increased strongly from 1991. In the Flemish community, the increase, which began in 1991, is less spectacular. Thus, the number of students amounts to 4.782 in the French community and 3.949 in the Flemish community.

We will now analyse the evolution of the numbers of students who successfully complete the nurse care practitioners studies.

With regard to the French community, the number of students who finished their studies with success decreased from 1982-83 to 1992-93 (nevertheless, between 1987-88 and 1991-92 there is stagnation). From 1992-93, there is an increase. Concerning the Flemish community, the number of students who obtained their qualification increased from 1974-75 until 1983-84. Then it decreased from 1984-85 to 1992-93. After this period, there is a new increase. For Belgium as a whole, from 1984-85 until 1992-1993, there is a reduction of the

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<sup>3</sup> Source: Xavier Leroy et al. (1998) in «Offre et demande de travail infirmier et soignant en Belgique, projection jusqu'en 2000 et scénarios jusqu'en 2010 »

number students who finish with success their studies. Since 1993-94, there is again an increase.

Further, we will pursue our study by analysing the present characteristics of the supply of nurses in the health sector.

More than 52 % of the nursing care staff is qualified. The less qualified nurses (assistant nurses) represents a small proportion of the staff.

As in the general picture of the medical staff, a large number of nurse care practitioners are female. The huge majority of men that work in the nursing department are qualified. This means that men who enter in service increase their probability of finding a job (because of their higher qualification), they also increase their potential wage and they are more ambitious to be promoted to the key positions in the organisation.

The share of assistant nurses is expected to decrease with time. This movement can be explained by the incentive of people to have a more qualified position among nurses because of the smaller unemployment rate in this last category and because of the poor image associated with assistant nurses. Indeed, among qualified nurses, the unemployment rate is very low. This kind of unemployment can be assimilated to the natural unemployment rate, i.e. the minimum rate of unemployment that prevents inflationary pressure from arising in the economy. This level of unemployment can also be seen as frictional unemployment, i.e. the unemployment due to the exit or the entry in the labour market.

After developing the supply side of the health care, we will now switch to the demand of the health care in the following section.

## **2.2. The demand side**

In general, we observe<sup>4</sup> that the number of patients increases until 1993 and starts decreasing thereafter. Private hospitals receive an important proportion of patients, which amounts to 60%. That private hospitals are so attractive can be explained by the fact that they are often linked to or work in collaboration with Universities.

The decrease from 1993 is explained mainly by the changes in health care legislation. In fact, since 1990, hospitals have been financed on the basis of “estimated” costs (costs estimated at the beginning of the accounting exercise) and not on the basis of actual costs faced by the hospital at the end of the accounting exercise. The current method of financing induced a reduction of the in-patient length of stay and many hospitals were forced to merge in order to reduce costs and to follow the new legislation.

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<sup>4</sup> Source : Institut National de Statistique (INS)

### 2.3. Future evolution

We will now analyse the evolution of the composition of supply nursing care.

**Table 3: Evolution of the composition of supply of nursing care**  
(estimation for 2000 and 2010)

Year	Certified	Graduated	Assistant nurses	Total
1995	37,896	54,339	10,536	102,771
<i>Estimations for 2000 and 2010 (low scenario)</i>				
2000	43,760	65,454	9,947	119,161
2010	53,620	85,907	8,635	148,162
<i>Estimations for 2000 and 2010 (high scenario)</i>				
2000	44,584	64,908	9,947	119,439
2010	59,133	91,777	8,635	159,545

Source: Xavier Leroy et al. (1998) in «Offre et demande de travail infirmier et soignant en Belgique, projection jusqu'en 2000 et scénarios jusqu'en 2010 »

The estimations are made for the low and the high scenarios (chapter III of X. Leroy and al. (1998)). The low scenario assumes the minimum attraction rate and the maximum success rate at the last year of nursing studies during the period of the observations. Whereas the high scenario assumes the maximum rate of attraction and the minimum rate of success in last year of nursing studies during the period of observations.

By looking for the future supply of the health care, we see that the supply for the qualified (certified and graduated) nurses will increase while the supply for the assistant nurses will decrease with the horizon of time. Between 1995-2000, the average yearly growth rate for graduated nurses is 3,79 %, that for certified nurses 2,92 % and that for assistant nurses -1,14 %. Between 1995-2010, the average yearly growth rate for graduated nurses becomes 3,1 %, that for certified nurses 2,34 % and that for assistant nurses -1,32 %. The reduction in the share of assistant nurses shows that in the future more and more nurses will be qualified. The increase in the length of studies will improve the quality of care but at the same time, this will reduce the quantity available in the market.

The figures of unemployment and the number of patients (receiving health care) show that the demand of health care is very high. This demand will increase in the future due to the increase of elderly people as reported by X. Leroy.

### 3. The industrial space

The industrial space is the largest and the most complex of the four spaces. In this space, we will deal with the structure of the decision-making process governing the health sector.

In Belgium collective agreements play an extremely important role in the operation of the labour market. The collective agreements are drawn up within the "*Commission paritaire*". A "*Commission paritaire*" is an organisation created by the King. Its name, the employees, the sector or the activities of the companies and the territorial space which come within its scope

are fixed in a royal order establishing a "*commission paritaire*". The "*commission paritaire*" consists of a president, a vice-president and an equal number of employer's organisation<sup>5</sup> representatives and trade union representatives<sup>6</sup>. All are appointed for four years. The main tasks of the "*commission paritaire*" are the following: to advise the government, to resolve social conflicts and to conclude collective agreements. The collective agreement fixes the individual and the collective relationships between employers and employees within a company or a sector. The collective agreement determines the rights and the duties of the employers, the employees, the employer's organisation and the trade unions. The "*commission paritaire*" can ask the King to make the collective agreement compulsory. In this case, the employer and the employee have to abide by the agreement otherwise, they risk a penal sanction.

### 3.1. Working time

#### 3.1.1. working time in the health sector

Statutory working time is 39 hours per week. In the hospital sector, working time is 38 hours per week further to a collective agreement taken in 1984 within the "*commission paritaire n°305*", which is related to the health sector. However each hospital can manage the working time in such a way that, at some moments, some workers can work less or more than the statutory time but with some limitations.

Article 4 of the collective working convention 15399/305/01 of 1984 stipulates that after four weeks of work, the saving working time account should be equal to zero. At the same time, article 5 stipulates that any modification of working time organisation is possible only if there is firm (or staff) council agreement. These two articles can explain why there exists a lot of models of working time organisation in Belgium.

So, each hospital can choose the kind of flexibility provided that there exists an agreement between workers and the management team. This flexibility can consist in organising time by quarters or by year. However these systems are more efficient if the "saving account" of work time is managed with the participation of workers.

#### 3.1.2. *New measures related to the working time: agreement for the non-profit sector (March 2000)*

In March 2000, some negotiations concerning working time in hospitals (which is one of the components of the non-profit sector) were discussed between trade unions and the government. The measures resulting from the negotiation are not yet in force.

Indeed in spring 2000, due to claims by the trade unions concerning the health sector, a number of working groups were created. One of these groups, chaired by the Ministry of Labour, Laurette Onkelinx was set up to improve working time organisation in the health sector. Another working group chaired by the Minister of public health, Magda Alvoet, was set up to facilitate access to training in the health sector (see page 7).

<sup>5</sup> The main employer association is the FEB ("*Fédération des entreprises de Belgique*").

<sup>6</sup> The three main workers trade unions are FGTB ("*Fédération Générale des Travailleurs de Belgique*", socialist), CSC ("*Confédération des syndicats chrétiens*", christians), CGSLB ("*Centrale Générale des syndicats libéraux de Belgique*", liberal).

Concerning the working time organisation, the propositions elaborated consist notably to find a solution to the shortage of skilled workforce, which is seen as an important problem in the functioning of the health care system in the future. Nevertheless, for trade unions it is better to speak about a desertion of the workforce rather than a shortage. Thus, in place of a lack of candidates for the health professions, there is a lack of people working effectively in this sector. Indeed, as we have seen in table n°5 there is an increase of the number of qualified nurses. Nevertheless, because of the extension of the part-time work in the health care sector there is a shortage of nurses.

The development of part-time work permitted to the health institutions to reorganise the work and to improve the flexibility. In addition, thanks to the subsidies granted to the employer under some conditions (minimum of part-time workers)<sup>7</sup>, the social institutions benefited from a reduction of the labour costs.

The part-time work was also seen as an advantage for the nursing staff. Indeed, 50% to 60% of nursing staff asks at one moment during its career a reduction of its working time; the part-time work is for the nurses the only way to control their working time in a efficiency way. It permits a better respect of the working hours, a better organisation as well as a better arrangement of the family life. On the other hand, it permits a reduction of the working charge at the end of the professional career.

In order to put an end to the desertion of the nursing staff, which has been favoured by the part-time work, the trade unions suggested last year to reduce the working time in a collective way all along the career. At the opposite, the "Fédération des entreprises de Belgique"(FEB) is radically opposed to a collective reduction of working time. Indeed, this employer's organisation fears an increase of labour costs if such measure would be taken.

In March 2000, rather than a collective reduction of working time, different measures aiming to make the end of the career more attractive have been taken by the government. In fact, the agreement foresees the grant of a bonus for the nursing staff working at full-time and aged at least of 45 years old. This bonus can either be granted under the form of a supplement of free-time with constant wage or under the form of a supplementary bonus which is added to the wage for people opting to continue to work at full-time. Nevertheless this working time reduction is considered as being limited by some trade unionists, because the trade unions wanted a collective working time reduction for all nursing staff and not only for aged nurses.

### ***3.1.3. Part-time work:***

We will now analyse the share of part-timers in the Belgian hospitals. Nevertheless, we only have data related to 1991. We must keep in mind when we look at these statistics that the situation has changed during the 90's. Indeed, there has been an increase of part-time work.

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<sup>7</sup> See Fonds budgétaire interdépartemental.

**Table 4: Share of nurses working part-time by age and by sex (1991)**

Age group	Male	female
20-24	3,7	10,8
25-29	2,5	31,2
30-34	3,2	50,8
35-39	3,4	49,4
40-44	3,2	45,8
45-49	2,8	37,3
50-54	1,8	39,0
55-59	5,8	33,0
60-64	5,9	

Source : nurse census (March 1991), INS

As we can see on the table, part-time is higher for women than for men. For men, the important share of part-timers is in the last two age groups. Whereas for women, the important share of part timers is in age groups of 30-44. The big number of women part-time workers in these age groups can be explained by domestic responsibilities (marriage, maternity, young child, ...).

Because of some transmission information problems induced by part-time work, for some hospitals, there is a quota of part-time workers (survey of the work group of nursing commission) and there is a need to standardise working hours by prioritising the 3/4 or 4/5 schedules, a need to promote flexibility for part-time workers, to give them some responsibilities, to develop report-keeping method and to organise frequent meetings of workers. The legislation stipulates that each hospital should possess nursing reports-keeping which should contain all information about the patient and all necessary information for the care continuity (Royal decree of August 14th, 1987).

### **3.2. Organisation of work and working charge**

In hospitals, work is organised by teams. There are three teams per day : the morning team, the evening team and the night team. These teams work by rotation (teams turnover). Each team should contain at least one qualified nurse. Work is organised such that at each moment, we can determine precisely the nurse who is responsible for a given patient (Royal decree of July 14th, 1987). However the team turnover requires an organised system of transmission of information. So, each hospital should develop a structure that allows or makes it easier for different teams to get information. This problem is even pronounced when the part-time work is widespread.

According to the results of some departments (obstetric and orthopaedic) and to the declarations of nurses of other hospital (UCL, Université Catholique de Louvain), nurses are complaining about their work charge. For nurses, the work is too heavy. The work charge is not at the level of their wage. There are not enough nurses in the team and their work is less valorised.

As already mentioned, one of the important reasons, which can explain the present work organisation is the financing method. The managerial staff are urged to keep expenses inside the (ex-ante) budgetary envelope and the managers should do their best given the means that

they have. That is the reason why at the beginning of the 90's the government encouraged the part-time work. Indeed, the hospitals with at least 30% of their staff working at part-time could benefit from an help coming from the "*Fonds budgétaire interdépartemental*" which is independent of the INAMI and the hospitals. The "*Fonds budgétaire interdépartemental*" was created in order to finance one part of the new work contracts. So, the method of financing influences the hospital organisation and it can be responsible for the nurses' stress.

We will now analyse the eventual solutions to the stress at work for the nursing staff.

### **3.3. Some solutions for work stress**

#### ***3.3.1. Educational programme***

Given technological innovation, the need to implement an educational program inside the hospital is becoming very important. In fact, the patient is expecting too much with regard to the quality and the quantity of health care from the hospital.

In March 2000, a group of work presided by the Ministry of public health has been constituted in order to improve the access to training for certified nurses and for people without a nurse's qualification.

- Concerning certified nurses: the agreement foresees to create a link allowing to the certified nurses to become graduated nurses in following a training during two years if they have five years of professional experience in the health sector.
- Concerning people without a nurse's qualification but who work since three years in the public health sector: the agreement foresees to offer to 600 persons the possibility to follow a training during three years in order to obtain the nurse's qualification.

Both these programmes aim to improve the working conditions of nurses. For example, in increasing the skills of the staff. On the other hand, in a general way, the training permits to reduce stress at work.

#### ***3.3.2. Financing method***

One of the factors inducing stress at work is the lack of staff, which is one of the consequences of the method of financing. The impact of the new financing method can be analysed through the evolution of hospitalisation days in hospitals and the evolution of number of beds of hospitals.

Since 1991, the days of hospitalisation decrease steadily in the public as well as in private hospitals<sup>8</sup>. This important reduction of days of hospitalisation shows that the new financing method has brought "inefficient" hospitals to reduce their costs and to join the efficient ones. This important decrease of days of hospitalisation was also explained by the strict application of sanction for hospitals that exceed their budget. In fact, after the two years following the application of the new legislation i.e. after 1992, hospitals have in their charge the surplus of their expenses since the government supports only variable costs.

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<sup>8</sup> Institut National de Statistiques

Since 1992, there is a reduction of the number of beds in public as well as in private hospitals. Nevertheless, this reduction is greater in private hospitals than in public hospitals.

Hospital managers have modified their management methods by reducing days of hospitalisation and hospitals were brought to merge in order to reduce their costs by exploiting the scale economies due to the reduction of functioning costs.

The present method of financing is one of the main arguments used by the managerial staff in order to explain the size of nursing teams. By the reduction of the inpatient length of stay, the charge or the intensity of nursing work increases and nurses should accomplish many tasks within a small number of days. This is one reason that explains the increase in the work charge in the hospital and thus the choice to work at part-time.

One solution could be to increase the budgetary envelop because even if the present financing method takes into account hospital characteristics, it doesn't allow nurses to work suitably since resources are limited and the stress in the work place is becoming more and more worrying. But this solution is difficult to sustain since each European government should observe Maastricht criterion relative to public finances.

#### **4. The organisational space**

In this space, we will essentially present the architecture of the general organisation prevailing in each hospital. We will refer to De Troyer and al. final report (March 1993) and to the 1999 version of the co-ordinated law of hospitals.

##### **4.1. Organisation components**

According to H. Mintzberg<sup>9</sup>, there are five fundamental components that define organisation:

###### **1. The operational centre**

This centre is defined as the place where the medical staff meets patients. The patient is diagnosed by the medical staff and receives the care and treatment for his disease.

###### **2. The strategic management**

Its main goal is to control the activities of the hospital in terms of efficacy and efficiency. It also makes decisions regarding the development of the hospital organisation.

###### **3. The intermediary management**

If we take the pyramidal organisation of a hospital, the intermediary management is located between the decisional and the operational management. It is in charge of the following mechanisms: control integration, conception, decisions and co-ordination.

###### **4. The techno-structure**

This structure intervenes in the work of actors of the operational centre. It is responsible for the standardisation of methods and protocols, for the qualitative choice of products and materials and for the elaboration of norms and care schedules.

###### **5. The logistic support functions**

The functional units of logistic support are in the service of the operational centre. They are essential for the realisation of the organisation assignment.

<sup>9</sup> H. Mintzberg, "Structure et dynamique des organisations", 1984, Les Editions d'organisation, Paris.

## 4.2. General structure of the hospital

After drawing the general picture of the hospital organisation, we will now focus on the detailed structure of each one of components listed above.

According to the 1999 version of the coordinated law of hospitals, the general structure of the hospital can be described as follows:

### 1. The Manager

He is responsible for the general and final responsibilities of the health activities on organisational and working grounds (Art. 11, first paragraph). He defines the general functioning of the hospital and manages the hospital according to the national laws characterising the health sector (Art. 11, second paragraph).

### 2. The Director

“In each hospital, there is a director who is directly and exclusively under the authority of the manager. He collaborates with the senior physician, the nursing officer, and with the following services : paramedical, administrative, financial and technical. He also co-operates with the hospital pharmacist (Art. 12)”. He is responsible for the daily hospital activity.

### 3. The structure of the medical activities

At the third level of the organisation, we have all members that deal with medical activities. Included among these members are : the senior physician of the department, the senior physician at the service level and the medical staff. This is the required structure for medical activities in each hospital.

### 4. Structure of the nursing activities

In each hospital, we have the nursing officer of the nursing department, the nursing officer of the service, the nursing management, and the nursing staff.

### 5. The domestic space

The statistics of the health sector show that the majority of care staff is female. This fact implies that we cannot have an efficient organisation without taking into account women's needs and domestic constraints.

The important number of female nurses<sup>10</sup> can be explained by the fact that the nursing work is a kind of continuation of domestic work.

Nurses have to be included when establishing working schedules, otherwise there is a risk of trouble (for example in order to replace an ill nurse). But the main problem that arises when you include workers in the fixing of working time is the multiplicity of schedules. So, the nursing officer should first, establish the work schedule and then take propositions from nurses. Another source of flexibility comes from the working team (internal team negotiation). Flexibility is also enhanced the work atmosphere. If the atmosphere at work is good in the team, any absence will be replaced easily by other members of the team. These suggestions again show the importance of improving working conditions in order to make workers happier which will in turn foster productivity.

Consequently, the agreements concluded in March 2000 aimed among other thing to improve the working conditions: reduction of working time, which permits a decreasing of the stress at work without resort systematically to the part-time work. Indeed, the risk of the development of part-time work is to create an imbalance between the supply and the demand of health care.

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<sup>10</sup> M.N. Beauchesne and M. De Troyer in “ Temps privé, temps professionnel : quelques pistes de réflexion à partir de l'analyse du travail des infirmières dans des unités hospitalières de médecine et de chirurgie. ”

## II. Case study: the “Erasme Hospital”

### 1. Presentation

The Erasme Hospital is a private university hospital and currently employs around 3,000 staff. There are more or less 700 physicians and 1260 nurses and care personnel.

The hospital has a capacity of 858 beds. Every year, the polyclinic (developed within the hospital) accommodates 260,000 patients and realises 11,000 days of hospitalisation. The actual hospital sector realises 250,000 days of hospitalisation and 26,000 patients are hospitalised per year. 16,000 operations surgery in 22 surgery wards are practised each year. Within the laboratories, 600,000 samples are analysed each year.

The Erasme Hospital depends on the "*sous-commission paritaire*"<sup>11</sup> 305/1 of the private hospital sector. Labour relations are thus managed by the labour law and the private labour collective agreements.

#### *Part-time work*

The percentage of part-time work contracts within the care personnel, particularly among women, has increased steadily over the past fifteen years.

Previously, because of the difficulties met in order to compensate the loss of work at the team level induced by the part-time work, the fear of a decrease of the part-time workers motivation and the negative perception associated with the demand of time work reduction, the demands of part-time work were often refused.

Nevertheless, several factors have contributed to the acceptance of this form of employment. Firstly, nurses threatened the direction to resign from their post if she could not work part-time. Secondly, the hospital revised its position further to the introduction of two measures: the part-time career-break from 50 years old and the contracts subsidized by the "Fonds Bugétaire interdépartemental".

- According to the first measure, a worker aged at least of 50 years old who takes a part-time career-break can receive unemployment benefits if the employer hires in return an unemployed person.

The majority of requests of part-time work are coming from women nurses because the working conditions seem to be harder psychologically and physically. In addition, their wages are often greater than for the rest of the staff.

- According to the second measure, the hospitals with at least 30% of their staff working at part-time could benefit from an help coming from the "Fonds budgétaire interdépartemental". Indeed, the Fonds Budgétaire Interdépartemental finance 75% of the wage with ceiling, the rest being paid by the hospital. Thanks to this fund, 105 persons have been hired since 1984.

This measure will particularly concern administrative jobs where there are more unemployed persons than in the nursing staff.

<sup>11</sup> The structures where collective agreements are negotiated at a sectoral level.

### *Working charge*

In different services, the part-time work of the nurses create some problems of working charge. Since more than 20 years, nurses complain about the insufficient number of nurses and the extra administrative work. In order to resolve those problems, the hospital has integrated in the care team some non-qualified care personnel and some non-nursing staff who take in charge the administrative tasks. The government has also contributed to this trend with the introduction of the "Maribel social". Indeed, in exchange of the hiring of an unskilled or an unemployed person the Maribel social program grants a reduction of social insurance contributions to the employer. Nevertheless, in order to be eligible to this program, the institution concerned must result in an increase of the labour volume.

The integration of the non-qualified care personnel and of the non-nursing staff is seen in different ways by the nursing staff. Although this new personnel give a perceptible help to the nursing staff and permit to improve the quality of care, in a general way, this new staff do not compensate entirely the shortages because the actual nursing care have to be obligatory practised by the qualified nursing staff.

The care personnel represents more than 50% of the staff. The physicians, the administrative staff and the paramedical staff represent respectively around 14%, 17% and 17.5% of the staff. The number of male physicians is much more important than the number of female physicians. Nevertheless, the rate of male physicians in Erasme (62%) is inferior to the general average of all Belgians hospitals (74%) On the other hand, the number of women is higher than the number of men in the other professional categories except with regard to the manual workers. Concerning the nurses, the rate of men and women is quite similar in Erasme and in the others hospitals: 11% of male nurses in general and 13% for Erasme.

The rate of part-time work among women is superior to those of men. Around 50% of female staff work part-time while only 10% of men work part-time. The care personnel and the paramedical staff have a rate of part-time work superior to 50% among women. In these both professional categories, the rate of part-time work among men is comprised between 11% and 15%.

In the Erasme hospital, the staff can be hired under different types of contracts: open-ended work contract (CDI), fixed-term work contract (CDD), replacement work contract (CTR) i.e. workers hired in order to replace workers in long term work incapacity, ORBEM<sup>12</sup> trainees (STO) i.e. young workers hired for one year and paid at 90%

Most of employees have an open-ended contract. Indeed, around 90% of the manual workers, the administrative staff, the care personnel and the paramedical staff have an open-ended contract. On the other hand, among physicians the fixed-term contracts are widespread. Indeed, 40% of male physicians and 80% of female physicians have a fixed-term contract. The number of persons hired under a STO or a CTR contract is marginal. When we consider all the professional categories, we see that women have more often an open-ended contract than men. This is due to the fact that the fixed-term contract are principally widespread among physicians and more than 60% of physicians are men.

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<sup>12</sup> ORBEM: Office Régional Bruxellois de l'Emploi.

There are also different sources of financing for the work contracts, we are here interested by the special contracts:

- CS Erasme: the persons hired under this type of contract are paid up to 75% of the wage with ceiling by the *Fonds Budgétaire Interdépartemental*, the rest being paid by the hospital.
- Parallel Funds (*Fonds parallèles*): the workers hire under this type of work contract are financed by outside conventions for example, pharmaceutical firm for the clinic research.
- CS parallel Funds (*CS Fonds parallèles*): subsidized workers for whom 25% of the wage are paid by outside funds (pharmaceutical firms, etc).
- Maribel Social: the "Maribel social" aim at promoting the work of the long term unemployed persons and of the unskilled persons in the non-profit sector. In exchange of the hiring of these kinds of workers, a reduction of social insurance contributions is granted to the employer. In order to benefit from this measure, the employer must absolutely create some supplementary jobs.

Among physicians, the percentage of special contracts is around 3,5%. This is true for men as well as for women. All the physicians hired under a special contract have a contract entirely financed by parallel funds. Concerning the care personnel, 5,5% of women have a special contract while this percentage amounts only to 1,5% for men. Among care personnel, the most widespread special contract is the Maribel social contract. 12% of the paramedical staff have a special contract. This percentage is equal to 14% concerning women and to 9% with regard to men. All the male paramedical staff hired under a special contract have a contract financed by parallel funds. On the other hand, women hired under a special contract are either financed by parallel funds or are subsidized by the "*Fonds Budgétaire Interdépartemental*". It is among the administrative staff that the special contracts are the most widespread. Indeed, 23% of the administrative staff are hired under a special contract.

## 2. Obstetric department

The department studied (obstetrical gynaecology) is the result of a merger between obstetrics and gynaecology. In recent years some specialised departments were developed like oncology and fertility.

This department practised several kinds of activities: obstetrical activities and Unit of foetal medicine, which includes the childbirth's ward; clinic of fertility and sterility and activity of gynaecology. In order to apprehend the labour organisation, etc prevailing in this department we will concentrate the analysis on the study of the childbirth's ward.

### *Childbirth ward*

We will focus our analysis of the obstetrical department on the staff of the childbirth ward where we saw that 1250 childbirth's are practised every year in the hospital. This service is composed of fifteen qualified or graduated midwives (chief nurses included) and one hospitals secretary. There is no man in this service. The average age is 40 years old.

#### - Part-time work :

In this service, the part-time work is very widespread. Indeed, for the hospital as a whole, the part-time rate among care personnel is equal to around 54 % while in the childbirth ward

more than 73 % of the care personnel works part-time. The nursing staff considers the part-time as a wealth which permits to the team to exchange their time schedule in case of need and which introduce some flexibility in order to grant the day off. As all the nursing staff has the same qualifications and the same work experience the flexibility in the schedule organisation does not pose problem. In addition, more than half of part-time staff work at least at  $\frac{3}{4}$  time (11 part-time nurses : 5 at  $\frac{3}{4}$  time, 4 at  $\frac{1}{2}$  time, 1 at  $\frac{3}{8}$  time, 1 at  $\frac{1}{4}$  time). Nevertheless, the responsible of the human resources of the nursing department think that it would be very positive to have a supplementary nurse working part-time ( $\frac{3}{4}$  temps) in order to respond better to the service need.

The part-time staff is as much as the full-time staff involved in the activities of the service. The responsible of the human resources of the nursing department think that the part-time work is beneficial for both part (employee and employer) when the motivations and the consequences of the time work reduction have been well debated and prepared with the worker. It can be a factor of motivation.

- Time schedule :

The midwives work in team, there is a permanence seven days a week ensured thanks to a team turnover. The different schedules are the following: 7 a.m. to 3.30 p.m; 7 a.m. to 1 p.m; 11.30 a.m. to 8 p.m; 2 p.m. to 20 p.m; 20 p.m. to 7 a.m.

- Type of contract :

All the team has an open-ended contract and there is no special contract.

- Management and training :

The chief nurses has an outside experience to the Erasme hospitals. She is appointed recently. She is helped in her work by the responsible of the human resources of the nursing department. Thanks to the "scientific leaves", the midwives have the possibility to take part to complementary training, conferences, seminary in Belgium or in foreign countries.

- Relations with trade unions:

In this service, the relations with trade unions are almost non-existent although there is a union representative (CSC) within the team.

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## **The Health Sector in France**

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This presentation of the results of our studies is divided into two parts. In the first part, we outline the main features of the French health care context and present the principal figures on employment and working time at the national level and at that of the two departments that were the object of our case studies. In the second part, we analyse the factors shaping the new employment and working-time forms that are emerging within the French health care system.

### **1. Employment and working time in the French health care system**

#### **1.1. General outline of the French health care system**

We begin by describing the general organisation of the health care system before proceeding to an examination of the system's financial and economic aspects.

##### ***1.1.1. Organisation of the French health care system***

The structure of the French hospital system is complex. There are three types of hospitals:

- public hospitals (65% of beds), which are subject to public law and operate under State control. There are regional and general hospital centres, which are administered at the level of the commune, the smallest territorial division in France, specialist hospital centres, administered at *département* level, and national centres.
- private, profit-making hospitals (20% of beds) managed by commercial companies (public or private limited companies) and by non-stock corporations subject to private law.
- private, non-profit-making hospitals (15% of beds), many of which are run by religious associations, voluntary associations or even foundations. Most of them form part of the public hospital service.

Since January 1983, the public and non-profit-making private hospitals have operated under the so-called global budget system, in which a global sum is paid to the hospitals. This sum is reassessed each year in accordance with a guiding rate. Private hospitals operate in accordance with the daily rate principle, which is the quotient of the charges laid down in the projected budget and the number of days' hospitalisation scheduled.

### **1.2. Employment and working time in the health care system**

#### ***1.2.1. Employment and working time data***

More than 2.2 million people work in the health care and social welfare systems, 1.5 million in health care and about a million in the public and private hospitals.

The general situation can be summarised by means of a few figures:

- the number of non-medical personnel employed has been rising since 1980 (particularly in the private sector), and there are now 930,000 people in post in the public and private sectors;
- nursing staff constitute the largest group of non-medical personnel (accounting for more than 70% of the total), particularly registered nurses (around a third, or almost 300,000 individuals);
- the increase in the number of non-medical personnel employed is due largely to the increase in nursing staff, both registered nurses and nursing auxiliaries (since 1980, +13% and +16% respectively in the public sector and +24% and +20% in the private sector).

The public hospitals are currently facing a new problem, namely a shortage of nursing staff, particularly registered nurses and midwives [CREDES, 2000]. Alain Coulomb, Chairman of the Association of Private Hospitals, estimated in June 2000 that the private hospitals were short of about 10,000 registered nurses: “and we are also beginning to see shortages of specialist nurses and nursing auxiliaries”<sup>13</sup>. This shortage is said to be having a negative impact on:

- the provision of medical services, which has declined because of department closures or because some procedures have become too risky;
- working conditions, which are deteriorating, and
- the scope for implementing the 35-hour week.

Thus the public hospitals will be facing a shortage of registered nurses when the 35-hour week is implemented in January 2002. It would seem that nationally there is a shortage of about 20,000 registered nurses out of a total population of 350,000, that is about 5%.

The numbers of nursing staff employed have been rising continuously since the early 1970s at an average annual rate of almost 3% per annum [Vilain, 1999]. The number of nurses has risen from 150,000 in 1970 to about 350,000 today. This growth has particularly benefited self-employed nurses in private practice, although the public and private hospitals are still the largest employers (59% are employed by the public hospitals).

One of the main characteristics of the nursing profession is the considerable rise in the average age, which has increased from 34 in 1983 to almost 40 today.

As with midwives, the demographic structure of the nursing profession is determined by the national quota policy, that is the restriction on the number of students who can graduate from the training schools and enter the nursing profession. The intake into the profession was raised in 1999 to 18,270 in metropolitan France because of the shortage of nurses in the labour market.

Turning now to the question of the regularity of work schedules, 65% of hospital staff normally work on Sundays. Moreover, when the mode of working time organisation is analysed, it becomes clear that 23% of hospital staff have alternating schedules while 31% have schedules that vary from one day to the next. As far as night work is concerned, 20% of hospital staff work nights sometimes and 11% work nights regularly.

<sup>13</sup> Quoted in *Le Quotidien du Médecin*, 28 June 2000, p. 3.

Part-time rates are rising in all areas of the health service. Between 1987 and 1993, part-time rates in the public sector rose from 15 to 21.7% among midwives, from 14.9 to 17.5% among state registered nurses and from 7.6 to 11.7% among nursing auxiliaries.

In 1998, approximately 20% of salaried registered nurses were working part-time. Part-time work is particularly widespread among midwives, 30% of whom are part-timers. The part-time rate for nursing auxiliaries is slightly higher than 20%.

The Roché Report on working time in the three public services highlighted the significant level of absenteeism among hospital staff as a whole (average of between 22 and 35 days off per employee per year), which cannot help but have an adverse impact on the organisation and management of work.

### ***1.2.2. Employment and working time in French hospitals: the legal framework***

Working time in French hospitals is regulated by the statutory order of 22 March 1937, which applies to personnel other than physicians, surgeons, dentists, house doctors, non-resident medical staff and pharmacists. In addition, there are several collective agreements covering the private profit-making and non-profit-making sectors.

The length of the statutory working week has been 39 hours since 1982. Any hours worked over and above the 39-hour limit are automatically counted as overtime. No more than 20 hours' overtime may be worked per month. Article 2 of the order of 26 March 1982 lays down a maximum daily working time of 9 hours for daytime shift teams and 10 hours for night-shift teams.

According to a 1993 Council Directive, night work must not exceed 8 hours on average per 24-hour period. Night time is defined as the period between midnight and 5 am.

Working time can be organised in various ways:

- alternating or overlapping shift systems;
- variable rest day systems, which make it possible to keep hospitals staffed throughout the week by giving individual members of staff a different day of each week. This is the standard practice;
- rotating shift systems.

In the case of discontinuous shift work, the maximum daily working time is 10½ hours, which cannot be divided into more than two sessions of a minimum of 3 hours. There must be a 12-hour gap between the end of one working day and the start of the next one (rest period).

## **1.3 Case studies**

### ***1.3.1. Le Centre Hospitalier de Villefranche***

The Rhône-Alpes region of France has 5.6 million inhabitants and three teaching hospital complexes (Lyon, St Etienne and Grenoble). The Villefranche teaching hospital is one of the ten largest hospitals in the region.

- 296 beds in all, of which 186 are general medical, 66 surgical and 44 obstetric
- 863 births in 1998

- 712 medical staff (full-time equivalents, FTEs) and 60 medical staff (FTEs)
- a very extensive technical capacity : general and obstetric intensive care, mobile emergency and resuscitation teams, operating and obstetric theatres, endoscopies, rehabilitation, central sterilisation department, accident and emergency, laboratories, anaesthetics, medical investigations, pharmacy, medical imaging
- a nurse training school attached to the hospital (additional training for nursing auxiliaries, etc.)

Medical staff make up 10% of the workforce and nurses 23%. Forty-three per cent of the workforce are not directly employed in patient care (administrative and technical staff).

As far as the composition of the non-medical staff is concerned, registered nurses and nursing auxiliaries are the largest categories, accounting for 39% and 43% of the workforce respectively.

Examination of the gender structure of the non-medical staff reveals, firstly, a high rate of feminisation and, secondly, that the process of feminisation is continuing, since the share of female employees in the total workforce rose from 83.5% in 1995 to 84.32% in 1998.

Between 1996 and 1998, the number of days' absence per employee fell by 3%, from 17.7 to 17.1 days per year.

The number of part-timers increased from 19.53% in 1995 to 26.3% in 1998. This increase in the number of part-timers was due largely to the number of part-time nurses employed, which rose from 145 to 176. Of the 176 part-time nursing staff, more than half are registered nurses (92), a quarter nursing auxiliaries (44) and a small number paediatric nursing auxiliaries (14).

Personnel costs account for two thirds of the budget, which is absolutely representative of the budgetary structure of French public hospitals.

### ***1.3.2. The gynaecology and obstetrics department***

After a general overview of the gynaecology and obstetrics department at Villefranche, we will present the data on employment and working time in the department.

Certain points over and above the merely descriptive should be noted. It should be pointed out, for example, that midwives are employed in much greater numbers than registered nurses (18 and 3 respectively) and that the number of paediatric nursing auxiliaries far outweighs the number of ordinary nursing auxiliaries (17 and 7 respectively).

As far as the gender of the nursing staff is concerned, the department is exclusively female; this applies not only to the midwives but also to the registered nurses and nursing auxiliaries. The average age for the non-medical staff as a whole is 36.

The Villefranche hospital is now facing a new problem, namely a shortage of midwives in the labour market. We were able to measure the shortage on a local basis, that is in terms of its effects on the Villefranche Hospital.

- In May 2000, the gynaecology and obstetrics department did not receive a single job application from a midwife. According to the nursing manager, the hospital used to receive many such applications.

- This first indicator is reinforced by the problems being experienced in finding midwives to replace those on holiday or leave.

In an attempt to solve this problem, the Villefranche hospital is going to change its recruitment practices, firstly by using regular nursing staff and secondly by trying to alter the nature of its employment contracts. The department has recently hired two registered nurses in order to deal with the lack of midwives. These newly recruited nurses have been automatically allocated to the gynaecology unit. This has made it possible to transfer the midwives working in the gynaecology units to the obstetrics unit. The department's midwife manager estimates that "about 50 midwives have been employed in the department on short-term contracts over the past 10 years".

The midwives working in the Villefranche hospital can be divided into three groups. Firstly, there is a stable hard core made up of either tenured employees of the public hospital service or midwives on permanent contracts whose terms and conditions of employment are governed by the relevant set of provisions. Because of civil service career management practices and the constraints they place on external or internal mobility, this first group is made up of older employees.

The second group is made up of staff recruited on fixed-term contracts that are regularly renewed when they expire. This unlimited renewal of contracts means that the staff concerned tend to be regarded as permanent members of the hospital's workforce.

The third group, finally, includes staff on precarious contracts. They are recruited on fixed-term contracts that are not renewed, either because the individuals concerned prove unsuitable or because the temporary needs have been met. This is a diverse population, not necessarily very committed and usually young.

In obstetrics, for example, each midwife's schedule is constructed in accordance with the following principle. Each work cycle is made up of four periods that always follow each other in the same order:

- two days' work
- 24 hours off
- two nights' work
- 5 days off.

Although working time for nursing personnel (registered nurses, nursing auxiliaries, paediatric nursing auxiliaries, etc.) equates to the standard working day, the same does not apply to midwives, who work 12 hour shifts. This system is currently the subject of debate within the health care system. One of the main arguments being advanced emphasises the scope for flexibility opened up by a working time of that length.

### ***1.3.3. The orthopaedic department***

The orthopaedic surgery department had 24 beds in 1998. The average length of patient stay in this department is 8.11 days, which is twice the average for the hospital as a whole. This difference is explained by the high average age of the patients (54.1). Indeed, elderly patients,

who usually require fairly lengthy stays, account for a significant share of orthopaedic activity at Villefranche.

The department's activities fall into two categories. On the one hand, there is so-called elective surgery. Here, the medical procedures required are planned in advance, as are the period of hospitalisation, allocation of operating theatres, etc. On the other hand, there are the orthopaedic emergencies admitted through the hospital's accident and emergency department.

Through the impetus given by its head of department, the orthopaedics department has been actively involved in a restructuring of the hospital, one of the main aims of which is to develop surgical activity, an area in which Villefranche is in competition with a private hospital located nearby. The restructuring of the department is currently in progress, but it already seems that one of the main thrusts of the whole process will be to set up a surgical centre that will include orthopaedics, accident and emergency, rheumatology and some rehabilitation. This surgical centre will constitute a new work unit in which staff can function with greater flexibility.

The orthopaedics department is made up of 20.6 nursing staff (FTEs), including:

- 8.6 nursing auxiliaries (FTEs)
- the department supervisor
- and 11 registered nurses (FTEs).

In addition, there is a medical team of three surgeons.

Most of the nursing team was renewed in 1994-95, which explains why most of the nurses have not been in the department for very long. All of the nursing team are tenured employees of the public hospital service. According to the people we interviewed, there does not seem to be any move to develop new employment forms in the orthopaedics department. There are no fixed-term contracts or other forms of precarious employment.

Although the registered nurses, and particularly the department supervisor, are very much aware of the shortage of nurses in the labour market, there has been no impact on the orthopaedics department itself.

The organisation of work in the orthopaedics department is based on the legal provisions that apply to all short-stay units. The working day is divided into three periods:

- morning: 6.30 am – 2.45 pm
- evening: 1.15 pm – 9.30 pm
- night 9 pm – 7 am

There are always two nursing auxiliaries and two registered nurses on duty in the department during the day in order to ensure continuity of care and other activities. At night, there is only one registered nurse and one auxiliary, who also work in another department, the short-stay medical unit, which is nearby on the same floor.

One of the problems raised was that of the irregularity of work schedules, which are planned 14 weeks in advance and are very frequently disrupted by absences due to sickness.

We noted that all the people we questioned emphasised the changes that have taken place in work content. It would seem that nurses' workloads have become heavier and more intensive, because of an increase in activity and because of the increasing numbers of elderly patients being treated. These patients require more care and more time spent with them.

Both auxiliaries and registered nurses work significant volumes of overtime. Depending on the individuals concerned, the number of additional hours worked per month varies from 15 to 20, that is between 4 and 5 hours per week. These additional hours are credited to a computerised working-time account, with the balances being converted at a later date into additional days off.

Another problem that was raised was that of holidays, the timing of which has to take account of the constraints under which the department operates. As a result, holidays cannot always be taken at the same time as those of other family members, whether the nurses' husbands or their children. The enormous demand for time off during the school holidays causes difficulties with the allocation of holidays among the staff as a whole.

Furthermore, it would seem that nurses' careers tend to change direction around the age of 40-45, that is when the constraints of the job become more difficult to accept. Nurses seek to get round these constraints in various ways:

- by looking for jobs in nurse training or setting up in private practice, thereby giving themselves greater independence and flexibility;
- by gaining a qualification as a nursing manager;
- by asking to go part-time.

The department has a large number of part-timers compared with the national averages. There are five in all, two auxiliaries (who work 80% of standard working time) and 3 registered nurses (one on half time and the others on 80%). The nursing staff, the supervisor and the head of department are all in favour of expanding part-time working. According to the people we interviewed, this employment form seems to be a way of reconciling the department's constraints with the demands of family life, particularly when the younger nurses or auxiliaries start to have children. The supervisor is also in favour of part-time working, but for different reasons: "I'm fighting for it", she told us. For her, part-time work is a means of :

- "providing round-the-clock care",
- "complying with the requirement that nursing staff should have two consecutive rest days" and, finally,
- "making it easier to provide cover when staff are off sick".

The head of the orthopaedics department also favours part-time work, but in greater reservations. Although he recognises that his staff are particularly attracted to part-time work, he did stress that it raises certain problems:

- with the passing on of information,
- with maintaining work rate and atmosphere, and
- with personnel management.

## 2. The forces structuring employment and working time

The purpose of this second part is to analyse the factors (explanatory variables) that help to structure the employment and working time of nursing staff in the French health care system (explained variables).

### 2.1 The influence of the market and socio-economic context

Hospitals are subject to two simultaneous constraints:

- on the service they provide, which has to be constantly improving, in terms of both quality and safety, and
- on resources, with constant pressure being exerted to spend less.

In the face of these external pressures, changes within hospitals themselves are forcing them to review the ways in which they operate. Moreover, medical practices are changing rapidly due to the combined effects of medical progress and a threefold technological revolution<sup>14</sup> (computerisation, miniaturisation and digitisation). The development of modern technology (minimally invasive surgery, interventional radiology, imaging, etc.) is having a considerable impact on organisational structures:

- technology is making technical capacity the major concern of hospitals, which are having to invest heavily as a result;
- apart from this, the new technologies have helped to reduce the average length of patient stay but have also radically altered the relationships between medical practitioners and their patients.

The reforms that have taken place in the health care system have given visible form to this structural trend towards industrialisation. Three ordinances of 24 April 1996 led to sweeping changes in the whole of the health care and social welfare systems<sup>15</sup>. The modernisation<sup>16</sup> of the hospital system is based on three main ideas:

The responsibilities of each of the national and regional actors are to be redefined. A national health care conference will prepare the ground for the legislation on the funding of social security by which the regional grants for the public and private hospital sectors will be determined. The newly established Regional Medical Care Agencies will be responsible for drawing up and implementing the regional health care organisation plans by means of which the regional budgets will be controlled.

- The Regional Agencies are to negotiate contracts on objectives and resources with the hospitals in order to reduce inequalities and meet needs more effectively. The management tools used in hospitals are to be reformed by means of the corporate plans that each hospital will be required to draw up and through the development of centres of accountability.

<sup>14</sup> Pascal C., *Gérer les processus à l'hôpital*, doctoral thesis, GRAPHOS, Univ. Lyon III, 2000.

<sup>15</sup> Ordinances 96-344, containing measures pertaining to the organisation of social security, 96-345 pertaining to the control of medical costs and 96-346 relating to the reform of public and private hospitals.

<sup>16</sup> The reform of the health care system is still continuing. The government is trying in particular to reduce the dichotomy between the health care and social welfare systems (revision of the Act of June 1975 on community health care).

- The accreditation of hospitals by the ANEAS<sup>17</sup> is intended to guarantee the quality and safety of all procedures.

Hospitals, the locus for the delivery of health care services, are in direct contact with the wider society and must therefore respond to new needs as they emerge, whether they are economic or social in nature. Demographic issues will also present the hospitals of tomorrow with a major challenge. The aging of the French population<sup>18</sup> will lead to an increase in the costs of caring for those with physical and mental disabilities. Dealing with this ageing population and ensuring that the elderly in need are accommodated and treated will be a major challenge for all hospitals and health care centres, whether public or private.

Similarly, increased precariousness and new social problems place health care establishments at the heart of a health and social welfare monitoring system.

All observers of the health care system are now unanimous in welcoming the increasing place of patients within the system. In addition, the development of new information and communication technologies as applied to health – medical knowledge disseminated on the Internet – gives patients an opportunity to gather information on health matters and reduces the informational asymmetry between patient and doctor.

Ultimately, the rise of the patient-consumer will have not insignificant consequences for hospitals. Indeed, expectations as to the quality and safety of medical procedures have already increased.

## **2.2. The influence of the domestic environment**

Taking as our starting point the French model for effecting the necessary adjustments between employment and family policies (1), we will outline those characteristics that impact on the public hospital system and on nursing staff (2).

The French model is a compromise model<sup>19</sup>, since “family policies cut across employment policies”; as a result, women are regarded primarily as mothers but as workers as well.

Successive governments have sought to establish some degree of balance between family life and paid work; the main focus has been on women, with two types of measures being enacted:

- development of the childcare infrastructure (childminding, day nurseries, nursery schools, etc.);
- encouragement for the reform and reorganisation of working time, general protection for part-time work, introduction of allowances, benefits, parental leave, etc.

Although the nursing profession benefited from a general upgrading during the 1990s (in particular: pay increases, the creation of specific training paths, expansion of mobility, etc.) following the wave of protests that swept the profession in 1988, there are still certain

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<sup>17</sup> *Agence Nationale d'Accréditation et d'Évaluation en Santé* – National Agency for Accreditation and Evaluation in Health Care.

<sup>18</sup> The 65 and over age group will account for 30% of the population in 2010. Life expectancy increased by 4 and 3 years respectively for men and women between 1981 and 1996.

<sup>19</sup> Hantrais L. et al., *La relation famille-emploi*, Paris, 1995, p. 46.

characteristics that need to be emphasised because they reveal the difficulties that still exist in reconciling the constraints inherent in the nursing profession with the domestic constraints that impinge on individuals' lives:

- infringements of the working-time regulations;
- a higher share of atypical schedules;
- inadequate facilities in hospitals and other health care centres for staff seeking to balance paid work and domestic responsibilities (a lack of day nurseries, for example).

Against this background, nursing staff tend to use part-time working as the adjustment variable between the constraints of their jobs and their domestic lives. In our view, the increase in part-time working is linked to two phenomena:

- the desire of hospital managers to increase working-time flexibility in order to raise hourly productivity in a situation in which labour costs are high (70 % of the total budget) and the general civil service regulations permit little mobility or flexibility;
- the desire of individuals to mitigate the constraints imposed by the nursing profession.

Faced with the need to maintain round-the-clock care, public hospitals are obliged to put in place arrangements that allow them to deal at the lowest possible cost with temporary work overloads (for example, paediatric departments are literally overwhelmed during the months of January and February because of outbreaks of bronchiolitis among infants) and with absenteeism.

Moreover, it would seem that individuals frequently ask to go part-time in order to mitigate the constraints to which they are subject (intensification of workloads, night work, variable work schedules, etc.). The pay increases obtained in 1988 are said to have encouraged individuals to opt to work part-time (Mossé and Arrowsmith, 1999]. Management in the public sector is said to be somewhat reluctant to accept part-time work because of the problems it causes for the management of health care teams. Thus the Roché Report noted that one of the obstacles to the expansion of part-time working lay in “the attitude of management, which in many cases has failed to encourage any expansion of part-time working, with individual managers fearing disruption within their departments<sup>20</sup>”.

### **2.3 The influence of the regulatory environment**

The fact that employment in the public hospital sector is governed by the general civil service regulations has led to the establishment of a set of rules, based on the notion of career, that are intended to protect individuals. These rules now conflict with the need for budgetary rigour, which forces hospitals to pay considerable attention to their annual accounts. Thus human resource managers in public hospitals find themselves confronted with two problems that have to be dealt with simultaneously: on the one hand, ever greater pressure to increase flexibility, to save resources and to increase efficiency and, on the other, the statutory protection of hospital workers' rights. The Roché Report, published in January 1999, called for sweeping reforms of the legal framework governing work organisation and for increased harmonisation of practices in this area.

<sup>20</sup> Roché J., Rapport sur le temps de travail dans la fonction publique, January 1999, pp. 26-30.

Nurses and midwives receive their training in specialist institutions (nursing schools or IFSI – *Instituts de Formation et des Soins Infirmiers* – and midwifery schools); successful students receive a diploma authorising them to practise their chosen profession. One of the key elements as far as employment is concerned seems to be the link between training institutions and the hospitals. Unlike the nursing schools, which seem to act as "pools of labour" for hospitals to draw on, there is no direct link between the midwifery schools and the hospitals. Apart from the special relationships that particular hospitals might establish with certain training institutions, there is no real formal policy of organising training courses in such a way that they lead directly to employment. The recruitment of midwives is not flexibly managed in such a way as to give hospital the means of developing HRM policies suited to their needs.

The labour market for the nursing profession operates on the basis of a theoretical linkage between the demand for and the supply of the relevant labour services. Today there is a shortage of nurses and midwives in the labour market.

In the case of midwives, a number of explanations have been advanced for this shortage:

- The length of training was increased from three to four years in 1985. This increase in the length of training course has delayed the entry of young midwives into the labour market.
- It would seem that recruitment linked to early implementation of the new legislation on the 35-hour week has contributed to the current imbalance in the labour market.
- Finally, it would appear that one of the decisive factors is the policy of demographic regulation that has been applied to the nursing professions. Changes in quotas always make their effects felt with a time lag.

As in all the public services in France, trade unions have a high profile in the public hospital system. Union density is culturally low in France (under 10%) and yet until the reform of April 1996 the unions played a major role in the joint management of health service institutions.

In the hospitals, the unions are particularly active on issues relating to the restructurings and their social aspects, which mainly concern employment and working time. The reform of civil servants' working time [Roché, 1999] and the process of planning for the introduction of the 35-hour week in the public sector are now major issues on which both the government and the trade unions have taken stands.

## **2.4 The influence of organisational factors**

Firstly, we need to examine the administrative organisation of human resource management. In public hospitals, the management of human resources is shared between two sub-departments: the Department of Nursing and the Department of Human Resources. In practice, the Department of Nursing seems to be more involved in human resource management than the Department of Human Resources itself, since all questions relating to recruitment, training, management of working time, holidays, etc. fall within its sphere of competence. The personnel director is responsible for manpower and skills planning, but the main focus of his or her job is the administration of civil service careers and the management of pay. The establishment of the Nursing Department is part of a drive to upgrade nursing work. This upgrading has placed nursing managers in a highly ambiguous position as far as the division of labour between the Nursing Department and the Human Resource Department

is concerned, with the latter department operating in accordance with purely administrative principles. This division of functions, which is implemented differently depending on the individuals and hospitals concerned, has contributed to the duplication of management systems and, in our view, to a reduction in the scope for more flexible management of nursing staff.

The processes whereby medical care is delivered are complex production processes, since they involve actors from a range of different occupations (doctors, nurses, catering and housekeeping, technical and administrative staff, porters, etc.). This complexity is further increased by the fact that the medical and technical procedures, examinations and consultations that patients have to undergo fall within the scope of different disciplines and are therefore conducted in different departments. Consequently, the adjustments and modes of coordination between these actors – who play key roles in the process, whether directly in the case of medical staff or indirectly in the case of support staff – are particularly important. It is enough for just one of the links in the production chain to be deficient for all the processes involved in the delivery of medical care to decline in quality.

Working-time flexibility among nursing staff, particularly in those departments that are an important part of a hospital's technical capacity (surgery and obstetrics, for example), is a key variable in the adaptive processes that can be put in place to facilitate patient management. Such flexibility requires wide-ranging competences and know-how. This realisation has not only led hospitals to draw up specific training plans but also to pay increased attention to their policies for recruiting nursing staff.

The structure of hospitals is characterised by the specialisation of scientific knowledge. This notion of the hospital has a direct impact on work organisation, since it is one factor in the compartmentalisation of the workforce. Thus nursing teams are allocated on principle to a given department.

Since the early 1990s or even the 1980s, successive governments have been seeking to rectify the dysfunctions produced by this lack of coordination. Today, however, there is an observable shift in hospitals towards decompartmentalisation, driven on the one hand by growing recognition of the cross-cutting nature of medical procedures and on the other by the increasing diversity of ways in which medical care is delivered (day cases, home medical care, etc.). Against this background, a different system of work organisation is being put in place, one in which staff in the various departments are no longer necessarily compartmentalised and employment and working time are flexibly managed. However, such systems are just beginning to emerge, and in many cases there is only a very limited degree of inter-departmental mobility among nursing teams.

### **3. Conclusion**

Ultimately, it would appear that all hospitals and other health care centres are having to deal with broadly the same processes of change, those leading to what might be termed “the industrialisation of medicine”. For the moment, the restructurings in the public sector have been much less effective than those in the private sector since they have taken place in contexts that differ considerably, particularly as a result of the different role attributed to operating accounts and the greater obstacles to change in the public hospitals. Nevertheless, we would assume that market factors, that is the linkage between the evolution of supply and demand, should in the long term play a comparable role in the public health care system.

However, the current employment and working time situation in the public hospitals remains a matter for concern, to say the least. Indeed, the shortage of nursing staff (registered nurses and nursing auxiliaries) is one of the manifestations of the stress to which the management tools in use in public hospitals are now subject. The hospitals are having to deal with new needs (urgent gynaecological consultations, for example) which they can only partially meet, in both quantitative and qualitative terms.

In our view, this intensification of the pressure for change will lead the public hospitals to develop and use new management systems in order to deal with their organisational problems. These management systems could be set up from scratch, transferred from other sectors (industry, for example) or adapted to the specific context of the French health care system. The emergence of new management practices was observed in the course of our two case studies. The practices that are emerging in public hospitals are all intended to increase the flexibility of the human resources available to a sector that remains strongly protected, in accordance with French cultural tradition:

- quantitative flexibility : increased use of personnel on regular employment contracts (particularly short-term contracts) rather than tenured employees of the public health care service, increased use of part-time workers, long working times, etc.
- qualitative flexibility : development of competences and know-how of personnel, etc.

It seems to us that the public hospitals will in future be part of this dynamic of change leading to the “flexibilisation” of human resources and that this will increase their chances of meeting both the demand for high-quality, safe medical care and that for economic rationalisation.

## The Health Sector in Italy

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### Key Legend

Legenda

ASL = Azienda Sanitaria Locale (local health enterprise)

DRG = Diagnostic Related Group

NHS = National Health System

USL = Unità Sanitaria Locale (local unit board)

T-A operator = technical-assistance operator

## 1. The Italian Health Care Sector

### 1.1. Organisation and main features

The structure of the Italian national care system comprises various types of institution. The Ministry of Health is the central organ of the National Health Service (NHS) and is responsible for setting guidelines and planning. The regional administrations (including the autonomous provinces of Trento and Bolzano) and the local health enterprises (ASLs), together with the hospitals, cooperate in pursuit of policy goals. The former organise services and activities within the regions and coordinate the action of the local health boards (USLs) and the hospitals. The ASLs organise care within their territorial boundaries either directly or by purchasing services from other public or private organisations.

Before the reforms first introduced in 1992<sup>21</sup>, the Italian NHS was an integral part of the public sector, so that the funding and provision of hospital services were organised by the state through public facilities and financed out of revenues. At that time, the financial requirements of the NHS were consistently underestimated; the end-of-year financial statements of the Local Health Units (USLs), which were the monopolistic suppliers of health services, invariably exceeded their budgets but were nonetheless regularly settled.

The situation has changed since 1992 thanks to the gradual introduction of reforms intended to contain costs and to overhaul the organisational model. Also significant have been organisational measures intended to enhance the efficiency of the health-care system: notably the restructuring of the entire hospital system, the introduction of incentives in order to increase efficiency, and the fostering of competition among the producers of health-care services. USLs have been reduced in number and reorganised into ASLs.

Since 1995 the financing of the hospitals has no longer been based on beds and average bed-days (implying an ex-post evaluation of costs), but rather on a model of Anglo-Saxon origin: the DRG (Diagnostic Related Group). Essentially, the DRG system singles out groups of patients homogeneous from the point of view of resource consumption (and therefore of production costs). Corresponding to each of these groups is a package of medical services (thus, an ex-ante identification of costs). The DRG system has had a major impact on the

<sup>21</sup> The legal framework was provided by Law 833/1978, which instituted the country's National Health Service. The reforms of the NHS were implemented by decree-laws 502 of 1992, 517 of 1993, and 229 of 1999.

management of hospitals, and it is an innovation of especial interest for countries like Italy with meagre resources to cope with the constant growth of health care expenditure, particularly on hospitals. Since this more business-oriented and rationalised NHS has been in operation, flexible and atypical employment contracts have become correspondingly more common.

The most recent legislative intervention in health care is decree-law 229/1999: this, from an organisational point of view, has emphasised the tendency towards closer regulation of the health-care system. The decree-law obliges doctors to choose between working in a public hospital or providing their services externally. The trade unions (particularly the craft unions to which most doctors belong) have protested against this compulsory choice and they have pressed for substantial economic advantages. In fact, the current national collective agreement (1998-2000) for the medical staff has been concluded only with difficulty.

### **1.2. Health expenditure<sup>22</sup>**

Since the institution of the NHS, the constant growth of health care costs has caused major difficulties for the system. Some of the deficit was due to the inefficiency of the USL system (when Law 833/1978 was in force). The new regulations enacted in the early '90s - in particular, the constraint of ex ante budget imposed on the ASLs, the set of incentives and disincentives to create a sense of responsibility among ASL employees, and the obligation for every ASL break even lest the managing director be removed - have introduced closer controls on health expenditure.

Although spending on health services varies substantially across regions, the estimated average for Italy amounts to 1000 Euros per capita, in 1998. The share of health expenditure as a percentage of GDP is below the EU average. It decreased during the 1990s, standing at 5.6% in 1998; labour costs account for 42.3% of total health expenditure, while direct expenditure (i.e. staff costs and the purchase of goods) accounts for 61.8% (Ministero del Tesoro, 1999). The number of hospitalisations displays an increasing trend, while the average number of bed-days is constantly decreasing, amounting to 9.4 in 1996 (ISTAT, 1999).

### **1.3. Employment**

The NHS makes a major contribution to national employment: health total employment (doctors, nurses and auxiliary personnel) accounts for 1.1% of the resident population and for 3.2% of total employment (in 1996). In general, 17.9% of the health-sector personnel is composed of doctors, 43% of nurses and 39.1% of auxiliary personnel (cleaning, catering, etc.), with an average ratio of 2.4 nurses for every doctor (ISTAT, 1999).

Disaggregating by gender, there are 26% more women than men working for the NHS, but only one-third of doctors are women. This feminisation of the NHS workforce mainly depends on the large proportion of women in nursing personnel. In this category, indeed, women predominate in the country as a whole (Università Tor Vergata, 1999).

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<sup>22</sup> Official data on the health-care sector are made available with a considerable time lag. This is way figures in this section refer either to 1996 (ISTAT, 1999) or to 1998 (Ministero del Tesoro, 1999).

Analysis of the ASL in the Autonomous Province of Trento (the subject of our case study) yields results which presumably depict the future tendency in the country as a whole. The main findings are as follows. First, the percentage of women employees at managerial level (doctors and executives) is still low but nonetheless increasing; moreover, the average age of female employees is lower than that of males. Second, part-time work (requested and used mainly by women) is on the increase, but exclusively among non-medical hospital staff. This is the result of the predominant presence of women among nurses.

As already mentioned, personnel costs account for 42.3% of current health expenditure, and it increased during the 1990s despite attempts to curb it by reducing, if not stopping, hiring/staffing. The cause is probably the constant growth of salaries for certain categories of staff, particularly doctors and executives.

Monthly pre-tax pay for doctors amounts, on average, to approximately 3,750 euros (in 1996), ranging from a minimum of 3,300 in Sardinia (the region with the highest percentage of female doctors, almost 60%) to a maximum 7,000 euros in the Autonomous Province of Bolzano (Università Tor Vergata, 1999). In general, doctors are better paid in the North than in the South: it is the variable amount of the salary that differs. The salary model, institutionalised by the 1998-2000 National Collective Agreement for medical staff, divides doctors' salaries into three components:

- a) professional remuneration: a base salary which is the same for all doctors;
- b) positional remuneration: this depends on the allocation of the doctor;
- c) result remuneration: a variable amount calculated according to the contribution made to achievement of the ASL's goals.

This last salary component represents 6.2% of total remuneration in the South and 40% in some northern regions. The average monthly pre-tax salary for the non-medical staff (280,263 persons employed in 1996) is around 1,500 euros<sup>23</sup> and is largely the same in all regions (Università Tor Vergata, 1999).

## **2. The influence of the Italian socio-economic context**

The concept of health is constantly evolving, shifting from an 'absence of pain' to 'welfare'. Profound social changes (the progressive ageing of the population, the increasing number of pathologies causing long stays in hospital, a low birth rate, the steadily decreasing number of deaths due to disease) have brought the concept of health increasingly close to that of general welfare, creating a new concept of 'well-being'. Consequently, the institutions supplying medical services must be flexible and able to keep abreast of social changes.

Closer inspection of various economic and demographic indicators shows that Italy cannot be described as uniform but rather as a group of individual regions with different characteristics. Only at the local level is it possible to define health-care priorities and services in concrete terms. It is therefore understandable why attempts have been made to regionalise the management of health services.

<sup>23</sup> A separate national collective agreement defines pay and working conditions for the health sector employees (non-medical staff).

### 3. Influence of trade-union relations on employment and working time

#### 3.1. The National Regulations

Proper understanding of working time regulation the health care sector requires brief discussion of the general characteristics of the Italian labour market, and the characteristics of the services sector in particular. The structure of the labour market in Italy reflects the country's economy. In some areas, especially in the North, the labour market is thriving, as proved by the low level of unemployment. In the South, by contrast, unemployment is still very high. The female activity rate is one of the lowest in Europe<sup>24</sup>, but in spite of this, Italy's birth rate is one of the lowest in the world.

Legislative regulation of employment is still stringent in Italy if measured in terms of the number of workers employed on atypical contracts, but the incidence of irregular work is high. The limited diffusion of atypical contracts derives also from the family model characteristic of Italian society. The labour market still seems to rotate around the figure of the 'male breadwinner', employed full-time in a permanent job.

Since the early '90s all Italian governments sought to stimulate new forms of employment (part-time, temporary work, etc.). The changes introduced in the legislative regulation of employment stimulated some adjustments in the health-care sector: in particular, the introduction and diffusion of part-time work (which is now the most common atypical contract in the sector<sup>25</sup>) were encouraged. Before 1994 part-time contracts could only be stipulated at the discretion of the administration concerned; the budget law of 1994 introduced the obligation for NHS enterprises to grant part-time contracts, when requested by employees, within the boundaries set by collective bargaining.

The national collective agreement (in force in 2000) for the non-medical staff employed in the health-care sector sets a maximum limit on part-time contracts, which cannot exceed 25% of the total amount of contracts. Below this ceiling, applicants are entitled to work on a reduced schedule, but they are not guaranteed a place in the sector that they have indicated. The agreement also provides that only workers without managerial functions may apply for part-time work (clerks, nurses and subsidiary personnel). Doctors, administrative managers and ward supervisors are therefore excluded. Thus part-time work takes on a predominantly female character owing both to Italy's employment model, as mentioned before, and to the fact that clerical and nursing functions are mostly performed by women.

Although the part-time contract is still in the experimental phase, its introduction has already had both positive and negative consequences. The main positive consequence is the increased general satisfaction of part-time workers<sup>26</sup>. The negative aspects are closely connected with

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<sup>24</sup> The Italian labour market displays a high inactivity rate of both women and men in the working age population, especially when compared with the EU average. In addition, the female inactivity rate is not only the highest of all Member Countries (EU 12) but it is, by and large, double that of males (55.5% vs. 26.3%). The high female inactivity rate is reflected in a low employment rate (37.1% vs. 66.7% of men), although one observes a significant increase in female employment over the last six years.

<sup>25</sup> The use of semi-self-employment contracts, like those regulating consultancy and freelance work coordinated by the employer, is still in its initial stages, although there are some examples of contracts of this kind among specialised personnel working in the local community (like obstetricians).

<sup>26</sup> However, the related theoretical creation of new jobs cannot yet be measured accurately.

problems of organisation; shift planning is becoming increasingly complex, while full-time workers are often forced to take on extra hours because part-time workers are excluded from overtime and emergencies.

As already mentioned, doctors cannot stipulate part-time contracts: they are employed by hospitals on five-year managerial contracts. The reforms introduced during the process of enterprising the health-care sector have also brought some changes in work organisation. Doctors engaged in achievement of the goals established by the ASL no longer have to work a certain amount of hours inside the hospital, but they must work to fulfil the enterprise plan.

### **3.2. Evolution of working time regulations**

The institutional changes recently introduced in the country's regulation of employment<sup>27</sup>, on the one hand, and in the overall re-organisation of the NHS, on the other, have resulted in pressures for greater work flexibility in the health-care sector. This goal is encouraged by the incentives offered to part-time workers and by the attempt to make this type of contract less rigid and more manageable. Given the shortage of health-care personnel, it has been suggested that part-time might be a major incentive for entry into the nursing profession, particularly for women, who represent the majority. Case studies show that, from the personnel's point of view, the possibility of working part-time is undoubtedly an incentive both for choosing the nursing profession and for resuming one's job after periods of absence. Nevertheless, to date there has been neither an increase in enrolments on university courses nor an increase in job offers.

The attractiveness of the support professions should be heightened by differentiating pay according to the roles performed by ward personnel. At present, the basic average monthly net salary of a full-time professional nurse is around 1,100 euros<sup>28</sup>, to which an allowance of about 150 euros per month is added for hours considered unsocial and for overtime. In monetary terms there is a difference of only 250 euros among the various roles played by ward personnel, despite the great differences among their tasks and responsibilities.

The policy pursued by the trade unions has established to uniform personnel contracts under the national collective agreement for ward personnel. The greater professional awareness of nurses in the last few years has led to the creation of an autonomous trade union, the Nursing Up, which presses for differentiation of personnel contracts according to their competences.

### **3.3. Structure of the training system, permanent education and career paths**

At the moment there is considerable discrepancy among the qualification required for the various roles played by ward personnel and the responsibility associated with their duties, on the one hand, and the moral and economic recognition of the work performed, on the other.

<sup>27</sup> On 28 January 2000, Italy's Council of Ministers issued regulations on working time which take account of EU provisions on the matter. Incentives are provided for those workers who opt for a part-time contract as well as the guarantee that they will not be discriminated against. In protection of employees who choose part-time employment, a specific written agreement must be formalised and endorsed by both the employee and the employer.

<sup>28</sup> These data refer to our case studies carried out in spring and summer of 2000 in Trento.

From the point of view of contracts and pay, ward staff are treated homogeneously, and are thus trapped in fixed roles which do not offer particular opportunities for career advancement. As a rule, seniority does not bring any advantages for a professional nurse, and career opportunities within the ward are very limited. It is for this reason that the new trade union, Nursing Up, is growing in importance<sup>29</sup>.

The lack of correspondence between the requisite training<sup>30</sup>, the difficulty and responsibility of the work, on the one hand, and social and economic recognition, on the other, exacerbate the shortage of nurses already characteristic of Italian hospitals. Around 50,000 nurses are needed in addition to the staff presently on duty. The possibility of part-time contracts and the guarantee of a job, given the sectoral overdemand, seem to be insufficient incentives for entry to the profession.

#### **4. Case study: Santa Chiara Hospital in Trento**

The Santa Chiara Hospital is the largest hospital board of the provincial ASL. Located in the city of Trento, it has 907 used beds divided among 27 wards; it employs 2,225 persons, of whom 850 are ward personnel and 316 are doctors. The average number of admissions per year is 33,600, corresponding to 224,933 bed-days, with an average hospital stay of 7.3 days.

Management of the hospital of Trento is devolved from the centre (central direction and office for nursing services) to the periphery (the administrations of individual hospitals). Given the size of the facility and the quantity of personnel to be managed, efficient direction and control cannot be applied from the centre, therefore some functions are decentralised.

The hospital suffers problems due to the shortage of personnel. Beside the scarcity of nurses, staff cuts have been imposed in order to curb costs. The 850 ward personnel units assigned to the Santa Chiara Hospital are not sufficient to cover its needs. The amount of hours theoretically worked by this personnel is clearly not sufficient if the calculation is based on the standard contract of 36 hours a week. It is consequently obvious that the calculation takes it for granted that personnel will work a substantial amount of overtime. Moreover, the 850 persons envisaged are never all on duty; the hospital records an average daily shortfall of 55 persons caused by absences due to illness and maternity leaves (with an average of 60 or 70 women in maternity leave per year).

Within a generic ward, personnel is hierarchically subdivided into: professional nurses (with university diplomas), general nurses (which will be phased out, as they have the old nursing high school diploma), T-A operators (technical-assistance operators who have attended a two-year nursing school after leaving lower-secondary school), and support staff (personnel without qualifications with lower level job tasks).

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<sup>29</sup> Its members now are more than 50% of the memberships of the three national federations (CGIL, CISL, UIL).

<sup>30</sup> Till a few years ago, it was sufficient to have a nursing high school diploma; now professional nurses are asked to have a university degree. As a result of the health care reform, university degrees (3 years courses) have been introduced for the following occupational categories: specialised nurses, dental hygienists, physiotherapists, laboratory technicians, radiology technicians.

The ward sister<sup>31</sup> plays an important role. In contrast to what happens in smaller structures, at the hospital of Trento she is fully in charge of shift organisation and the management of nursing personnel in her ward. In view of the complexity of the ward sisters' work, the management of the hospital of Trento had proposed that they should not be allowed to switch to part-time contracts. Nevertheless, since in smaller hospitals part-time has been granted to ward sisters as well, the hospital of Trento has been forced to concur.

Generally speaking, working time is defined by the national collective agreement, integrated by the provincial agreement. The work schedule consists of 36 hours a week for full-timers, with average overtime amounting to 100 hours per year. As regards part-time contracts, the number of hours worked varies and is specified in the individual contract. There are two types of part-time contract, horizontal and vertical, each further sub-divided:

a) horizontal part-time<sup>32</sup>:

- fixed (days and hours established by contract);

b) vertical part-time:

- fixed (e.g. three eight-hour days a week),

- variable (e.g. eight hours a day, distributed in a variable way),

- modular (total hours calculated for the month and distributed in a variable way).

At present the most frequently requested part-time contract is the modular-vertical form, since its alternation of working days and days off is appreciated by employees. By law, part-time workers cannot work more than thirty hours of overtime in a year. For ward reasons, however, part-timers may be called out on duty.

The shift schedules for the ward personnel of the entire hospital are issued on a monthly basis. They must guarantee assistance round the clock, observe the criteria for the presence in the ward, as well as restrictions on overtime. There are three shifts, each lasting eight hours; the first is from 6:00 to 14:00, the second from 14:00 to 22:00, and the night shift from 22:00 to 6:00. Generally, three nurses are needed (per ward) for the first shift, two for the second and night shifts. The presence of a T-A operator and of another nurse always available are also required. The total amount of assistance delivered per month varies between 150 and 170 hours for each ward. In order to provide these hours, it is necessary to resort to overtime. Since by law part-timers can work only a maximum of 30 hours overtime per year, full-timers work an average of 180 hours overtime. The situation of call-outs on duty is similar: the ward sister calls the employees when necessary (for example in the case of illness), trying to give the rest day back as soon as possible. Call-outs are monetised: if an employee is called out at least 4 to 6 times per year, her/his wage is increased by about 120 euros, but a larger number of calls does not correspond to a proportional increase in wage.

Finally, personnel's holidays are planned on a ward level, considering that by law each employee is entitled to fifteen rest days during the summer period (from 1st June to 30th September)<sup>33</sup>. Given the general shortage of personnel, it is hoped that there will be no

<sup>31</sup> In theory, this position could be filled also by men. In all case studies considered (directly and indirectly) we found only women. This is why we refer only to women, using the traditional definition (word sister).

<sup>32</sup> Variable and modular horizontal part-time are not applied.

<sup>33</sup> The other fifteen days are distributed across other periods of the year: the management tries to meet the employee's wishes provided they are consistent with the assistance which has to be guaranteed.

absences due to illness during this period. If there are, the shifts must be rearranged and the persons on duty compelled to work overtime in order to cover the shifts. Employees on duty during the summer period often switch from a 4 - 2 schedule (4 working days and 2 rest days) to a 5-1 schedule in order to guarantee the holidays that they have planned. Employees can for instance forgo the fifteen-day summer holiday and ask for a whole month in another period of the year. This practice is encouraged by the management in order to avert situations of extreme congestion, and is often chosen by younger and more flexible personnel. Even though not particularly common, this practice together with part-time may be a solution for the problem of staff shortages during some periods of the year<sup>34</sup>.

#### **4.1. Midwifery-gynaecological ward (Santa Chiara)**

The ward is divided into two different units: midwifery and gynaecology both run by the same manager. It has 59 beds, with an average number of 3,023 admissions per year. Bed-days annually amount to 14,364 with an average length of stay of 4.6 days. It is estimated that the ward is used to about 66.7% of its full capacity.

The midwifery unit undertakes all activities concerning childbirth and the phases prior and subsequent to it. The work of the nurses is organised by a ward sister, while midwives liaise with a head midwife. The staff consists of 28 persons, all women: a head midwife, 20 midwives - three of them presently on maternity leave - and 7 T-A operators. The average age of the personnel is 39.2.

The gynaecological unit treats all typical and exclusively female pathologies, mostly of tumoral and inflammatory origin. The staff of this division is composed of 27 workers: a ward sister, 17 professional nurses, a general nurse and 8 T-A operators.

##### ***i) Organisation of working time and ward presence***

Although the labour contract provides for 36-hour per week for full-timers, the average working time in the ward is 40 hours. Part-time contracts have been introduced only recently, and they have gradually increased in number. At present in the obstetrics division there are 4 part-timers<sup>35</sup> in a total of 28 employees (14%); in the gynaecological division there are 6 part-timers in a total of 27 employees (22%).

Theoretically, shifts are organised according to a scheme whereby four working days alternate with two rest days. It often happens, however, that 5-2 and even 6-2 schedules are adopted. The 6-2 schedule is used mostly in the obstetrics division because of personnel shortage and the heavy workload. In general, employees work two afternoons (from 14:00 to 21:00), two mornings (from 7:00 to 14:00) and two nights (from 21:00 to 7:00).

Work and shifts in the obstetrician unit are organised by the ward sister and the head midwife (coordinated by two obstetricians). The latter enjoys considerable autonomy; this delegated management allows a kind of work's self-organisation, which has resulted accountable and efficient. According to the head midwife, the low level of absenteeism in this division is due to this autonomy. The obstetrics staff has recently asked for an experimental 12-hour shift, so

<sup>34</sup> For the first time this year, the shortage of personnel has led some hospital wards to close during the summer to allow their employees to take their holidays.

<sup>35</sup> The head midwife is employed on a part-time contract and therefore enjoys some flexibility.

that there would be two 12-hour working days (the first from 8:00 to 20:00, the second from 20:00 to 8:00) followed by two rest days. The request has been accepted and the experiment will start in November 2000. Shift organisation in the gynaecological unit is more hierarchical and is managed by the ward sister. In both divisions it is possible to exchange shifts, allowing for some self-organised flexibility.

As far as holidays are concerned, employees may organise these according to a set of rules. It is not allowed for more than three employees to take their holidays simultaneously; if necessary, one of them may be called in and therefore must be available. No employee can take her/his holiday between 20 December and 6 January.

## *ii) Absenteeism, turn-over and job satisfaction*

The ward does not have a high level of absenteeism. Turnover is also relatively low<sup>36</sup>. Turnover among wards is rather frequent. It often happens that employees ask for part-time and are moved according to requirements. Personnel see this both positively - because it permits the acquisition of experience in several sectors - and negatively because a change of role (due to the internal mobility) may lead to strong de-motivation.

On average, satisfaction with working time organisation is high, with a satisfaction score between 4 and 5. As regards decision making and functional autonomy, the value is 3 on average. More problematic are aspects to do with the work environment, relations among colleagues and seniors, and the seniors' acknowledgement of the work performed. This difficult working environment may be due to the characteristics of the hospital structure: large size, frequent staff turnover, complex management problems.

Free time, career opportunities and pay are the aspects that cause more problems for personnel. Part-time nurses are highly satisfied with the first of these aspects. On the other hand, full-timers complain to be overburdened by overtime, which is necessary for the ward to work efficiently<sup>37</sup>, and regard part-timers as privileged. The average satisfaction score is only 1. As regards career opportunities, as previously pointed out, there are no possibilities of career advancement and satisfaction is zero. Finally, pay is an important issue and is a deeply felt problem for personnel, who give it a satisfaction score of 1.

## **4.2 Orthopaedic ward (Villa Igea)**

The second ward analysed delivers a high level of basic care. The patients tend to be older in age and are often immobilised and non self-sufficient. The ward has 68 beds, with an average of 2,871 admissions a year, 16,184 bed days a year, and an average stay of 5.6 days. It is estimated that the ward is used to 63.3% of its capacity.

The unit's premises are located at a distance from the rest of the Santa Chiara Hospital. This permits direct access for patients with traumatological problems, thus relieving the general first aid station of a substantial amount of work. As well as the female and male orthopaedic

<sup>36</sup> Staff turnover is instead high in the rest of the hospital. This is probably due to heavy workloads and unsuitable salaries. Many employees ask to be transferred to smaller facilities where there is less work and the same pay.

<sup>37</sup> Overtime is common among full-timers: in the month of July (2000) alone, a total of 1370 hours of overtime were worked in the midwifery-gynecological ward (with an average of 41 hours per head).

divisions, there are two operating theatres, a plastering room, and an out-patients department. The ward pays close attention to rehabilitation, so that patients are as autonomous as possible when they are discharged.

Nurses are managed by two ward sisters who coordinate both the female and the male orthopaedic divisions; personnel work in both of them by turns. This decision was taken in order to create better working conditions. The two divisions are very different, in fact: the female one has a large number of elderly patients and by necessity delivers basic care; the male one offers more dynamic and in a certain sense easier work.

The ward's personnel amounts to 42 units: 2 ward sisters, 28 professional nurses, 2 general nurses and 10 support workers. The average age is 39.7. Three of the professional nurses work in the outpatients department. There are some males in the ward (14.3%): 4 professional nurses, a general nurse and a support worker are men.

### ***i) Working time organisation and ward presence***

The national regulations on working time apply in this case as well. Full-timers work 36 contract-hours per week (though the number of actually worked hours is 38), while for part-timers both the total number of hours worked and its distribution over the week vary (according to the individual contract signed). Only five people, out of 42, work on part-time contracts: one of the ward sisters, three professional nurses and a temporary worker.

As in the whole Santa Chiara Hospital, the ward sisters of the orthopaedic ward are fully in charge of monthly shift-organisation. They have to combine the ward's needs and criteria (for the presence in the ward) with the employees' wishes whenever possible. In general, shifts follow the 6-2 scheme: two afternoons, two mornings, two nights and two rest days. The ward sisters draw up the first shifts schedule for the following month on around the 20th of the current month. At this point those employees with particular needs may notify them to their senior, who will meet them if possible. The internal rules also include shift-exchanges, when necessary, on authorisation by the ward sister.

Holidays are decided by the end of February at a ward assembly. If an employee needs a day off, holidays or hours for special reasons, he/she must notify the fact by the 10th of the month in order to be sure that account will be taken of his/her request when shifts are organised for the following month. The criteria for the presence in the two units to be observed are:

- the full-time ward sister must be flanked by the part-time ward sister, who works on a 4-2 shift from 8:00 to 15:00;
- there must be three professional nurses in each division for the morning and afternoon shifts;
- two professional nurses must be on duty at night;
- two supporting workers must be present for the morning and afternoon shifts.

### ***ii) Absenteeism, turn-over and job satisfaction***

Our interviews showed that the ward's employees had been working in it for seven years on average. Job satisfaction, however, was not particularly high (scoring between 2 and 3), which

suggests that the low turnover was mostly due to job security and stability. There were no cases of prolonged absenteeism.

Satisfaction with the organisation of working hours was not very high, standing at around 3. Shifts organised according to the 6-2 system were regarded as very onerous, especially in a ward in which basic care is needed. Part-time was possible, but in order to meet the structure's needs some employees had been asked to change their request from horizontal part-time to vertical part-time. This may explain the relatively low level of satisfaction among part-timers.

A score of between 3 and 4 on average was given to the autonomy of work, acknowledgement of work by users and seniors, while satisfaction concerning relations with colleague and seniors was rated at around 4. Flexibility in the ward was also considered positively, since it permitted, when necessary, the exchange of working hours and rest days with colleagues. The availability of free time was also rated as satisfactory, with an average score of 3, both for part-timers and full-timers. It is commonly believed that this mirrors the not too high amount of overtime in this ward. This also applied to part-timers, who saw overtime diminishing but not completely cease.

As for career opportunities, the satisfaction level was again generally 1. The ward's personnel were highly dissatisfied with pay, considering the workload and type of work performed: the average score was 1. It is likely that in the future the ward personnel will demand higher wages which reflect the training necessary to carry out the nursing profession and compensate for the responsibilities that they assume - as the new trade union, Nursing Up, points out.

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## **The Health Sector in Netherlands**

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### **1. Introduction**

The hospital sector, by its very nature, is characterised by a non-standard organisation of work and working times. Providing 24-hours services implies applying deviant patterns like a system of shifts, covering the whole day and seven days a week. The demand may also to a certain extent be unpredictable which makes it necessary to use different forms of external flexibility, like temporary, agency or call up employees. The non-standard working time profile may be further stimulated by employee preferences. The share of women among hospital employees is above average and especially women are experimenting with non-standard, more tailored working time patterns. Part-time work is particularly popular in the Netherlands, generating both opportunities and restrictions for the actual organisation of work processes.

Last decade, the organisation of work and working time has been further complicated by severe labour market shortages. The labour shortage is related to the supply as well as the demand of labour. The number of students in health care education is decreasing, partly for demographic reasons, partly because of the image problem of the health care sector. The work is perceived as physically strenuous, work pressure is very high and the wages are relatively low. In general turnover rates and sickness rates are high. On the other side, the societal demand for care is increasing, as a result of which more personnel is necessary. According to a simulation, if no extra measures are taken, the shortage of labour in hospitals will increase to 5-10 percent of average employment (TK, 1999-2000: B7). Against this background, there is a constant pressure for change and for finding creative solutions in order to match demand and supply.

In the following, we will first describe in section 2 the employment profile of the hospital sector and provide some data on the actual working hours and working contracts. Section 3 will focus on the institutional setting, whereas the section 4 will review some of the recent developments with regard to the organisation of work and working times, focussing especially on attempts to match supply and demand. Finally, section 5 contains a short summary of the main findings.

### **2. Employment profile and working time patterns**

In 1997 251.000 persons worked in hospitals, corresponding to 3.9 percent of the total (employed) workforce. Among women this percentage is 7.4, indicating a clear overrepresentation of women among the hospital work force. Indeed, the share of women is more than 72 percent, compared to almost 39 percent for the total labour force (see table 1).

Most of the work force is between 25-44 years of age. Especially the younger age bracket is relatively small: 7.2 compared to 12.3 percent for the total workforce. This particular age profile may be partly related to the rather high average skill level: almost 40 percent of the work force is high skilled compared to 27.4 percent for the total labour force. However, the

small percentage of youngsters might also reflect the image problems of the health sector; during the second half of the 1990's, for example, the percentage of young employees has clearly decreased (Van der Windt et al, 1997: 54). The data from table 1 also indicate that almost all workers are employees; the number of self-employed is very small. Most of the self-employed workers are medical specialists working in partnerships. In 1997 about 80 percent of all medical specialists worked in a partnership (NIVEL et al, 1998).

**Table 1: Employment in hospitals (SBI 8511) and total labour force by gender, age, position in the labour market, distribution of skill-level and distribution of educational level in 1997**

	Hospitals		Total labour force	
	Abs. (X 1000)	%		%
<i>Employment</i>				
Male	70	27.9	3951	61.7
Female	181	72.1	2450	38.7
Total	251	100	6400	100
<i>Age</i>				
15-24	18	7.2	789	12.3
25-44	168	66.9	3763	58.8
45-64	65	25.9	1848	28.9
Total	251	100	6400	100
<i>Position in the labour market</i>				
Employee	250	99.6	5643	88.2
Self-employed	1	0.4	757	11.8
<i>Skill-level jobs</i>				
Non/low-skilled jobs	41	16.4	2048	32.4
Medium-skilled jobs	111	44.4	2543	40.2
High-skilled jobs	98	39.2	1734	27.4

Source: Enquête Beroepsbevolking 1997 (Labour force survey) (CBS, 1998)

The working hours profile of the hospitals is summarised in table 2. A characteristic of the Dutch labour force is the high share of part-time employees, especially among female workers. This also applies to the employees in hospitals. The share of part-time workers is even higher than in the total labour force: 51 versus 29 percent. There is especially a significant difference in the number of men working part-time: 18.6 percent in hospitals versus 10.5 percent in the total labour force. Presumably this is related to a somewhat different corporate culture between the hospital sector and, for example, IT companies and/or the banking sector. Differentiated by occupations, the part-time rate seems especially high among employees in nursing and caring professions: almost 70 percent works part-time (Van der Windt et al, 1997). Among part-timers there appears to be considerable variation in the actual working hours: about 40 percent works less than 60 percent of a fulltime working week and 30 percent has a 'large' part-time job and works at least 80 percent.

Not surprisingly, the number of workers with non-standard working times in hospitals is higher than in the total labour force: 62 versus 49 percent (CBS, 1998). For a long time working in hospitals was inextricably bound to working in shifts. Evening shifts and, especially, night shifts, used to be a common element of the working time patterns of nurses. To some extent, working patterns seem to become more standard, however, due to a rapid increase in short stay care and day care treatments. In day care departments, nurses only work day shifts and do not have to work in the weekends. In addition, short stay may be organised in such a way that less evening and night shifts are necessary.

**Table 2 Work force in hospitals (SBI 8511) and in total labour force by working hours, working time and labour contract in 1997**

	Hospitals			Total labour force		
	Men	Women	Total	Men	Women	Total
Working hours						
35 or more hours	81.4	39.2	49.0	89.5	41.4	71.1
< 35 hours	18.6	60.8	51.0	10.5	58.6	28.9
Total	100	100	100	100	100	100
Working time						
Standard	39.1	38.1	38.2	50.3	52.8	51.2
Non-standard	60.9	61.9	61.8	49.7	47.2	48.8
Total	100	100	100	100	100	100
Labour contract <sup>1</sup>						
Permanent	97.1	92.8	93.6	92.6	85.8	90.0
Flexible	2.9	7.2	6.4	7.4	14.2	10.0
Total	100	100	100	100	100	100

<sup>1</sup> Only employees

Source: Enquête Beroepsbevolking 1997 (Labour force survey) (CBS, 1998)

Table 2 also indicates that most of the employees of hospitals have permanent labour contracts. Only six percent have a flexible contract (defined as having a fixed-term contract of less than a year or a contract in which the number of hours is not set), which is clearly under average (CBS, 1998). Still, given the unpredictable nature of the demand for care in several departments, flexible employment, especially on call labour, is an important additional source of labour supply.

### 3. Institutional setting

At the organisation level, the actual organisation of work and working times is shaped by organisational demands, employee's preferences, cultural norms and socio-economic circumstances. The employer might favour flexible and tailor made solutions for each division, in order to match supply and demand in a cost efficient way. The employee might prefer stable or at least predictable working hours – albeit not necessarily full-time. Women in particular try to escape the all-or-nothing option on the labour market and experiment with more differentiated working-time patterns. This process of supply and demand, however, is not relegated to a vacuum; matching preferences occurs against a backdrop of cultural standards and legislative and regulatory measures, which makes specific options more or less attractive. An important aspect of the Dutch working time regime, for example, is the sound

legal protection of part-time jobs, as a result of which the individual costs (in terms of income and social security) of a part-time job are not disproportionately high. More specifically, with regard to the hospital sector, the regulatory framework is shaped by two working time acts and the collective agreement for the health sector.

### ***Working time acts***

Acts on working time have been renewed recently in the Netherlands. Since 1993 the health care sector knows two specific acts on working time: WBVV (*Werktijden Besluit voor Verplegings- of Verzorgingsinrichtingen en de jeugdhulpverlening*; Act on working time in caring- or nursing institutions and youth counselling) and WBVG (*Werktijden Besluit voor Geneeskundigen en Verloskundigen*; Act on working time for medical practitioners and obstetricians).

The main goal of the WBVV is to create a legal framework, which protects employees against excessive working hours. At the same time, it takes the need for flexibility of employers into account. It regulates the number of working hours, shifts, breaks, resting time, particular shifts and working time for emergency work. Evaluation of the act shows that the goals are not entirely realised. Long working hours have been reduced, but still occur. A positive effect is that employers pay more attention to the scheduling of work (De Lange et al, 1996). The main goal of the WBVG is to limit the working hours of (assistant) medical practitioners and obstetricians. Registered medical specialists, who are self-employed, are excluded from the act. According to the WBVG the maximum working time per day is nine hours (breaks excluded) and the maximum working week is 48 hours. However, the act offers several possibilities to extend the working week. The introduction of the act was accompanied by a lot of discussion. An important part of the discussion concerns the training of assistant medical practitioners. Medical specialists argued that a good training of assistant medical practitioners could not be guaranteed when they work only 48 hours per week, and that enforcement of the act would have detrimental effects on the quality of care (De Lange et al, 1996). Evaluation of the act shows that the norms with regard to working time are not complied with entirely. However, working times of assistant medical practitioners have been reduced substantially.

### ***Collective agreement***

Working times acts can be made more specific by way of collective agreements. Within the health sector, collective agreements are a rather new phenomenon. Traditionally, the government used to regulate conditions of labour rather strictly, by relating them to those of public servants. Since the middle of the nineties, however, governmental policy is directed at the 'normalisation' of the industrial relations in the health care sector. There is a growing awareness that the health care sector – in an overall tight labour market – can no longer rely on intrinsic work motivation and has to become compatible to other employers when it comes to wages, fringe benefits etc. This also implies that the way conditions of labour in this sector are settled becomes similar to other sectors; that is by negotiation between employers and employees. At this moment, different parts of the health care sector are covered by in total six collective agreements. Originally, the intention was to develop a general framework for the total health care sector, which could be made more specific at the sectoral level. As such, conditions of labour in the different sectors could be unified. However, the NVz (*Nederlandse Vereniging van ziekenhuizen*; Dutch Associations of hospitals) decided in 1998 to negotiate

with employee organisations on its own. As a result in 1999 an agreement was reached on the first collective agreement for general hospitals (155.000 employees).

Important element of the collective agreement is a modernisation of working times. In order to increase flexibility for employers, more variation will be possible in the length of the working week. On average a working week of a full-time employee is 36 hours, but according to the new agreement it can vary between 32 and 40 hours per week. For part-time employees comparable methods of flexibility apply. The period of measurement of the average working week is half a year. If the working week exceeds the average of 36 hours, the extra hours will be paid as overtime. This period used to be 13 weeks. Employers are free to implement this variation in working time. If they do, work councils will have to agree the way of implementation. Furthermore, employees get more opportunities to save time, which can be taken up later. There are possibilities for educational leave, leave for care, parental leave, or leave as part of flexible retirement, but also for purposes as making a trip around the world. Full time employees can save to a maximum of four hours per week, part timers can save proportionally. The number of extra working hours will be recorded in the labour contract. The leave can be taken in blocks of at least three months. Employers may deny a request for leave on grounds of (severe) business interest.

#### **4. Dynamics of change: matching supply and demand**

One of the major challenges confronting the health care sector is a severe labour shortage. (Van der Aa et al, 1999: 32-36). Almost three-quarters of institutions in the sector have vacancies they can hardly fill (p. 61). Hospitals experience especially difficulties in recruiting personnel for specialised positions such as operating assistants, intensive care nurses and radiodiagnostic laboratory assistants. These positions require a high level of education with specialised courses. The shortages are especially felt in the large cities. The rather acute labour shortages emphasise the need to become a more attractive employer. Issues at stake here are the job differentiation, opening up career prospects and higher wages.

##### ***Job differentiation***

Exit interviews indicate that the limited career opportunities in the hospital sector are an important source of discontent. Indeed, the number of managerial positions in the health care is limited to about five percent (Van der Windt & Vlemmix, 1996). Job differentiation may create more career opportunities and as such be an important instrument to recruit and retain personnel. Job differentiation can be vertical as well as horizontal. Vertical differentiation is directed at increasing efficiency by using the right expertise at the right place and reducing overlap in tasks of, for example, nurses and providers of care. Horizontal differentiation implies specialisation. Examples are nurses specialised in diabetes or care. The demand for more career opportunities and the process of job differentiation might be favoured by the intensification of hospital care, as a result of the which the nursing profession becomes more demanding (Van der Windt et al., 1997). Furthermore, due to medical technological developments the need for highly specialised nurses increases. Statistics indicate that between 1990 and 1995 the share of highest classified positions in hospitals increased from almost 15 to 20 percent. This is partly explained by the increase of specialised nursing positions, related to medical-technological developments. However, also a specific personnel policy aiming at improving the career prospect of nurses contributes to this increase.

### *Wage level*

Increasing the wage level may also be an important element in marketisation of the health care sector. At the end of the 1990's the hourly earnings of employees in hospitals are higher than the wages of all employees in the labour force. However, given the higher level of education, the difference is rather small. The wage level is also clearly below the wage level of the educational sector, another sector with an above share of female employees and an above average education level. Wages are set by the collective agreement and wage categories are based on a system of job classification (FWG). This FWG system has been criticised for not being gender-neutral. There are several mechanisms in the system that can lead to a low evaluation of positions that are mainly held by women. For example, elements of care, characteristic of positions mainly held by women, are hardly elaborated in the system, whereas elements of management, characteristic of positions mainly held by men, are thoroughly elaborated (CGB, 1998). In the most recent collective agreement, the collective partners agreed on the introduction of a new job evaluation system (FWG 3.0) which may lead to a higher evaluation of (some) nursing positions (Nu '91, 1999). At the same time, the margins may be relative small, given the tight budgets and the importance of labour costs in overall costs structure.

### *Matching preferences*

At the company level, a negative sectoral image has to be treated more or less as a given. Also the wages and/or the wage structure does not seem a very promising instrument in order to match supply and demand. Merit or performance pay is still largely non-existent, though the collective agreement offers some possibilities in this respect. Especially the case studies show that extra pay for individuals or groups of employees is a very sensitive issue. Among nurses there is a strong feeling of 'equality' and solidarity. As a result, wage differences are hardly accepted.

In this respect, granting more flexibility in working times seems a more promising strategy to attract or retain personnel. As already indicated by table 1, working part-time is an accepted and widespread characteristic of working in hospitals and seems to fit with the preferences of the (mostly female) employees. However, as the case studies make clear, working times are becoming an issue at the actual shop floor level. There is pressure from nursing personnel, already working part-time, to reduce the number of working hours even further, for example towards 50 or 40 percent of a regular full-time job. Traditionally, hospitals resisted the increase of small part-time jobs, referring especially to the quality of the care. One of the drawbacks of a high rate of small part-time jobs is that nurses have to spend a lot of time in handing over the care to colleagues. Also patients are confronted with constantly changing personnel. This objection, however, is partly overcome by the reducing average number of days patients spend in hospitals. Another issue seems to be that full-time employees perceive a large number of (small) part-timers as increasing their workload: part-timers have to be informed constantly, and there is a danger that their commitment to the work is less than optimal. Until now the (departments in the) hospitals in our case studies usually applied criteria with respect to the minimum hours of work and the ratio between full-timers and part-timers. For example, the part-time percentage was restricted to 60 percent of the full-time working week, whereas at least 60 percent of all employees should work 80 percent or more. However, these guidelines are under pressure due of the tight labour market.

For example, one hospital used to be rather strict in keeping the minimum percentage for part-time jobs at 60 percent. Employees with a preference for smaller part-time jobs were offered the possibility to work at the internal temp agency of the hospital. This created a flexible pool of qualified and trained nurses, to be deployed by several departments. Currently, however, this policy is under pressure. There is such a high demand for labour that the employees are often offered permanent jobs at the level of the departments, even for small part-time jobs. For example, at the department of orthopaedics employees were offered a permanent contract for 44 percent (which translates into 8 days a month). In practice, these small contracts proved to be very flexible in filling in the gaps. At the same hospital, the department of obstetrics introduced the possibility of job-sharing: two employees share one fulltime job. Both job-sharers work 55 percent of a fulltime working week, corresponding to ten days in four weeks. They have to inform one another with respect to results of meetings, supervise student-nurses together etc. At the time of the interviews seven couples (14 employees) share a job, on a total workforce of about 60 employees.

Another promising instrument in order to attract and retain personnel is the introduction of flexible labour conditions. This enables employees to choose, to a certain extent, their own terms of employment. The basic idea being that time can be ‘banked’ and/or traded, by standardisation of the value of time. Input can be salary, holidays and roster-free hours. Value of this input can be calculated and spend on targets such as childcare, a computer, leave arrangements, training purposes and pensions schemes. One of the case studies introduced flexible labour conditions in 1997. It appeared that about a quarter of all personnel participated in the flexible package. A large number worked (on a full time basis) 38 hours per week and saved two hours a week as input in the time account. There were plans to extent this possibility by two hours, enabling employees to save four hours a week. The selling of time was restricted to 22 hours holidays and 100 hours roster free hours, and had to be approved by the management. Selling of time proved to be much more popular than buying; hardly any free time was bought. This was explained by the fact that most employees had a part-time job, already matching actual and preferred working hours rather closely.

## **5. Conclusions**

The organisation and the availability of ‘care’ is an important subject in the Netherlands. There is a growing public debate about the quantity and quality of care and the emerging imbalance between supply and demand trends. Of course, this debate embraces different issues, reigning from demographic trends to the changing position of women in society and the increasing cost of formal care arrangements. Within this broad debate, there is an overall understanding that the health care sector should be perceived as an important collective good, and that in the organisation of health care the principle of solidarity is extremely important. At the same time there is an ongoing debate about costs efficiency, administrative efficiency, and the quality and availability of care.

This translates into different developments. At the time of writing there is a strive towards regionalisation and the creation of integrated ‘chains of care’ in order to improve the quality and quantity of care and to increase overall efficiency. An increasing market orientation is another important development. This translates into a ‘normalisation’ of the health care sector in terms of industrial relations and labour conditions. There is a growing awareness that the health care sector – in an overall tight labour market – can no longer rely on intrinsic work motivation and has to become compatible to other employers when it comes to wages, fringe benefits etc. At the organisational level, the need to respond to the emerging imbalances

between supply and demand, and the emphasis on becoming a compatible employer at the factor market, will presumably translate into a further diversification of terms of employment. Within this process of 'reorientation' working time arrangements seem to accommodate rather smoothly. Given the specific nature of the health care sector, there is a tradition of flexible and non-standard working hours. Until now, the need for flexibility seems to fit rather perfectly with the part-time preferences of the (mostly female) employees. However, as especially the case studies make clear, working times are becoming an issue at the actual shop floor level. There is a danger that because of small part-time jobs, work becomes fragmented, with detrimental effects on the quality of care and the equal sharing of the workload among employees with different working time arrangements. Policy measures with regard to minimum hours of work and the ratio between full-timers and part-timers are under pressure because of the tight labour market. In addition, these policy measures are formulated at a rather de-central level and seem negotiable. It is perceivable that in the near future, the supply and demand of working hours will become a real issue.

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## **The Health Sector in the United Kingdom**

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### **Introduction**

This report is a summary of the full report on the UK health sector for the New Forms of Work in the Service Sector project (NESY). Research was carried out in the areas of midwifery and orthopaedics in a large hospital in the North of England. The case studies are based on a series of semi-structured interviews with staff at the hospital. These include qualified and unqualified nurses, ward managers, midwives and human resource managers. The interviews were supplemented by documentation from the hospital including contracts, guidelines, employment data statistics and other official documentation.

### **1. Employment relationship: the facts**

#### **1.1 National and sector levels**

The National Health Service is one of the largest employers in the UK employing over one million people. In recent years the total number of staff in the NHS has increased, as has the proportion of direct care staff. On a head count basis the proportion of nurses among NHS staff in England also rose slightly but there was a decline in the full-time equivalent count. Registered nurses, as opposed to healthcare assistants or auxiliaries, account for almost three-quarters of all nursing staff, and approximately one third of registered nurses in the NHS work part-time.

The policy of changing the method of training qualified nurses, essentially from an 'on-the-job' to an 'off-the-job' system, leading to the award of nursing degrees has contributed to a shortage of staff on the wards. Prior to these changes student nurses were more readily available for routine nursing tasks and the shortage has been a factor in promoting the development of the unqualified healthcare assistant position. These jobs are being used to replace the more expensive nursing auxiliary as well as some lower grade qualified nurses and to provide a halfway position between nursing and ancillary grades. The rates of pay on offer vary markedly between hospital Trusts, in part reflecting local labour market conditions. However, most Trusts have also chosen to remove or reduce the payment of unsocial hours payments for this group of staff and it is this difference in conditions which offers the main incentive to introduce this grade.

Staff shortages in the health service also occur among medical staff. The NHS suffers from inadequate planning of staffing requirements to the extent that although increased needs for medical staff are predicted there is often a shortage of career hospital jobs. For example, some doctors who have reached the most senior training positions may be faced with a lack of consultant posts and thus with the prospect of either retraining or leaving medicine. These problems at the top of the hierarchy then restrict the supply of junior doctors at the bottom of the hierarchy, thereby placing limits, other than financial ones, on the ability to reduce hours.

Flexibility on the nursing side is provided primarily through the use of nursing 'banks'. Many hospitals run their own 'bank' - that is, a list of nurses available for casual work. The rate for 'bank' work depends on the nature of the job, not on the skills of the staff employed, so many highly qualified workers not only work extra hours without extra premia, but may actually receive an hourly rate below their normal rate. Many of these staff have full-time jobs in local hospitals or even in the same hospital. Hospitals also use agency nurses but many prefer the 'bank' system to maintain quality and reduce costs. The 'bank' also tends to provide a substitute for temporary contracts among nursing staff.

## **1.2. Hospital level**

Radical changes in hospital governance have had a strong impact on the employment relationship at the hospital level. The decentralisation of budgets and the ability of hospitals to create their own contracts have increased the variety of arrangements. Furthermore there have also been attempts to introduce a private sector culture into the NHS though the marketisation of various activities. Management in the NHS can be seen as both responding to pressures placed upon it by government and taking advantage of new opportunities to change work and working time. These opportunities include the new institutional arrangements introduced by the creation of independent hospital Trusts and the need to implement new initiatives such as government pledges to reduce waiting lists.

Managers are constrained by the autonomy of medical staff at the hospital level. There is often a lack of trust between clinicians and management that varies in extent and intensity between Trusts. Tourish and Hargie (1998) found that NHS managers at all levels were under-informed. There has been a tradition of devolution of responsibility to the ward to determine working time arrangements and recruitment policy, and the introduction of central personnel functions following the establishment of Trust status has not necessarily resulted in any transfer of power or even information to the centre. For example, doctors' hours have traditionally been organised by the medical profession itself and attempts to reduce the hours of junior doctors have not been particularly successful. Therefore central personnel is not necessarily able to rethink the organisation of work and working time as it lacks the information both on what hours are worked and what the possibilities are for reorganisation.

Some of the major pressures on both work organisation and working time come, however, not from direct employment or training initiatives by the government, but as a result of more general health care policies. In particular pressure on NHS budgets has led to moves in hospital Trusts to reduce the time each patient spends in hospital. This is leading to a reorganisation of work and working time in some hospitals. In the case of mental health these pressures have been exacerbated by a policy of favouring care in the community over care in institutions, leading to change in work organisation and working time arrangements. This also has knock-on effects for associated services such as community care and social work. The provision of midwifery services is another area that is undergoing fundamental changes at present, and these are discussed later in the report.

## **2. The interaction of the socio-economic environment with the employment relationship**

### **2.1 National socio-economic context**

Unlike other EU countries health care in the UK is free at the point of delivery and funded out of general taxation. However, state spending on health care is below that of other major industrialised countries with the exception of the US where the private sector plays a major role (Hills, 1993). The NHS contrasts with other parts of the welfare system in its comprehensiveness and the high esteem in which it is held (Taylor Gooby 1996:98). One of the effects of the UK's 'budget' health service is that it now has a relatively high rate of bed occupancy so there is limited slack in the system. This means that during periods of increased demands such as winter 'flu epidemics bed shortages generally occur and non-emergency surgery is postponed. There are proposals under discussion to exploit spare bed capacity in the private sector to avoid this annual crisis (The Guardian, 6 November 2000).

The serious shortage of nursing staff has led to changes in recruitment practices and the increasing use of unqualified staff. Employing nurses from abroad is one possible solution and, indeed, the UK has a long tradition of employing nurses from overseas, particularly from Commonwealth countries. Similarly doctors from overseas are also a significant source of labour supply to the NHS. The government has recently announced that it is to set up a national nursing agency with the aim of recruiting and retaining nurses. The agency will act as a national nursing 'bank', trying to match the hours nurses want to work with the hospitals where they are needed. Nurses working under this scheme will receive holiday pay and be able to remain in the NHS pension scheme (The Times, 10 November 2000).

### **2.2. The economic structure of the health sector and its evolution**

Until the 1980s the NHS was organised around a series of regional health authorities that controlled health services for particular geographical areas. NHS staff were employed by these authorities, which negotiated the national collective agreements (the Whitley agreements). However, the Conservative government introduced considerable change to the NHS particularly in the early 1990s, introducing an internal market, autonomous hospitals and encouraging local pay bargaining. These changes have been described as the most radical since the establishment of the welfare state (Bryson et al., 1996).

Probably the most significant health reform over recent years was the establishment of a new governance structure for the NHS in 1990, introducing hospital Trusts. This resulted in the disbanding of the regional health authority system, in favour of a much more decentralised system where most hospitals became responsible for their own budgets and employees. The Trusts formed part of the internal market for health services. Customers included general practitioners with their own budgets, known as fund holders, and district health authorities responsible for the health of the local population. Fund holding GPs can be regarded as micro level purchasers with district health authorities as macro level purchasers (Ferlie and Pettigrew, 1996).

Competition for funds among hospitals in the internal market reduced the predictability of income and led managers to put downward pressure on the pay bill (Bach, 1998). Trusts were also allowed to move away from the national agreements, although existing employees could not be forced to move off the national Whitley terms onto local Trust terms. The extent to which employees have been transferred to or recruited onto separate NHS Trust contracts

varies markedly between Trusts (Corby and Higham, 1996). One factor motivating the move to Trust contracts has been the opportunity to harmonise hours arrangements and pay and to reduce unsocial hours premia. The trend towards Trust contracts has been halted to some extent by the incoming Labour government's policy of not enforcing the move towards local pay bargaining. However, there has been no requirement to convert Trust contracts back to Whitley terms and conditions.

The Thatcher era was an intensive period of privatisation and marketisation of public services in the UK, with many public enterprises sold off and the introduction of market forces into public sector services (Colling and Ferner 1995). NHS hospitals were required to contract out many labour intensive services. These changes were part of a sustained period of pressure on trade unions and public sector employment. 'Privatisation' was also introduced to the culture of the health service with the aim of becoming more 'business like' (Ferlie and Pettigrew 1996). This included top down implementation of private sector practices such as introducing boards of directors and the use of business language, including, for example, 'customer care' (Ferlie et al. 1996). Furthermore the shift to executive and non-executive directors in the health service reduced the participatory element of management with a reduced role for local politicians and health professionals.

A further extension of the private sector into health services has been the Private Finance Initiative (PFI). This involves private funding of new hospitals and has been actively supported by the Labour government in spite of considerable controversy and opposition prior to their winning the 1997 election. Under the PFI arrangements a new hospital building is owned by a private sector company that contracts to provide services to the NHS and, as a consequence, all ancillary staff are transferred to the private sector employer once the new hospital is built. These arrangements pose a significant threat to the employment conditions of ancillary workers along the same lines as the contracting out process elsewhere in public services (see Escott and Whitfield 1995). Some Trusts may have few options, given the constraint on public investment, other than to go for a PFI deal. Others may welcome the opportunity to reduce their responsibility for ancillary staff, seeing this as a way of reducing their costs, with the private company imposing tighter efficiency rules and lower pay and benefits on some staff. The impact of the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations on terms and conditions for these staff remains to be seen.

### **2.3. The evolution of health expenses and control policies**

Reduction in public expenditure was one of the primary focuses of the 1980s and 1990s Conservative governments (Taylor Gooby 1996). Elsewhere in the welfare system this led to cuts in benefits and pensions and the expansion of means testing, but the popularity of the health service meant that cuts or direct privatisation were not politically acceptable. The NHS has also been resistant to the decline in overall employment that has affected other parts of the public sector (Beaumont 1992;37). The introduction of market forces was the Conservative government's response to improve services in the NHS in 1990 by creating competition between providers of care. The impact of this marketisation on efficiency and service in the NHS is unclear, and the change of government in 1997 together with subsequent changes to the internal market means that they may never be known. However, the market reforms have increased the incentives for suppliers of health care to pick and choose between patients. Taylor Gooby (1996) suggests that market forces increase the attractiveness of the 'healthiest' patients; there was a doubling of the number of patients removed from general practitioners' lists by their doctors following the reforms in the early 1990s.

### **3. The interaction of industrial relations with the employment relationship**

#### ***Regulation practices at national level***

The traditional system of regulating work and working time in the NHS has been the series of national collective agreements covering different types and grades of NHS staff known as Whitley Council agreements. These agreements are composed of nine separate bargaining units covering over four hundred thousand workers. Doctors and dentists have their pay determined by pay review bodies, and nurses and midwives were added to this system in the mid-1980s, creating a situation where more than half of NHS staff had their pay determined this way (Beaumont 1992). The Whitley Council agreements have been separately bargained over by different unions and have resulted in non-uniform systems of standard hours and arrangements for overtime and unsocial hours payments. In addition the hours of medical staff have been regulated by agreements between the British Medical Association and the NHS.

The changes in the governance structure of the health service have challenged and reduced the scope of the national level collective bargaining framework. The introduction of the Trust system of governance combined with national agreements means that a mixed system of both national and local pay arrangements prevails in many hospitals and it is not clear exactly how these systems will coexist in the future. This situation is illustrated clearly by the merger of two Trusts with different approaches to local contracts in the case study hospital (see below). At the national level unions in the NHS have been active in trying to maintain the national or Whitley Council system of setting pay and conditions. At the local level, however, there has been more interest in negotiating separate Trust level agreements, in part because this enhances the power and authority of the local negotiators. Attitudes of both unions and management vary across Trusts, however, with some having more co-operative relations than others. Bach (1998:575) describes the local bargaining process as an 'unreality', or even a 'fiasco', given the constraints on managers' activities in the NHS. One factor that has reduced the power of the unions to represent a united front against changes to terms and conditions of employment has been the separation of nurses from the pay bargaining round. The recommendations of the nurses' independent pay review body tend to be incorporated directly into Whitley Council agreements without actual collective bargaining. This has effectively split the unions' negotiating position. It has perhaps also prevented the health service unions making similar progress to those in local authorities towards the establishment of a higher minimum rate of pay, or harmonisation of terms and conditions for different groups of staff under a national, rather than a local Trust level framework.

Unsocial hours tend to be rewarded under the Whitley collective agreements in the health service with reasonably high premia, by service sector standards. However, these premia also vary by category of employee, according to the specific Whitley Council agreements, so that individual hospitals operate a whole range of different unsocial hours payments. Unqualified staff tend to rely on these payments more than qualified staff. The complexity of the system, together with the cost of unsocial hours premia, has led many Trusts, when introducing local pay agreements, to concentrate on changes in these premia, with the aim either of harmonising or indeed abolishing them altogether as, for example, in the case of healthcare assistants. In the case study hospital whether unqualified nurses are paid for unsocial hours working depends on the type of contract that they hold.

The introduction of the European Working Time Directive into UK law presents a particular challenge to management in the health service. This is one of the key areas where there is a

lack of information available to NHS Trust management about current practices at the ward level, exacerbated by the extensive use of the 'bank' system. The result is that managers often have little information or control over additional hours. This could cause problems of liability for management if, for example, nursing staff are working in excess of permitted hours, even though NHS management is not necessarily aware that this is happening (nurses could be working additional hours in other hospitals, for example). Furthermore 'bank' work in paid vacation time also contravenes the Working Time Regulations.

The hours that doctors work have also been a cause for concern. Junior hospital doctors in particular have traditionally worked very long hours, and overtime and on-call payments have accounted for significant proportions of their earnings. However the British government has succeeded in persuading other EU member states not to bring junior doctors' hours within the 48 hours working time maximum for a further 13 years, although there will be a phased movement towards a maximum of 48. The justification for this position is the time it takes to train up sufficient doctors to be able to relieve junior doctors of some of their current work burdens. The particular problems in the UK partly relate to a lack of human resource planning in the NHS in addition to an overall shortage of doctors.

## **4. Health care services in the UK**

### **4.1 Midwifery**

Despite the introduction of some local bargaining within the NHS, most midwives in the UK are still on Whitley contracts or Trust contracts that largely mirror Whitley terms and conditions. Although employed by individual hospital Trusts they work either in the hospital itself or are attached to a general practitioner's practice in the community, but this system is currently changing (see below). Although there has been some scope for movement from nursing to midwifery and, indeed, a midwifery qualification could, in the past enhance a nurse's pay and promotion prospects, the professions have now effectively become separated. Training for all new midwives is by means of a midwifery degree course. Although the national pay scales for nurses and midwives are the same, once qualified, midwives start on a higher grade (Grade E). Official guidelines now recommend that those giving the full range of midwifery care should be on at least Grade F but this has only been implemented by a handful of hospital Trusts (Ladipo et al., 1999). Maternity services are organised around a three-shift system with extra on-call hours. All midwives are required to keep their skills updated by completing a set amount of ongoing training each year, and there is a supervisory system which ensures that each midwife has a highly qualified and experienced person available for advice 24 hours a day. The Royal College of Midwives (RCM) represents over 95% of the UK's practising midwives.

Midwifery services in the UK are currently undergoing major changes following the publication in 1993 of *Changing Childbirth* by the Department of Health as part of the government's agenda for reform in the NHS. This initiative aims to provide greater continuity of care and represents a move towards more midwifery-led, rather than obstetrician-led care. Under the new system each woman will have a named midwife who will be responsible for caring for her throughout the pregnancy, delivering the baby and providing postnatal care. In practice if the named midwife is not available to attend the birth then the midwife who does so should also be someone the woman has met before. This has major implications for service provision, staffing levels and working time, as the majority of midwives will be expected to work both in the hospital and in the community. Individual Trusts have been left to decide

how to implement the new system; some Trusts brought in the changes very quickly while others, including our case study Trust, are still in the pilot stages of implementation. According to Ladipo et al. (1999) a lack of funding has meant that changes have been introduced in a piecemeal fashion across the country. Although midwives have demonstrated a clear commitment to woman-centred care, Ladipo et al. suggest that there needs to be investment in additional staffing, the professional upgrading and training of midwives and a revision of their pay and grading to reflect their extra responsibilities and accountability. Despite these attempts to move towards more midwifery-led care, research by the English National Board for Nursing, Midwifery and Health Visiting (ENB) reveals a drop in the percentage of deliveries by midwives rather than obstetricians and a rise in the rates of Caesarean sections over the last four years (The Guardian, 9 October 2000). According to the Royal College of Midwives these increasing rates of medical intervention are affecting morale and job satisfaction, leading to retention problems and a serious staffing crisis in midwifery services.

## **4.2. Orthopaedics**

Orthopaedics is an expensive service and can be divided into two areas, elective surgery and trauma. The first can be planned and usually involves routine operations, while the latter can involve a short operation such as tendon surgery, or a series of long operations to treat major injuries resulting from road accidents, for example. In the second case there is little control over time or costs. However elective joint replacement, although usually routine, can be a time consuming procedure and there may only be one or two operations carried out per surgery session. Orthopaedics is currently high on the national agenda for health service reform and is one of five specialisms targeted by the government as key areas for action on waiting lists.

Orthopaedic nurses undertake general nurse training and, like midwives, once qualified, are required to register with the UK Central Council for Nursing, Midwifery and Health Visiting (UKCC) which is the statutory regulatory body for the profession. Again, there is a mandatory requirement to keep their skills updated by doing a certain amount of further training each year (the 'prep' update). Qualified nurses start on Grade D and if they wish to pursue a career in orthopaedics, they go on to take specialist ENB courses. The largest organisation representing nurses in the UK is the Royal College of Nursing, with over 310,000 members.

## **5. Case Studies**

### **5.1. The Case Study Hospital Trust**

The case study hospital is a large NHS Trust in the North of England. When the original hospital became a Trust in the early 1990s it split into two organisations, an Acute Trust and a Community Trust, each providing different areas of health care. Although they were two separate bodies they were still housed on the same hospital site. This created confusion for patients, operational problems, different cultures and management styles and barriers between the two organisations where there had previously been co-operation and communication networks. The two Trusts merged again in April 2000 but the structural changes have still not yet been finalised. The merged Trust employs approximately four and a half thousand people in eighteen directorates.

There is now a single HR Department for the merged Trust, headed by the HR Director with support from five personnel managers with responsibilities for specific areas such as recruitment and training. Each personnel manager also has responsibility for HR support to allocated directorates. There are written policies on, for example, grievance and disciplinary procedures, retirement, maternity leave, special needs leave, job sharing, term time working, sickness absence, career breaks and equal opportunities. Since the merger the two sets of policies have been combined so as to include those which are most favourable for staff, in order to reduce any possible union opposition.

Many staff are still on original (pre-Trust) Whitley contracts. However when the two Trusts were formed they also each introduced their own Trust contracts. Now that they have merged a single Trust contract is being drawn up which, in practice, mirrors the old Whitley contract. When new staff are taken on, or if existing staff change jobs, hours or are promoted they will go on to the new contract. One anomaly that has arisen as a result of the merger is the introduction by the Acute Trust of healthcare assistant contracts, whereas the Community Trust kept to auxiliary terms and conditions. Healthcare assistants are on one-year temporary training contracts initially, with a 10% pay award and permanent contract on satisfactory completion. However there is reduced sick pay entitlement in the first six months, no entitlement to overtime and no night pay enhancements. It has not yet been decided how to deal with this anomaly, but conversion back to auxiliary terms is considered to be too costly.

Although as a whole the Trust employs more part-timers than full-timers it takes the view that part-time working is only permitted where it fits in with the needs of the service. However part-timers offer scope for a great deal of flexibility as they can and do work extra hours. Overtime payments, where appropriate, are not paid until they have reached 37.5 hours. The holiday entitlement for qualified nurses and midwives is 35 days including ten Bank Holidays and two 'extra' days. Health care assistants have 30 days holiday including Bank Holidays and two 'extra' days and they are entitled to two more days after five years service and a further three days extra after ten years service. The hours of nursing and midwifery staff are organised around the traditional three-shift system (early, late and night shift).

There are some problem areas for nurse recruitment, including intensive care and theatre nurses. There have also been some problems attracting newly qualified D Grade nurses, but the Trust has become more proactive in recruiting, for example, on nursing school open days. Other solutions have included the recent recruitment of 20 nurses from South Africa, and payment for auxiliaries and health care assistants with the necessary qualifications to undertake formal, three-year nurse training.

The Trust has achieved 'Investor in People' status. This is a national standard for which any employing organisation can apply. It must demonstrate a public commitment to employee development by senior management, regularly review the training and development needs of all employees, take action to train and develop people throughout their employment, and evaluate the investment in training and development. There is a training centre on site with a full range of in-house courses. Staff also have opportunities and financial support to attend appropriate external training courses.

The public sector union, Unison, has an office on site and there are also recognition agreements with other bodies including the Royal College of Nursing and Royal College of Midwives. There is a joint consultative committee, which holds quarterly meetings to deal with local issues.

## **5.2. Midwifery Services at the Case Study Trust**

Midwifery services at the Trust are based at the Maternity Unit on the main hospital site. Formerly part of the Community Trust, it now forms part of the merged Trust. The Unit consists of an antenatal clinic, neo-natal unit, delivery suite and two maternity wards. The current staffing level is 115 full-time equivalents, but cost pressures are forcing a reduction in this FTE level. The directorate employs 166 midwives in total, based either in the community or at the Maternity Unit. There are also 28 auxiliaries working in the Unit. Apart from some doctors, most of the porters and one employee in the scan department, all the staff in the directorate are female.

### ***Work Organisation***

Midwives either work in the hospital or the community and under the current system there is a clear distinction between the two. Community midwives are responsible for the provision of antenatal and postnatal care for all women in the area to which they are assigned, and attend home births for women from their general practitioner unit. Women who opt for GP care are allocated to the community practice midwife whom they visit at the GP's surgery for antenatal check ups at designated times. Those choosing consultant care attend antenatal appointments at the hospital Maternity Unit. However, women whose pregnancies are deemed 'not normal', even those booked for GP care, always come in to the hospital for check-ups, and will not usually have met the midwife who sees them there. They go back to the community midwife when the hospital decides they are fit to continue care in the community. A small number of women opt for a home birth (approximately one percent, close to the national average). According to the Director of Midwifery Services there are no conflicting approaches to childbirth at the Trust. All the consultants have adopted a similar philosophy, have 'gained confidence in normal midwifery' and are happy to provide cover for home births if necessary.

The directorate is still in the planning stage of implementing the Changing Childbirth initiative. Since 1995 it has had pilot teams working in two geographical areas and expects to have a fully integrated team midwifery service in place by January 2001. Under this system women will have fewer hospital visits during their pregnancy; most will be seen in the community. Only 'high risk' women will be seen at the Maternity Unit. Although team midwives will be geographically based, they will work both in the community and in the hospital. Each team consists of six and a half full-time equivalents including a team leader. Currently there is an average of six midwives on duty in the delivery suite but when the new team system is fully implemented the number will depend on the number of women in labour. Midwives will not have to be available 'on call' twenty-four hours a day; realistically this is not practical, and therefore some midwives will cover night duty. However, ideally the midwife who delivers the baby will either be the same person who has cared for the woman throughout her pregnancy or someone the woman already knows. If an individual midwife is able to stay with a woman through to the birth she is encouraged to do so. It is possible to hand over to another member of the team - again, ideally someone the woman also knows, but cases where a woman may see several changes of staff during labour should not happen under the new system. In addition to the teams there will be a small core of staff outside the team structure who will be permanently hospital based. All midwives have been involved in the discussions on the change to team midwifery and will be given a choice as to whether they wish to work in the teams or in the hospital.

### ***Occupations, Job Content, Labour Characteristics and Status***

Qualified midwives start on E Grade and after two years they are eligible to apply for an F Grade post. In practice progression to F Grade usually takes much longer. F Grades have more managerial responsibilities, supporting the G Grade and acting as a 'role model' to E Grades. Progression to G Grade (ward manager level) takes at least five years. Although in principle only working a thirty-seven and a half hour week, the ward manager assumes 24-hour responsibility for the ward. In the absence of the ward manager an F Grade midwife deputises. Team leaders under the new system will be appointed at G Grade. At present all midwives working in the Maternity Unit at the hospital are allocated to an area. A 'change list' is drawn up every twelve to eighteen months, when midwives are moved from the wards to the delivery suite, the ante-natal clinic, and occasionally to the neo-natal unit, or vice versa.

As it was formerly part of the Community Trust the directorate does not employ healthcare assistants but it does employ auxiliaries in the Maternity Unit. They mainly carry out general 'housekeeping' duties on the wards, including serving drinks and meals, making beds. They may also undertake some care of the new born babies. Other auxiliaries may work in the antenatal unit or be assigned clerical work. New auxiliaries have an in-house induction training package, and further 'on-the-job' training.

### ***Working Time Practices***

The standard working week for midwives is thirty-seven and a half hours spread over five days. Shift timings are: early - 7.30 a.m. till 3.30 p.m., late - 1.15 p.m. till 9.15 p.m. and nights - 9.00 p.m. till 7.30 a.m. Some staff work permanently on nights and most of the others rotate onto nights periodically. There is an option to work three long shifts of 7.30 a.m. to 9.15 p.m. and approximately half of the full-time midwives choose this option. It is popular because it allows those with families to save on childcare costs. There is a policy of allowing part-time working in order to retain good staff with family responsibilities, and the decision to employ a part-timer is made by the Directorate Manager herself. Part-time hours can vary from fifteen to thirty per week. However, newly qualified midwives have to work full-time for at least six months to consolidate their training.

Ward managers work out the off-duty rota in four-week blocks. Cover for holidays and other absences has to be provided from within, unless the ward is carrying vacancies. When drawing up the off-duty rotas the ward manager has to ensure that there is an appropriate skills mix on each shift and that junior midwives are supported. Extra shifts are worked on a voluntary basis through the 'bank' system (the Trust has its own midwifery 'bank'). If part-time midwives work shifts over and above their contracted hours they also do this through the 'bank' system, but if they stay on with a woman in labour they are entitled to take the equivalent number of hours as time off, as are full-time staff.

### ***Absenteeism, Turnover and Job Satisfaction***

Problems with recruiting and retaining midwives at the Trust appear to be less severe than in some other areas of the country. E Grade vacancies do not have to be advertised externally because the directorate recruits newly qualified midwives from a list on file of those who have spent part of their training on the wards. Midwives tend not to leave unless they are retiring or relocating to another area for some other reason. There was said to be very little movement because of dissatisfaction with the job. A few, however, do go into health visiting because the

pay is higher (all health visitors are G Grades) and the hours more regular. Sickness rates, currently at 5%, have gone down and are lower than in the past. It is thought that this could be because of the introduction of more working time flexibility and a new 'improving attendance' policy, including return to work interviews. Special carer's leave of up to one week per year is allowed for family emergencies. We were told that morale at the unit has improved as a result of a number of promotions to F Grade over the last two years.

### ***Industrial Relations***

The majority of midwives at the Trust are members of the Royal College of Midwives. However the workplace level the RCM representatives are not very active. Unsuccessful attempts have been made to involve the RCM representatives in meetings held to discuss the implementation of the new team midwifery system, and there is some concern that this lack of union involvement from the outset may lead to problems when the system is implemented.

### **5.3. Orthopaedic Services at the Case Study NHS Trust**

Historically the Trauma and Orthopaedics Directorate at the Trust has encompassed a range of additional services including audiology, accident and emergency (A&E), ear nose and throat (ENT) and appliances. Prior to the merger the Orthopaedics Directorate was part of the Acute Trust. In total there are 75 beds in three orthopaedic wards. There are 69,000 patients a year - 65,000 new and 4,000 follow-up cases.

### ***Work Organisation***

According to the Directorate Manager the waiting lists for elective orthopaedic surgery are not as long as elsewhere in the country, with the longest wait at around 18 weeks. She felt that everything possible had now been done to reduce outpatient waiting lists and there was no more action that could be taken to reduce the lists further. However it was felt that more co-operation from GPs in the initial screening of patients could help reduce the number of referrals. Four years ago the outpatient system was changed. The consultant looked at the referral list and screened out cases that could be dealt with by a physiotherapy professional working as an advanced practitioner. It was found that the majority of the screened out cases could be successfully dealt with in this way - only a small number had to be referred back to the consultant. Despite its success, this arrangement had to be withdrawn owing to funding problems. However the system is being reintroduced as new funding arrangements provide incentives for reducing waiting times. Each ward has increased the number of its theatre list cases and there are three lists running concurrently. Length of stays on the wards have been reduced by more effective discharge planning, and through the development of good relationships with occupational therapy and physiotherapy practitioners, facilitating a 'rehabilitation at home' scheme. All the three orthopaedic wards in the directorate are similar in size and layout, with three bays and four side wards. All the wards take both men and women, but the bays are not mixed. Nurses are responsible for the patients in their allocated bay and for the shift handover.

### ***Occupations, job content, labour characteristics and status***

The directorate employs qualified nurses from Grade D upwards. All members of the nursing staff except one are female. D Grades report to E Grades who act as shift co-ordinators and must have completed the one-year (ENB) course in orthopaedics. Although there is not much

difference in the day to day work of D and E Grade nurses, the E Grade role is that of senior nurse or nurse in charge. In practice, however, we were told that when there are staff shortages D Grades can find themselves in charge of a ward for a whole shift, even quite soon after qualifying. F Grade is junior sister level and G Grade is ward sister/charge nurse level. On the wards the nurses work more closely as a team than in, say, A&E so it is easier to integrate newly qualified staff. The D Grades therefore rotate between the three orthopaedic wards. In theory it is possible to progress from D to E Grade in twelve months, although in practice it can take from three to four years. Progression from E to F Grade takes twelve months to two years. Most of the G Grade ward manager's time is taken up with administrative, rather than clinical work. The ward manager is responsible for ensuring high standards of patient care, maintaining safety on the ward and making sure staff complete their mandatory training. Once they have taken the ENB orthopaedics course nurses tend to stay within the specialism because moving to a different area would almost inevitably involve moving onto a lower grade.

In addition to qualified nurses the directorate employs unqualified staff on healthcare assistant terms and conditions. Previous management policy was to have a higher proportion of HCAs to qualified nurses but this has been reversed because the quality of care was affected and the ratio of qualified to unqualified staff is now 60:40. HCAs provide a supporting role. They can carry out observations (temperature, pulse, blood pressure) but these have to be checked and countersigned by a trained nurse. If they check with a qualified nurse before proceeding they can apply simple dressings, but are not allowed to remove stitches or sutures. They are not responsible for dispensing controlled drugs (although they may assist in drug rounds), neither do they take part in doctors' rounds or shift handovers. Although overall responsibility for patient care remains with the qualified nurses HCAs do have more clinical involvement than auxiliaries. HCAs are taken on a one-year training contract initially. For the first six months they have allocated study days, practical tests and written assignments. Training takes place in the nursing school on the hospital site and there is an assessor on the ward to ensure standards are maintained. On satisfactory completion of the first year they progress from level 1 to level 2 HCA and can take advantage of a further range on in-house courses run by the Trust.

### ***Working Time Practices***

Standard weekly working hours are thirty-seven and a half for qualified staff and thirty-eight for unqualified staff, worked over five, or five and a half days. Shift patterns are: early, 7.30 a.m. to 3.30 p.m., late, 12.30 p.m. or 1.00 p.m. to 9.00 p.m. and there is also a half day shift from 7.30 a.m. to 1.00 p.m. The night shift is 8.45 p.m. till 7.45 a.m. Most staff work three early shifts and two late shifts per week. Although many staff, especially those with care responsibilities, would prefer to work permanently on nights the Directorate Manager feels that it is not a good idea to have a complete split between day and night working, because 'opposing cultures' could build up (see Brooks and MacDonald, 2000). It is also felt that all nurses need at least some experience of the night shift, so that they become used to working with less medical support. Therefore the majority of staff do rotate onto night duty, even if only for a short period.

Ward managers plan the off duty rotas. Ideally there should be three trained staff on each day shift. On the night shift there are usually one trained and three untrained nurses. Extra shifts, when needed to cover for vacancies and other absences, are provided through the nursing 'bank' system. Orthopaedics and A&E has its own 'bank', so the majority of staff working extra shifts are staff from one of the three orthopaedic wards. This works well because of the

similar nature of the three wards. Part-timers who want to do extra hours can increase them to weekly full-time hours - anything extra is 'bank' working, paid at the normal rate. In addition to the 'bank' system the directorate uses nursing agencies for untrained staff and, occasionally, qualified nurses. This is the least preferred option because of high costs and variable standards.

### ***Absenteeism, Turnover and Job Satisfaction***

At the moment there are no serious recruitment and retention problems in Trauma and Orthopaedics. Although the work is heavy and sometimes stressful we were told that the staff work well together as a team and morale is quite high. Unlike A&E nurses, who have very portable skills and often leave to work overseas and on cruise ships, orthopaedic nurses tend to stay at the Trust and the directorate often employs newly qualified nurses who have previously worked on its wards as students. However the sometimes lengthy wait for progression from D to E Grade can cause individual frustration and some staff are prepared to move to other hospitals to advance their careers.

### ***Industrial Relations***

The Directorate Manager describes the Trust as 'reasonable' in its attitude to the unions and recommends that all nurses join, preferably the Royal College of Nursing. Unison represents health care assistants. However the Unison and RCN representatives do not appear to be very active at the workplace level.

## **6. Summary and discussion**

The changes in the health service in the UK highlight the pressures on employment relations in the public services. On the one hand hospitals are subject to pressures on funding that shape priorities and create shortages. Trusts must also react to government initiatives in health care and the changes introduced can have an impact on working practices. On the other hand hospitals are also subject to external labour market conditions and to changes in regulation at the national level.

The implementation of the Working Time Directive is one change that will have a particularly strong impact on the NHS. The provision of care services requires complex staffing arrangements and the extensive use of shift systems and night work, all of which are affected by the Working Time Regulations. Furthermore the use of the 'bank' system to provide flexibility and additional hours presents a particularly difficult challenge to hospital management. The decentralised organisation of working hours means that the information on working time arrangements are often not available to managers above the ward or directorate level and the use of 'banks' for each directorate can make it particularly hard to track the number of hours being worked. In the case study hospital the Working Time Directive has led to changes in the allocation of shifts. For example midwives on 12-hour shifts may not work them on consecutive days. However many of the more subtle issues relating to the use of 'bank' nurses from within and outside the hospital are as yet unresolved.

For our case study hospital changes in the internal organisation of the NHS providing greater autonomy at the hospital level led to the creation of two separate Trusts at the start of the 1990s. Consequently two different cultures emerged with different approaches to the reforms,

including the creation of local Trust contracts. Although they have recently merged this divergence at the micro level illustrates the increased variability between hospitals. The NHS has also been affected by changes in policy towards the provision of care. In maternity services this is illustrated by the changes in the role of midwives following the Changing Childbirth initiative in 1993. In orthopaedics the pressure to reduce waiting lists has led to increased management of lists, increases in available theatre time and co-ordination with health professionals both inside and outside the hospital.

All hospitals are affected by the national shortage of qualified nursing staff. The case study hospital has approached this at a number of levels. The Trust has successfully recruited 20 South African nurses. At the same time a strong training ethos was regarded as a way to retain qualified nurses and distinguish this Trust from others when recruiting. Financial support is provided for health care assistants and auxiliaries to train to become qualified nurses. At the national level there is much discussion about the increased use of flexible hours to attract and retain nurses in the health service, culminating in the recent announcement that a national nursing 'bank' is to be set up. However, we found that ward managers required a core of full-time staff to maintain continuity of care. Furthermore managers were keen to make sure that nurses experienced both day and night shifts to avoid the creation of different cultures and to maintain skills. There was extensive use of part-time working in both departments but shortages often required extra hours and some part-timers had moved back to full-time work because of the workload. This illustrates the tension that exists between employee needs for flexibility and the demands of the service. According to managers the nature of the service means that the latter must take precedence, but it is not clear whether this argument is merely used to justify current policies rather than considering the introduction of alternative working time systems.

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## The Health Sector in Sweden

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### 1. Main Characteristics of the Swedish health sector:

#### 1.1 Organisational structure

Sweden has a regionally based, publicly operated and financed, national health care system. Implementation of policy and provision of health care has been the responsibility of the county council (*landsting*). Health care in Sweden is organised on three levels. The first level is primary care and includes health care centres, district nurses and maternity/child health care. The second level is the county care for somatic care patients carried out at central hospitals and district county hospital, while the third level is performed at specialised regional hospitals in 6 health care regions. Regional health care is regulated by agreements among the county councils in the respective regions. The regional hospitals have a greater number of and a higher degree of specialities and sub-specialities than the county hospitals. Regional hospitals also function as university hospitals.

The right of self-government of the county councils is stated in the Instrument of Government of the Constitution of Sweden. The Swedish Constitution stipulates that county councils have the right to levy taxes in order to finance their tasks. Each county council assembly decides the level of tax in each county council. Today the county councils are financed to approximately 70% by the county council tax, which on average are about 10 per cent of the taxable income. Of this, in turn, 84 percentage points goes to health care. At the National level, the functions of planning and supervision in public health in Sweden lie with the National Board of Health and Welfare and public health policies are mainly formulated within this agency. As far as the decision-making structure is concerned, the parliament sets the frame for the health care through legislation, which is complemented through Government's edicts and administrative decrees. The fundament for the regulation of the health care is the Medical Service Act. However, there are also detailed regulations, mainly by the National Board of Health and Welfare (such as monitoring, evaluation, personnel responsibility and regulation).

Only 12 per cent of the Swedish health care was provided by private companies in 1996, but the share of private health care has increased during the last decade. In 1998 there were 29 private hospitals<sup>38</sup> of which 20 had less than fifty beds, while there were 86 public hospitals (79 in 1997). In 1997 there were a total of about 35 300 beds<sup>39</sup> in public care and 10 900 beds in private care (1994).

<sup>38</sup> Not including 240 geriatric and psychiatric private hospitals.

<sup>39</sup> Not including some municipalities with primary care

## **1.2. Development of expenditures and employment**

### ***1.2.1. Expenditures***

Health care expenditures in per cent of GDP have slightly decreased since the beginning of the 1980's, from 9.5 per cent of GDP in 1981 to 7.4 per cent in 1998. The decline in the relative share of health care expenditures can be explained by budget restrictions in connexion to the deep recession of the early 1990:s and the growing budget deficit. The sharp decrease in healthcare employment during the last decade, the reduction of the income compensation level and the introduction of a waiting day which led to a significant decrease in absenteeism rates and the reduction of the average time spent at the hospital explain the relative decline of healthcare expenditures.

### ***1.2.2. Employment development and occupational structure***

The health care is a labour intensive activity, which means that labour costs constitute a large share of health care total expenditures. However, the county council's labour costs have declined significantly during the 1990's. As a part of the Care of Elderly Reform in 1992, about 55 000 county council employees were relocated to the municipalities (*Kommun*). Even when controlling for this reallocation of resources, both the volume of employees as well as the number of yearly full time equivalent in the county councils have decreased. Since the late 1980's the total numbers of employees in the health sector has decreased by 180 000. In 1997, about 6 per cent of all dependent employees worked in the health care sector. In 1998, about 137 000 employees (110 000 full time equivalent) worked in direct care activities, and almost 90 per cent were women. The total volume of employees in health care and the yearly full time equivalent have declined continuously during the 1990's, while the total number of hours worked (per employee) was relatively constant until 1994, when it started to increase. The lengthening of working time can be ascribed both to the decrease in absenteeism rates and a modification of the working time distribution implying a reduction of the share of employees working part-time.

The two largest categories of employees in health care are nurses (including midwives) and auxiliary nurses ( 28 and 15 per cent respectively). Together with assistant nurses (1.4 per cent), these are the categories of employees most often involved in direct care towards the patients (and the main focus of this study). In 1980, auxiliary nurses working in the county councils was the largest category (95 000), while the volume of nurses and physicians amounted the same year to about 50 000 and 12 000 respectively. In the late 1990's nurses had become the largest category and is the only occupational category that has increased over the period. During the last decade the average age of the employees in the county councils has increased and the share under age 30 has sharply declined. This is mainly related to the shortage of qualified labour in the health sector and the decrease of "new" recruitment.

## **2. The influence of the socio-economic environment on employment and working time management: the national socio-economic context (demography, state debt, health insurance system.)**

The demand for health care is related both to the level of economic development and the age structure. As mentioned above, the total expenditures for health care as a percentage of GDP has increased continuously since the beginning of the 1960's concomitant with the development of the Swedish Welfare State. This period has also been characterised by a

continuous growth in the share of elderly persons. During the first part of the 1990's the Swedish economy experienced a deep recession and several cutbacks in the welfare system were carried out to contain the rising unbalance in public finance. The government budget deficit was balanced first in 1998 and will during 1999-2002 show a large surplus. The economy in the municipalities and county councils has experienced a similar development even though the present economic situation differs between municipalities.

In 1997, the government enforced a law stating that all municipalities and county councils should have a balanced economy. As mentioned above, the county councils have the right to levy taxes in order to finance their activities. The income tax resources represent about 77 per cent of its revenues. Other sources of revenue are grants and payments from central Government, (about 10 per cent), while patients' fees amounts to 4 per cent of county councils revenues. In recent years, the revenues of the county councils, and thus the health services, have diminished due to reduction in the tax base connected to the rising unemployment. To counteract the deterioration in their finances, the county councils have reduced their expenditures in real terms by 1.5 per cent per year between 1992 and 1997.

### **3. The influence of organisational factors on employment and working time management: the introduction of new technologies for health care and its implications**

Over the last decades, the content of work for different categories of employees in the health care sector has changed significantly. One important factor is the introduction of new technologies but also the increasing shortage of qualified personnel due in particular to low relative wage. The continuous change in medical technologies has increased the demand for qualified personnel, especially nurses. They are, nowadays, more specialised and have become less involved in the direct caring of patients and more focused on medical treatments. Consequently, auxiliary nurses have taken over more of the nurses less qualified medical treatments but also a larger share of the nurses' responsibility for the direct care of the patients. In addition responsibilities previously performed by assistant nurses, a category of workers that has almost disappeared, have been transferred to auxiliary nurses.

### **4. The influence of industrial relations on employment and working time management**

#### **4.1. Industrial relations and bargaining process, hospital and department levels (actors, professional structures and stakes)**

Both the strong legal standing of the collective bargain and the strength of Swedish trade unions (even white-collared) and employer organisations make the collective bargaining a central instruments for labour market regulation . The actual capacity of the two sides of industry (at various levels) to conclude agreements relevant to areas that regulate employment and the labour market may be exemplified with reference to two of the most important laws regulating the labour market, namely the Employment Protection Law, and the Working Hour Act, which may be partly or entirely modified by collective agreement, (see the following section). Matters of common interest to the two sides of industry are almost exclusively regulated in collective bargaining. The strong position of the social partners and the collective bargain is reflected in the lack of state involvement in the bargaining process.

Trade union membership in Sweden has risen constantly since the mid-1960s even though the union density has experienced a weak decline in connection with the sharp increase of unemployment in the early 1990:s. Thus, a very large proportion of employees belong to trade

unions in Sweden, more than 80%. Union density is higher in the public sector, about 95 percent. Overall, the coverage rate of collective bargaining is very high approaching 100 % in various sub sectors. In 1998 about 94 percent of the employees in the health sector was member of a trade union. The Swedish Federation of County Councils (the county councils' employer organisation) concludes collective agreements at the central level with several federations belonging to the three major trade union confederations, namely The Swedish Confederation of Trade Unions (LO), the Swedish Central Organisation of Salaried Employees (TCO) and the Swedish Confederation of Professional Associations (SACO).

Since the eighties, there has been a general tendency to decentralise the level of negotiation and decision at the branch and even at the firm/organisation level<sup>40</sup>. This clear tendency to a decentralisation of the bargaining process has not only been limited to wage bargaining but also to work organisation and working time arrangement. Besides this tendency, we can observe a parallel tendency to a differentiation and an individualisation of wage setting and working conditions. To illustrate the above mentioned tendency to a differentiation and individualisation of wage setting, the last five years industry collective agreement concluded between the Swedish Association of Health Officers (*Vårdförbundet*) and the Swedish Association of Local Authorities (*Kommunförbundet*) and the Federation of County Council (*Landstingsförbundet*) in March 2000, covering 90 000 nurses, midwives and biomedical analysts, provide a yearly pay increase of at least 2% per year. The industry agreement do not provide individual wage increase guarantee. Actually the agreed wage increase will be negotiated by the local parties at the organisation level and the yearly wage increase will be distributed individually according to individual performance and competence. A consequence is that we may expect a larger dispersion in the wage distribution. The trade unions is in favour of the individualisation of the wage bargaining process and see in this development a possibility to counteract the shortage of qualified personal, offer higher wage entry and higher wage career prospect in order to attract and keep (lower personal turnover) competent nurses.

#### 4.2. Working time regulation

As mentioned earlier, working time in the Swedish labour market is determined by an interaction between statutory regulation and collective agreements. Law stipulates standard and maximum working hours, while more specific rules on work patterns are set forth in collective agreements reached at either industry or local level. One of the consequences of the contractual nature of Swedish industrial relations is therefore that working time policy is marked by large possibilities to decentralised decision-making down to industry- or even firm level. Since collective agreements can depart from the statutory provisions, the working hours can be structured to suit the individual workplace and therefore working time and working hour's arrangement may vary between industry, firms and different categories of employees. As a result, and as mentioned above, there has been an increasing use of atypical work within the health sector, such as seasonal work, capacity oriented variable working hours, work on call, flexitime arrangements etc.

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<sup>40</sup> Directly binding (for organisation and their members) collective bargaining on wage and working condition, since the early 1980 take place essentially at industry level (*förbunds*). Collective agreement at industry level may contain delegation clauses that permit the local parties (regional or company) to negotiate at the firm or establishment level.

The collective agreements in the health sector replace entirely the statutory provisions. According to the prevailing collective agreement nurses and auxiliary nurses in the healthcare sector, have a collective agreed working time shorter than the 40 hours statutory norm. Employees working full-time according to the most common schedule (5 weeks roster; daytime, evenings and weekends) have a usual weekly working time of 38.25 hours for nurses/midwives and 37 hours per week for auxiliary nurses. For employees working night shifts, full time is defined as 36.2 hours per week. In the two bargaining areas reported, local agreement struck at the organisation level may modify the disposition of the industry collective agreement. Hence, local agreements can be reached regarding the length and the distribution of working time. Collective agreement regulating working time generally applies also to employees not member of a trade union. As far as overtime is concerned, the collective agreements in the health sector allow employees to choose between monetary compensation and time off in lieu. In the later case employees are usually rewarded 1.5 or 2 hours of compensatory rest for each overtime hour worked.

In Sweden part-time work is a crucial component of women's working life and accounts for a high share of female employment in Sweden (in 1999 around 36 % of the female labour force worked part-time, almost 90 % of part-time workers are women). The share of part timer is higher than the average in the health sector for auxiliary and assistant nurses but lower for nurses and midwives.

#### **4.3. The expected evolution of employment and working time patterns**

During the last decade, the health sector has experienced a clear tendency towards a decentralisation, diversification and individualisation of working time patterns. Flexible and innovative working time patterns have been introduced in a growing number of workplaces. Several local experiences are at present going on regarding the introduction of innovative working time pattern such as: flexible working hours, individualized working hours implying in some cases a reduction of the yearly working hours<sup>41</sup>. From the employer's side better adaptability of working time to the level of activity and cost minimising aspects appears as recurrent motives behind the changes in the working time patterns. Often the modifications introduced allow reducing labour cost by limiting or suppressing overtime costs and compensation for unsocial working hours, by introducing various systems of time-off in lieu. In other words, the working time reduction appears often as a compromise and a compensation for the inconvenience linked to the higher flexibility and variability of working hours and the occurrence of unsocial hours. In the health sector, the reforms in working-time appear in a perspective of improvement of life quality (welfare). In particular, the purpose of the modification of working time is to better conciliate family life, social time and market work. Another expressed motive is to promote gender equal opportunity. Finally, work environment aspects are also put forward in order to justify the changes in working-time patterns.

During the 1990:s the unions have proposed some collective reduction of working time at the industry level for nurses and auxiliary nurses but the union demand has not been fulfilled. It must also be noticed that the present collective agreement for employees in the county

<sup>41</sup> See Anxo D and Lundström S. (1997) Company policies with regard to the reduction of working time, Sweden, Working paper no: wp/97/50/EN. The European Foundation for the Improvement of Living and Working Conditions, Dublin 1997 and also Anxo D and Lundström S. (1998). "Towards Flexible Working Hours in Sweden", Swedish Council for Work Life research, Stockholm, 1998.

councils (and municipalities) makes it possible, through local negotiations, to substitute a part of the agreed wage increase for an individualized reduction in working time.

#### **4.4. Structure of education system and career paths for caring personnel**

The education of nurses and midwives requires post secondary education (university level). The university colleges offering basic and post basic programmes for nurses, midwives and medical laboratory technologists are responsible for both theoretical and the clinical parts of the programmes. There has been an increasingly larger need toward further studies in specialised areas of health-care. Auxiliary nurses have an upper secondary educational training of three years, while nurse assistants most often have (but not always) 20 weeks of care training. The tasks for nurses vary considerably depending on which field within the health care sector the tasks are performed. Concerning hospital care, the nurses are responsible for more technical medical treatments such as injections, medicine, and dialysis etc. Auxiliary nurses and assistant nurses have often responsibility for less qualified medical treatments, care of patients and cleaning. Generally, the career prospects for auxiliary nurses and nurse assistants within the health care sector are limited and auxiliary nurses will in the future replace the last personnel category.

### **5. Case Studies**

#### **5. 1. Sahlgrenska University Hospital a description:**

The two case studies have been performed at Sahlgrenska University Hospital (SU) located in the Gothenburg area on the West Coast of Sweden. It is the largest hospital in northern Europe with approximately 2 700 beds in 140 departments. About 1.7 million inhabitants in West Sweden can receive emergency and basic medical care through SU. SU counts about 15 200 employees (14 000 full time equivalent). Of these 84 percent are women.

##### ***5.1.1. Organisation 1: An Obstetrics department***

The first organisation analysed in this study is one of the three obstetrics departments within the 1 hospital. It has a total of 30 employees at the department (26 full time equivalent positions). Of these, two employees have an administrative role; the nurse administrator and a nurse responsible for development and research. There are also 2 auxiliary nurses (with an upper secondary education), and 26 midwives of which 5 functions as team leaders. There is a general trend in the obstetrics departments towards fewer auxiliary nurses.

During daytime, 07.00-16.00, there are 6 midwives, the nurse administrator, and one nurse working at the department. Of these two are occupied with delivery work and two are working with after care. There are also three physicians available at the department every day. The personnel and activities during the evenings, 13.30-22.00, are similar to those during the day, except there are only six midwives and no nurse. Of the midwives, two are working with deliveries and two with aftercare. During the night shift, 21.30-07.30, there are three midwives and no nurse. The nurse administration thinks that it is too little personal to be able to keep a good quality of their work, this is especially true during evenings and nights.

### ***Working time practices***

The working hours are defined in the collective agreements and are 38.25 hours per week for midwives and nurses and 37 hours per week for auxiliary nurses. For employees working night shifts full time is defined as 36.2 hours per week for nurses, midwives and auxiliary nurses. According to the collective agreement, there is a maximum of 200 hours of overtimes per year.

Most of the employees hold a full-time contract, but some have a reduced working time in connexion to parental leave. During daytime and evening 15 employees work full time, namely, the nurse administrator, the five team leaders, the auxiliary nurses and eight midwives. During day and evening time, six midwives work long part-time (75 per cent of full time). A total of nine midwives work night shift. The working time during the night is 64 percent of full time, which corresponds to 7 nights per 6 weeks<sup>42</sup>. According to the nurse administrator, there is a problem of recruiting competent midwives for the night shifts since the wage compensation is low and some of them have to work extra during days.

The working schedule is defined according to a 5 weeks roster, usually between 07.00-16.00 and 13.00-21.30, while the separate night shift works between 21.00-07.00. During the weekends the shifts work either 07.00-14.00 or 13.00-21.30. The basis for the present working time schedule at the department was negotiated several years ago, between the SU and each local trade union. While the structure of the schedule has not changed, the employees' opportunity to affect their own working hours has increased.

In addition to the permanent positions (tenures) there is a rather widely use of short-term contracts, especially during the night shift. Some of the substitutes are found within the SU, while for more qualified work the recruitment has to be done from outside SU. Almost all substitutes are distributed through an intermediary team within SU. The contracts are usually for 6 month with possibilities to be prolonged or transferred to a permanent position. There is very little use of overtime and if this happens the employee can be compensated either in time off in lieu or in monetary compensation. Four continuous weeks of summer vacations<sup>43</sup> must, according to the collective agreements, be given between June and August. If the nurse administration cannot meet these conditions the employee may have a compensation of SEK 5 000 per week. This is not uncommon and the possibilities for the employees to freely allocate holidays are limited.

### ***Absenteeism, turnover and job satisfaction***

There is a relatively high absenteeism; at present there are about 6 employees with a longer sickness leave. Three of these have had back problems. The average age among the midwives is 48 years, while they are much younger during the night shift. According to the nurse administrator the age differential between the day and night shift constitutes a problem, since they are much less experienced at the same time as they to a larger extent work alone. The employees have often worked many years within obstetrics and the turnover is relatively low but will probably increase in the near future. Since no employees have been granted leave of absence during the summer, one has resigned and another already on leave has started to work

<sup>42</sup> Two midwives working night have 67.67 per cent of full time, which is equal to 14 nights and 1 day per 6 weeks.

<sup>43</sup> The law stipulates a total of 6 weeks paid holidays.

in another department. There is no longer possible for the employees to alter between different jobs within the department or SU as they were used to. Although there is a shortage of labour the staff is ageing and have become more tied to their permanent position, at the same time fewer wants to work night shifts. On the other hand, the younger generation is more mobile. They often work a period to be able to take a longer leave, for example to travel. Since there is a shortage they have always the opportunity to have a job when they return.

Generally, the workload has increased, and there are no longer any periods during a day, except the breaks, when the employees can rest. A main reason is that the midwives work both with deliveries and aftercare, which means that there are always some patients needing help. According to the nurse administrator, a consequence of this is that the quality has been negatively affected. There is less time, also due to shorter aftercare, to inform the new mothers. Thus, the working environment has in this sense become more stressful, which is reflected in the results of the yearly working environment surveys performed at the department.

### *Social dialogue*

During the last decades there has not been major conflict and according to the employer and trade union representatives interviewed the social dialogue is of good quality. Except one midwife, all employees (both permanent and temporary employees) belongs to the trade-union (i.e. an union density of 97%). A majority of the midwives are members of the Swedish Association of Health Officers (which belongs to the Swedish Confederation of Professional Employees, TCO). The Swedish Association of Health Officers works in co-operation with the professional organisation the Swedish Association of Midwives (SBF). All auxiliary nurses, both permanent and temporary employed, are members of the Swedish Municipal's Workers Union, which belong to the Swedish Trade Union Confederation (blue collars, LO-S). In term of wage policy, the main difference between the two unions is that the union for midwives and nurses are more in favour of a differentiated and individualized wage setting than the union for auxiliary nurses.

The department follows the collective agreements, which means that wages and working conditions are negotiated first at the branch level and then at the local level. Collective agreement at the industry national level includes a general wage increase in percentage and a local wage pot, which is individually distributed at the organisation level. In the department studied the distribution of the local wage pot is negotiated between the union representatives and the nurse administrator. The increase of wage for each employee takes into account for example seniority, flexibility, competence and the ability of work in teams and the quality of contact with patients. The amount to be distributed in this way usually corresponds to the general wage increase stipulated in the branch agreement (According to the new Collective agreement, 2% per year, see above). Thus, the wages are set individually and there is no minimum wage for newly hired employees, and no explicit defined wage career. In few cases, midwives have not received any individualised wage increase over the last five years.

According to the union and employer representatives interviewed, working time reduction is not a key issue at the department, wage increase on the other hand appears to be the most important bargaining issue, in order to cope with the lack of qualified personnel.

### ***5.1.2. Organisation 2: An Orthopaedics department***

The second department analysed is an orthopaedics department at the Sahlgrenska University hospital. It is divided into two sub-departments with 12 beds in each. One deals with hand surgery often with shorter aftercare of the patients while the other sub-department deals with tumour orthopaedics, which generally require longer aftercare. Beside these specialist features the department also treats and takes care of emergency patients, for example fractures. The department treats people from the age of four and over. The department is one of four orthopaedics departments at the SU hospital. The case study at the department is based on a common questionnaire (semi-directive individual interviews). Two interviews have been performed one with a nurse administrator and one with a trade union representative.

#### ***Occupations, job content, labour characteristics and status***

There are a total of 26 full-time positions (tenure) at the department. The department counts 12 nurses and 12 auxiliary nurses (with a three year upper secondary education), one nurse administrator and one medical secretary. Only two of the nurses and two of the auxiliary nurses are men. All the permanently employed at the department holds a full-time position (according to the employment contract), although about 7 of these have reduced their working hours due to for example, parental leave, education or social reasons. Besides the permanent staffs there is at present three assistant nurses and three nurses working on short-term contracts. In addition, the hand surgery sub-department has 11 physicians and the tumour sub-department has 4 physicians working at the department. During the night there is two auxiliary nurses working together with two nurses whom, if needed, also have to visit other departments.

The nurses are responsible for the documentation, pharmaceuticals, intravenous drip, nursing etc. The administrative burden has during time increased and instruments for the monitoring/evaluation of quality of the health care provided at the department has become the responsibility of the nurses. They also have to inform relatives as well as the primary care and complete the patients' journals towards the primary nurses who often take over the responsibility when the patient leaves the hospital. Due to the increasing workload for the nurses, the auxiliary nurses has been delegated certain duties from the nurses such as intravenous drip, blood transfusions and change of bandages.

Since there is a severe shortage of qualified nurses, those working on short-term contracts can if they like in most cases get a permanent position. According to the Employment Protection Act (*Lag om anställningsskydd*, LAS) employees, mainly auxiliary nurses, working on short-term contract can become permanently employed if they have worked full-time during the last three years. Over the past years, there has been a severe shortage of qualified nurses in the Swedish health sector as well as at SU hospital. At present, mainly externally recruited personnel substitute vacant positions as nurses at the department. The routine is that the department calls the personnel department, which has a register of interested and available nurses. Concerning the short-term sickness leave, mainly personnel who previously worked at the department and who are well known both with the type of care and the personnel substitute these vacancies.

The nurse administrator is responsible of personnel planning and management. At present, there is a relatively low turnover among the auxiliary nurses and a relatively high turnover among the nurses, although much lower than the average within the SU hospital. Partly due to

the shortage of nurses some department could have almost all nurses substituted during a year. Another reason for the relatively high turnover among the nurses is that they relatively young and therefore more mobile, they get children and continues with higher educations etc.

### ***Working time practice***

The characteristics of working time is similar to that described for the obstetrics department above, i.e. a 5 weeks schedule, working 2 weekends out of five. During the week usually 07.00-16.00 and 13.00-21.30, while the night shift works between 21.00-07.00. During the weekends the shifts work either 07.00-14.00 or 13.00-21.30. The working hours are defined according to the collective agreements. For employees working full-time according to the schedule (daytime, evenings and weekends) the working time are 38.25 hours per week for nurses and 37 hours per week for auxiliary nurses. For employees working night shifts the full time is defined as 36.2 hours per week.

The responsibility for the schedule lies upon the nurse administrator who, together with a "schedule team" plans the schedule according to the desire of the personnel and the activities in the department. According to the nurse administrator that there is at present a sufficient volume of personnel at the department, however, an adjustment of the schedule could improve the working conditions. She feels that the health care is very rigid in its organisation and asks for some other solutions of the working time such as for example a "time bank". However, the personnel are hesitant to such ideas. Although the local union would like to reduce collectively working time the central union have not decided in this matter. According to the union representative, if working time reduction appears to be an issue at the department for mainly the auxiliary nurses, wage increase remains the most important bargaining issue.

Overtime is very common among the nurses, mainly because of the overall lack of nurses. According to the collective agreement, there is a maximum of 200 hours of overtime per year; however, many of the employees who work during the night have worked more than the prescribed limit. At present there is no time clock at the department, but will be installed in the near future. There has also been a consensus that much of overtime has not been registered, but instead been placed in the drawer. The employees have instead, in an informal way, been given time off when the workload have been lower. However, this is now changing, and all working hours will in the future be registered according to the working time law. For one hours of overtime the income compensation is 50 per cent, and for more than two hours of overtime the compensation is 100 per cent, and the same hold for weekend. For part time employees, extra working hours is compensated by 40 per cent. The employees have the right to have the compensation either in time-off in lieu or wage compensation. Holidays amounts to 5 weeks (25-32 days depending on age), of which 4 week must be placed between June and August. Overtime can be accumulated and used to extend the summer vacation. The nurse administrator administrates the vacation according to desire expressed by the employee.

### ***Absenteeism turnover and job satisfaction***

The absenteeism is relatively low; one auxiliary nurse has been absent for a longer period, two nurses and two auxiliary nurses are on parental leave, and some are on part-time due to education and social reasons. However, due to the Swedish ambitious system of leave of absence there are much more personnel employed at the department. In total, the nurse administrator is responsible for about 52 employees of whom 26 for the moment are working at the department, while the rest are working at other departments or in the primary care.

The nurse administration reports that the intensity of work has become much higher; there is no longer possible to take shorter breaks, which in turn has created more stress. She argues that this is a result of the organisation of the SU hospital, with its scarce amount of beds and the mixture of different kinds of care at the departments, for example, geriatric care at orthopaedics departments.

### *Social dialogue*

During the last decades there has not been major conflict and according to the employer and trade union representatives interviewed the social dialogue is of good quality. The orthopaedics department follows the collective agreements, which means that wages are negotiated first at the branch level while a local pot is negotiated at the local (department) level. In total the union density for the permanent employee are close to 100 per cent, while the union density among the temporary employees and those working on an hourly basis is slightly lower. The amount to be distributed in this way usually corresponds to the general wage increase in the branch agreement. According to the new collective agreement, for nurses, the wages are to be differentiated with a larger focus on individual competence and qualifications. The initial average wage for nurses at the department is about SEK<sup>44</sup> 15 000 and for auxiliary nurses about 12 000. However, due to the age distribution at the department, with relatively older auxiliary nurses, the difference between the two groups average wage is only about SEK 1 000.

## **6. Conclusion**

The 1990:s economic recession and budget restriction have put pressure on the Swedish health care sector. In face of the severe recession of the early 1990:s the public authorities have tried to cope with the growing structural unbalances by cost minimizing strategies, rationalisation and productivity increase (intensification of work). Consequently, the Swedish health sector during the 1990:s has experienced a decrease of employment and a slight decline of the share of health care expenditures. Apart from these supply related factors, the Swedish health sector has been characterized by a growing lack of qualified labour (nurses). The acute and rising shortage of qualified personal is partly related to relatively low entry wage and low age-wage profile, partly due to the above mentioned tendency of work intensification and increased workload. Due to demographic changes, i.e. the ageing of the population and the need of more intensive care and after care for the growing elderly population, the demand of health care has increased, implying during the 1990:s a worsening of public health service (longer waiting queue).

During the last decades, the continuous introduction of new medical technologies have changed work organisation. These changes have implied the generalisation of work team and higher requirement in terms of personal autonomy, responsibility and a general upgrading of skills through continuous education and on the job training. One illustration of this tendency is the clear transfer of a part of tasks traditionally performed by the nurses towards the auxiliary nurses and the progressive and significant decline of low qualified assistant nurses.

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<sup>44</sup> 1 SEK= 0,12 €

Overall and in particular in the health sector, there has been during the last decade, a clear tendency to a decentralisation, differentiation and individualisation of wage setting, work organisation and working time (subsidiarity principle). Nowadays, collective agreement at the industry level provides a framework agreement stipulating a yearly wage increase, which has to be negotiated locally (workplace) and distributed individually. A central feature of wage setting in the Swedish health sector is therefore that there is no longer individual guarantee for wage increase. We may expect therefore, in a near future a wider dispersion of the wage distribution. However, the institutional set up (high union density at the industry and workplace level and a long tradition of social dialogue), insures, in contrast to other member states, negotiated form of adaptability and flexibility.

Despite a growing number of organisations in the health sector introducing innovative and flexible working time patterns, the two case studies performed reveal a quite traditional organisation of working time. The major factor of individual working time flexibility can be ascribed to the extensive and ambitious Swedish leave systems. So far at the two departments analysed, the reduction of working time are individual and a relative high share of full time contract works part-time due to the heavy workload. Even though, the local trade union (auxiliary nurses at the department of orthopaedics) is in favour of collective working time reduction the major bargaining issue remains wage increase. However, we may assume that change in working time patterns at the local level will continue to be introduced in order to better conciliate the employees demand for a larger influence on working time patterns and employer's requirement to a more efficient work organisation. These changes in working time patterns may also be a lever for coping with the lack of qualified personal and affect positively the unfavourable age structure, by favouring the recruitment of younger employees.

During recent years, Sweden has recovered from the 1990:s economic crisis. The improvement of public finance and higher prospect for economic growth make it possible to increase the expenditures in the health sector. The prevalent economic situation creates, therefore, better prospects and room of manoeuvre to cope with the growing demand of health care. However, the major issue for the future remains the chronic labour shortage and also the high degree of gender occupational segregation. Change in work organisation and more flexible working time patterns together with an increase wage at entry and steeper wage age profile appears to be one of the solutions to cope with these problems. The new prevailing five years collective agreement by offering better pay and steeper wage-age profile is a good illustration of the awareness of the two sides of industry to handle these structural problems.

## **Part V**

### **New forms of employment and working time in the service economy (NESY)**

#### **The case of elderly home care**

Conference organised by the European Trade Union Institute (ETUI)  
and the Institut für Arbeit und Technik (IAT)

26 and 27 April 2001, Brussels, Belgium

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**Contents**

<b>Introduction on the elderly home care sector</b> .....	229
<i>Dominique Anxo &amp; Håkan Nyman</i> Centre for European Labour Market Studies, Göteborg, Sweden	
<i>Colette Fagan</i> Department of Sociology, University of Manchester, UK.	
<b>Home care in Denmark</b> .....	233
<i>Agi Csonka &amp; Joachim Lynggaard Boll</i> The Danish National Institute of Social research, Copenhagen, Denmark	
<b>Home care in Finland</b> .....	242
<i>Timo Anttila and Jouko Nätti</i> University of Jyväskylä, Finland	
<b>Home care in Italy</b> .....	249
<i>Petra Degasperi, Paola Villa</i> Dipartimento di Economia, Università degli Studi di Trento, Trento, Italy	
<b>Home care in Netherlands</b> .....	260
<i>Janneke Plantenga &amp; Chantal Remery</i> Institute of Economics, University of Utrecht, Utrecht, The Netherlands	
<b>Home care in Sweden</b> .....	269
<i>Dominique Anxo &amp; Håkan Nyman</i> Centre for European Labour Market Studies, Göteborg, Sweden	
<b>Home care in the United Kingdom</b> .....	280
<i>Colette Fagan and Darren Nixon</i> Department of Sociology, University of Manchester, Manchester, UK	

## **Introduction on the elderly home care sector**

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The main objective of this study is to identify the dominant features and the recent trends in the provision of home care services for the elderly in five countries (Italy, Denmark, Finland, Sweden and the UK). In particular, the study explores the links between the main features of the country home care system and the country welfare state and gender employment regimes. Our main hypothesis is that the organisation and restructuring of elderly home care services in developed countries is shaped by the specific features of the national welfare and employment regime. In other words, while there may be similar pressures for change on this service in each country, the magnitude of this pressure and the form of restructuring that results varies between countries.

Each country report includes a detailed description of how the country home care system is defined, provided and financed, and which actors are dominant in the “market for home care”. The national legal framework, regarding the definition of rights, needs, and division of responsibilities (State, local authorities, private companies, non-profit organisations and households) is summarised. The labour market for home care is described in terms of the occupational and employment structure (gender, qualification, age), employment status (contract and working time), industrial relations (union density, coverage of collective bargaining) and wage structure (relative wage). Organisational case studies in two local authorities were carried out in each country in order to deepen our understanding of the dynamics of the changes currently occurring in the provision of this service and the consequences and outcomes for work organisation and working time patterns.

As far as the dynamic of changes are concerned, two broad areas have been defined:

### **1. Service supply driven changes**

- The impact of the macro-economic environment and cost constraints on the provision, organisation and quality of services provided
- The extent of competition, privatisation and sub-contracting
- The impact of changing professional or regulatory standards on the type of service provided
- The impact of new technology on work organisation and working time patterns

### **2. Service demand related factors**

- Demographic pressures of an ageing population
- Changes in the service preferences and demands of elderly clients and their informal carers
- Changes in employees’ preferences regarding work organisation and working time patterns.

The five country reports in the present booklet give a rich and detailed analysis of the main features of the national home care services. An extensive synthesis of the country reports will be provided later on. At this stage, however, some general points may be stressed.

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

- a policy shift among health and personal service professionals in favour of domiciliary services rather than residential care
- public expenditure constraints
- changes in the level and/or content of informal care due to the competing demands of employment on women's time and some shifts in preferences, norms and expectations about informal care among both the elderly 'care receivers' and their family members.

In each of the countries analysed, the demand for formal home care services has been growing since the 1970s. Parallel with this, the philosophy, organisation and type of services provided have been changing. Overall, the contemporary underlying philosophy of care in the five countries is that elderly people should be supported to live in their own homes rather than residential care homes or extended stays in hospitals. An important common organisational development is, therefore, the transformation of the service towards a client-centred approach and a de-institutionalisation of elderly care. This is due to a combination of changing professional standards, increased preferences among the elderly to remain in their own homes (or increased professional recognition of these preferences), and public sector cost considerations. These changes produced a dramatic increase in the demand for home care services.

Home care services for the elderly are provided by a combination of local municipal services, private and non-profit organisations, and varying levels of informal work provided by kinship networks and family carers. The main country differences concern the relative weight and extent of the various forms of elderly care. Three regimes may be distinguished, partly reflecting the different welfare regimes: the Nordic, Liberal and Mediterranean models.

In the Nordic countries, individualisation has been a key part of the welfare state and the basic principle of the institutional model is entitlement based on citizenship (universal citizen right). The individual, and not the family, has for many years been the unit not only of taxation but also of social benefits as social rights. As far as home care is concerned, the social legislation abolishing the obligation of children to take care of their parents in Finland and Sweden is an illustration of these efforts. Concomitant with the growth of public childcare, this change in responsibility is an element of a general policy aiming to outsource the activities traditionally performed by women from the household to the public sphere and to favour the growth of female employment. Hence, the dominant feature of the Nordic home care regime is that the overall responsibilities and provisions for elderly home care services lie with local authorities. Despite some general tendency during the last decade to deregulate and privatise public services, the elderly home care remains clearly dominated by the public sector both in terms of the financing and the provision of services. Even though a slight increase of subcontractors can be noted, the overall responsibility both in terms of eligibility criteria and the content of activities to be performed remains the privilege of the local authorities. In other words, the major changes that have occurred during the last two decades have not significantly challenged the basic principles governing the provision of home care

services. However, demographic pressures and cost constraints have produced some modifications regarding work organisation. Due to overall budget constraints there has been a clear tendency to reduce the number of clients and to focus on elderly persons with the most intensive needs. The eligibility criteria have been tightened and a reallocation of resources has been made in favour of individual care (more health-related functions) to the detriment of household-related services (cleaning and shopping). As confirmed by the case studies, this reallocation has placed a higher demand on employees in terms of qualifications, levels of responsibility and competence. At the same time, the lack of personnel, linked partly to low entry wages and limited wage progression has led to recruitment difficulties for personnel with adequate qualifications. The cost constraints have also led to measures to enhance productivity and improve efficiency (rationalisation measures and in Denmark a tendency towards a taylorisation of the home care services).

In more liberal regimes, like the UK, local authorities play an important role in the regulation of elderly home care, but these services are intended to supplement rather than replace the care provided by family members, or to substitute when the elderly person does not have family support. Several pressures, but particularly, an explicit shift in Government policy in favour of 'privatisation', have resulted in a marked increase in subcontracting arrangements whereby the local authorities purchase home care service provision from private and non-profit organisations. In order to remain competitive as service providers local authorities have had to fundamentally reassess the organisation of their home care services. As meeting service user need is a high priority, the focus has been on enhancing service coverage through increasing workforce flexibility (employment contracts and working time).

The Italian welfare system is largely based on monetary public transfers. The public provision of elderly home care services is much lower than that in the other countries. Involvement of the private sector also appears to be limited, and informal networks continue to make a fundamental contribution to the care of elderly. Consequently, the family remains the main provider of elderly care. However, in recent years the sector has undergone changes due principally to the need to curb public spending amid increased service demand. These factors have engendered a process of de-institutionalisation and they have also led to administrative decentralisation. These processes have fostered the expansion of home care service provision by third-sector organisations (co-operatives) which are increasingly called upon to make up for the shortcomings of public welfare and to substitute for informal networks. However, the supply of home services, both public and contracted-out, still falls largely short of demand.

Regardless of the country studied, the home care service workforce is highly feminised. It is a labour-intensive and low-paid sector dominated by manual occupation often with low or no formal qualification requirements. Partly related to the nature and timing of service provided (daily peaks at early morning and early evening) many of the jobs are part-time, but the organisation of working time diverges in important ways between countries. In Finland and Italy the majority of employees are employed on a full-time basis, in Sweden and Denmark long part-time dominates while shorter part-time jobs are more prevalent in the UK and the Netherlands. In most countries, the analysis of the demographic structure of the workforce shows also that the average age is higher than for the labour force as a whole. Overall the sector is characterised by a shortage of personal and relatively high labour turnover. The recruitment problem appears to be linked to the relatively low wage level, small promotion ladder and employment conditions. These recruitment difficulties seem to have increased over time as new generations of women enter the labour market with more qualifications and different ambitions, labour market expectations and gender role attitudes. In order to cope

with the increasing imbalance between the growing service demands and recruitment difficulties, organisational strategies have been developed that focus mainly on training, professionalisation and career enhancement, but with less evidence of wage increases.

In all countries, some technological innovation in the service has taken place, such as new forms of equipment to assist older persons, and the increased use of mobile phones by some home care workers. However, again there are marked countries differences in the extent and form of technological innovation, for example between Finland, where the use of the internet is being developed for home care workers and service users, and the UK where the use of information technologies is much less developed.

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## Home care in Denmark

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### 1. Introduction

This paper presents some major trends in work organisation and working time arrangements in the Danish home care sector. The first part of the paper is a brief description of the developments in the need for care and the employment structure in the Danish home care sector. This is followed by two case studies, which represent a qualitative perspective on some of the major trends. The two case studies are presented in part 2, and in part 3, an analysis focusing on how the (same) major challenges and changes in the sector are handled differently by the two providers of home care.

#### 1.1. The provision of care

In Denmark the community services for the elderly are primarily or almost exclusively the responsibility of the local authorities. Neither state organisations nor counties have any substantial role in the provision of these services. Provision of services through the market is also negligible. Even though private care organisations, mainly nursing homes operating as non-profit organisations, do exist they are often financed by public funds and tend to be regarded as an integral part of the public service provision system.

The guiding principle in elder care over the last couple of decades has been that of de-institutionalisation. De-institutionalisation implies that more elderly should be able to stay longer in their own homes or in various sorts of serviced or sheltered flats instead of being moved to a traditional nursing homes. As a result of this change in preference there has been a growing need for personal and practical care in the home of the elderly, which has also been reflected in an increase in the number of jobs in home care.

The basic purpose of the home care is to provide assistance with basic housekeeping and personal care. This includes a great variety of tasks performed by the helpers, and there is also a wide variation in the amount of help received by clients. Ranging from a few hours of cleaning a week to clients getting help several hours a day. Independent of the general rise in the amount of home care performed, there has been a high growth in the number of clients receiving comparably much help. Hence, the number of clients receiving more than 13 hours of help per week has increased by 68 percent between 1992 and 1996 (Rostgaard and Fridberg 1998, p. 141).

Home care is provided to the individual based on need. The local authority decides what amount of help is adequate in each situation. In reality, a manager allocates home care services, based on home visits.

**Table 1: Number of households receiving help and total hours of home care provided, by year.**

	1991	1993	1994	1995	1996	1997	1998 *
No. Of households receiving home care	183117	180756	186858	189597	188475	198213	201488
Scheduled help, hours per week	745279	792437	814555	848498	846372	973701	1119359
Evening/night help, hours per week				130661	166789	199563	

\*Note: For 1998 evening/night help is included in figure for scheduled help.

Source: DS: Statistiske efterretninger, Sociale forhold, sundhed og retsvæsen, 1994:25, 1996:8, 1996:25. 1999:1.

## 1.2. The home care labour market

A consequence of the factors mentioned above is that the need for care has risen overall. Therefore there has also been an accompanying rise in the employment in elder care, as illustrated in table 2.

**Table 2: Employees in elder care etc. 1988 to 1998\* Full time equivalents.**

	1988	1993	1998
Employees	87005	91583	93899

\* Note: Includes home care, nursing homes, home nurses and various other activities.

Source: DS: Statistiske efterretninger: Sociale forhold, sundhed og retsvæsen 1999:2.

Approximately 95 percent of the home help employees are female. Today 48 percent of the staff in home care are social and health workers<sup>1</sup> and this percentage is expected to grow considerably in the future. 23 percent are trained as nursing aides while 10 percent do not have any formal education. The introduction of the social and health worker education has led to professionalisation of the home care. Not only do the majority of home-helpers now have professional education, but the home-helpers with education also tend to work more hours than those without (Rostgaard and Fridberg 1998, p. 143).

The rate of union membership is - as normal in Denmark - very high. Estimated, at least 95 per cent of the home care employees are members of the union FOA (union of public sector employees). FOA and the federation of local communities (KL) make the general agreement that covers pay, working time, working conditions etc. This agreement covers all employees in the sector regardless of whether they are union members or not.

The labour market of the home-helpers is, however, at present under pressure from several sides. The growing need for care combined with the relatively low status of the home care jobs and an economic upturn with general low unemployment have resulted in recruitment problems for the home care in many areas. At least concerning employees with good qualifications. Even though it is a stated preference for many communities that all new employees should have at least the social and health worker education this is often not practicable. The labour market for home care employees is so tight in many areas that managers often have to employ people they now have very low qualifications just to get vacancies filled.

<sup>1</sup> The social and health worker is a one-year education with a combination of courses and on the job training.

## 2. The cases

The cases have been chosen in order to represent some of the most important trends in the Danish home care. Both the chosen municipalities are outsourcing some of their tasks. Both cases are characterised by the division between the allocation and provision of services, and both have adopted the principals of the new management model “common language”. They do, however, differ substantially in their priorities of the new trends as well as in how they are implemented.

Apart from this, the cases are chosen to represent different kinds of geographical social and political environments. Case 1 is placed in a small town known for its recreational areas, with beautiful sights, nice beaches and a big area of holiday cottages. The town is governed by the liberal-right party (Venstre).

Case 2 is one of the bigger provincial cities, known to have its fair share of social problems like violence, problems with immigrants, drugs etc. The city is governed by social democrats.

### 2.1. Case 1: Smalltown

Smalltown has approximately 20.000 inhabitants situated north of Copenhagen. 2.500 of the inhabitants are more than 67 years old and 600 citizens receive some sort of home care. During the summer, the number of home care recipients is slightly higher due to the guests of the weekend cottages.

The home care in Smalltown has been overwhelmed with organisational changes during the last decade.

In 1991 the integrated home care was introduced. The senior residences, the nursing homes and the home help were organised as one unit, with common management. The town was divided into four districts, each managed by a district manager. Within each district the employees had to work both on the centres and out in the homes of the elderly. (In the terminology of the home-helpers: to work both “in-house” and “out-of-house”).

In 1995 the elderly care was reorganised. Three major changes were carried out, which are not necessarily interdependent, but which are never the less closely interconnected:

- 1) A clean cut between allocation and provision of services was established.
- 2) A new system of “service declarations” was introduced. The services were declared and described according to “Common language”<sup>2</sup>.
- 3) The local authorities outsourced parts of the home care.

<sup>2</sup> “Common Language” (fælles sprog) is a management tool under development by the Federation of Local Authorities (KL). The aim of the project is to develop a common terminology in regard to the different services performed by the home care, thus making it easier to evaluate and compare the quality and cost of home care in different communities. It is the goal of the project that the communities using the system should become more specific as to what amount of time and cost are used on different services (KL 1998).

### ***Work organisation***

The employee respondents refer to the work organisation as “semi-autonomous”. Since March 1999 each group is responsible of planning their own work. In practice two of the home-helpers in the group visited have taken over the planning tasks of the group manager. One has the responsibility of estimating the service declaration from the ordering unit. She evaluates whether the services and the time limits set by the ordering unit is adequate, and she is responsible for the home-helpers keeping the timetables. The other one is responsible for working out the timetables for each home-helper. Her task is to reconcile the wishes from her colleagues as to work tasks and working time with the needs of the clients.

The two home-helpers have applied for these positions, and do get extra pay to perform these tasks. Thus in practice they are a kind of middle managers in the group. They did give expression to some of the cross pressure they felt from their colleagues, but all in all, they found that the group is very well functioning. If one of the home-helpers’ children were sick, the others took over her tasks. And if the group assess, that one of the clients needs extra care for a period, then they provide the extra care, without formally reporting this. In reality the group partly defies the formal rules of strictly separating allocation from providing the services.

A central unit of “flex-jobbers” provides the personnel flexibility. The main principle in a flexjob is that a person with reduced working capacity may be employed permanently in an ordinary job, but on special conditions e.g. reduced working hours or specific work tasks. The employer pays part of the salary according to an estimation of work capacity, and the rest of the salary is paid by the state. The unit of “flexjobbers” works as a sort of temp agency. In cases of absence, an employee of this unit is called in as a “temp”.

### **2.2. Case 2: Bigcity**

Bigcity is a large provincial city, with approximately 200.000 inhabitants of which 23.619 are more than 67 years of age.

In order to strengthen and focus the elderly care, a department for elderly and handicapped was established in 1994. The city was divided into ten districts of elderly care, in 1999 the number of districts were reduced to 8.

The interviews were carried out in one district. The district has 17.157 inhabitants, of which 1.921 are more than 67 years old. 1.236 elderly inhabitants receive some sort of care, (including those living in nursing homes).

#### **Work organisation**

The group manager is responsible for distributing tasks, and making the daily planning. The daily planning is taking place in meetings every morning, where clients are distributed etc. This, however, is about to change, in that one of the employees are taking over the daily planning and allocation of home-helpers. The home-helpers hope that the morning meeting then will be spent on more general professional discussions.

Flexibility is obtained through constant overstaffing. Of the 20 employees in the group, 16 have to be at work in order to make the daily schedule work. Most of the home-helpers are not fully scheduled during the day. These holes in the schedule form the scope of flexibility in that they are filled out with clients of absent home-helpers, or new clients.

The group manager is supposed to visit all clients twice a year to make sure, they get the services they are entitled to.

If the home-helper finds, that the needs of a client have changed, she must report to the group manager, who then reports this to the ordering unit. The ordering unit then decides on whether the proposed changes are to be implemented. The ordering unit has to react to demands for change within 24 hours.

### 3. Analysis

#### 3.1. The external pressures: The dilemma of minimising costs and maximising service quality

Both cases represent some of the major changes in the home care services, and as such both cases react to external pressures.

These pressures derive from the political debate on the restructuring of the welfare state. In Denmark the debate on public expenditures have been quite heated. The Social democratic welfare state concept has been questioned from several sides, resulting in a focus on how to limit public costs. At the same time the care for elderly persons is a politically delicate question, and the horrifying stories on deficiencies and misery in the elderly care seem endless. Thus the home care is caught in a Gordian knot with the pressure for reducing costs on the one side, and the pressure for documenting humanity, fairness and transparency on the other.

*The two cases represent two different answers to this dilemma.*

Smalltown has chosen the outsourcing model, as a solution to reducing public expenditure. By now Smalltown has outsourced all elderly care to private providers. In reality these providers are suppliers, delivering services specified in details. At the same time, the local authorities has announced, that they expect a 15 percent decrease in the expenditures as a result of the outsourcing, without specifying on what grounds such a decrease might be expected.

When it comes to the documentation of quality, Smalltown has primarily focused on the logistics of the services. The division between the ordering and provision of services is looked on as a guarantee of the homogeneity and transparency. This is even more the case as the ordering unit is public and the provider is private.

Furthermore the service quality is monitored primarily through clients' evaluations. The clients are regularly being asked about their satisfaction with the services provided. The private provider will loose the contract if the satisfaction of the clients falls below a certain level. Though the satisfaction of clients is measured in certain tangible measures, in the end it is the subjective experience of the client, which determine if the service is satisfactory. According to the private provider, this puts a pressure on management to secure the job satisfaction of the home-helpers. "If the home-helpers are not satisfied and happy, then they cannot do their job in the right spirit, and the ratings will be low. So we have to make sure, that the home-helpers are well trained and satisfied with their jobs".

On the other hand, the organisation of the services may make it difficult to assign responsibility. If the employees of the private provider finds the allocation of services inadequate, the manager

can always refer to “*force majeure*”, that is, the local authorities. And the local authorities can pass on any general critique of the elderly care to the private providers.

The other case, Bigcity seems to have resolved the dilemma in another way. Bigcity has not engaged in major outsourcing. Instead Bigcity has applied standardisation and (technological) monitoring of the performance of services as the means of control per se. The focus is primarily on controlling how the services are carried out, by setting detailed time standards for each task, and by closely monitoring, how and when the services are delivered.

### **3.2. Taylorisation of work**

One might speak of a sort of taylorisation of the home care services. The services are split up in simple tasks with specific time indications. The main task of management, then, is to make sure that service declarations (the equivalent in manufacturing industries is an order form) and the time limits are observed.

The taylorisation within home care differs from taylorisation in manufacturing. Thus the time indications are not a result of time studies, but a result of political negotiations. How much time it takes to put on support stockings is an estimate formed by negotiations between home care managers and politicians.

The taylorisation is, however, far more distinct in the case of Bigcity, than in the case of Smalltown.

In the case of Smalltown the division between allocation and provision of services contribute to the taylorisation by removing the autonomy and discretion from the home-helpers to a central unit. But the control of the service quality is based on the evaluation from the clients. In the case of Bigcity, the autonomy and discretion is also removed from the home-helpers to a central unit. But in addition, the service quality is enforced mainly through standardising the tasks.

The detailed time indications of each task, and the bar codes are not necessarily implemented in order to control the work of the home-helpers. Both the district manager and the group manager stress that the monitoring system is a superb instrument to handle complaints and bad exposure in the media. “If the paper brings a story about a client who did not get any home care for 14 days or so, then I can clearly document that this is not true. The transcripts will show exactly when our home-helper was there.” The managers argue that the monitoring system protects the home-helpers from false accusations, etc.

This may hold some truth. Nevertheless, the detailed time indications do affect the work of the home-helpers. Thus the home-helpers have constant discussions with management on the time indications. For instance they would have to argue that in order to put on support stockings, the leg has to be totally dry, and this takes more than two minutes. Or one cannot bathe, dry and put on lotion within 20 minutes, etc. One might argue that these kinds of discussions and arguments replace more general professional discussions, from which both the home-helpers and the clients would benefit.

Furthermore, the division between ordering and providing services may result in bureaucracy and less flexibility. Apparently, to change the decisions of the ordering unit, in regards to the time allowed, may take quite a while, despite the 24-hours rule. Forms have to be filled out, the home-helper must contact the group manager, who then contacts the ordering unit. Thus

the decisions on changes in the service provision are taken on a higher level, without directly involving the home-helper.

### 3.3. The response from the home-helpers

The response from the home-helpers towards management changes seems to be dependent on their role and relationship towards the clients. The relationship between the client and the home-helper may be characterised in terms of three different service relations (Fuglsang, 2000).

Personal relations are the bonds between the specific employee and the client. The home-helper will refer to her clients as “her own”, and the client perceives the home-helper almost as a personal friend or relative.

Professional relations are characterised by the home-helper having high professional standards as to activation and care taking. Often the home-helpers engage in professional communities in order to develop professionally.

Technical relations indicate the more technical and practical dimensions of the relationship. That is the distribution of tasks, the organisation of work, the technical aid etc.

According to Fuglsang (2000) these different aspects of the work of home-helpers have been emphasised at different historical stages: “For example the young women (“the wage-earners”) recruited directly from school today appear to be sensitive to the technical aspects of the work. They want to know what to do and how. Home-helpers employed during the late 1980s (“the semi-professionals”) would form a group that mostly supports semi-professional aspects. And those employed 20-30 years back (“the trappers”) are mostly inspired by the personal relationship they have with “their” clients” (Fuglsang, 2000, p 19).

The home-helpers in the case studies are far from opposed to the new trends. Especially in the case of Smalltown, they seemed quite supportive towards both outsourcing and the division between ordering and provision of services. They found these initiatives necessary in order to make the home care provision professional and effective. On the other hand, the home-helpers stated that their quality standards were not open to compromise.

The home-helper respondents represent both the “semi-professionals” and the “trappers”. Thus they all emphasise the personal relations to the clients as the main source of job satisfaction. “It is important to show your human face. If one of your clients dies, it is okay to cry”. And they are very much aware of the social role they play in the lives of the clients. “They need us to talk about things they cannot discuss with their families. Their thoughts on death for instance”.

At the same time they stress the importance of keeping a professional distance. Both because the clients’ needs for social contact exceeds the capacity of one person, and because otherwise one gets too involved.

The semi-professional attitude seems a little more prevalent in the case of Smalltown while the trapper attitude is more distinct in Bigcity. This might be a matter of chance in regard to the personality of the specific respondents, but it may also have something to do with the personnel policies. Thus in Smalltown the development and training of the home-helpers seems to have higher priorities, than is the case in Bigcity.

Anyway, both the semi-professionals and the trappers are very much aware of their responsibilities to their clients. They regard themselves as the defenders of the clients, and they are prepared to disobey rules in order to protect the clients from the effects of the taylorisation. “When it comes to taking proper care of our clients we will not give in. We will not accept any reductions in the quality.” (Home-helper).

In the case of Smalltown the home-helpers actually do maintain an alternative organisation of services. If Mr X. needs extra care because he is a little depressed, then the home-helpers provide this extra care, without asking anyone, and then cover up for each other. In this way they actually cushion the worst effects of the taylorisation.

Though the work organisation in the home care has undergone dramatic changes, the working time arrangement seems unaffected by and large. The home care sector is totally unionised with almost all employees organised in the union. The collective agreements are followed by the rules.

When home care services are outsourced, the private provider is obliged to follow the collective agreement in at least a year. The private provider in Smalltown is working on establishing a local agreement with the trade union (FOA) in that he finds the collective agreement far too complicated and rigid. Instead of all the different bonuses for working in weekends and nights etc, he wants a more simple agreement, where the basic salary is somewhat higher, in return for fewer bonuses. The union seems to give the idea favourable consideration.

Though the need for more flexible agreements may be more urgent with the new forms of work organisation, this does not seem to cause any major disagreements between the social partners.

#### **4. Concluding remarks**

The home care sector has indeed undergone some dramatic changes over the last couple of decades.

Especially in the late 1990s, the pressure for change derives from the heated debate on the restructuring of the welfare state. In general the Danish debate on the welfare services has turned on the question of rationalising and reorganising of the welfare services in order to reduce costs and retain or even improve the service quality. Most of all, this has resulted in a political attention to “how our tax money is spend”.

In the home care sector, as well as in other parts of the social sector, this political attention has resulted in a “documentation wave”. The public sector constantly has to legitimise its existence through extensive efforts of transparency and documentation of quality.

Thus it is characteristic that the major concern of the managers is to protect the home care department from “false accusations” by being able to document transparency, fairness and homogeneity in the home care services.

Both the cases have implemented a new methods of describing and assessing the home care services (“common language”) and they both have reorganised the services with a clear cut

division between the ordering and the provision of home care services. Both these initiatives can be seen as efforts to conform to the political pressure for documentation.

But in the actual organisation and implementation of these initiatives the two cases differ substantially.

One might argue that in the case of Smalltown, the political legitimacy has been obtained through outsourcing, since outsourcing is cost efficient almost “by definition” in the political rhetoric. The private providers are subcontractors delivering a specified good as described in the service declarations. These service declarations do contain specifications on the kind of service, and upper time limits are set. But the monitoring of the services is based on quality control by the customers.

In the case of Bigcity, the political legitimacy is obtained through transparency and homogeneity in the services delivered. The quality of the services is mainly secured through standardisation and detailed monitoring of the services provided.

In both cases indications of a Taylorisation of the work are prevalent. Yet, in the case of Bigcity, the indications are somewhat stronger, than in the case of Smalltown. This, however, does not seem to create any open opposition from the home-helpers. In order to preserve their main values and to protect their clients, the home-helpers are prepared to be quite informally disobedient to the new systems. Ironically, the home-helpers, by being disobedient, actually contribute to avoiding some of the less becoming media stories that was one of the driving forces behind the new systems to begin with.

Presumably, there are several other answers to the dilemma of reducing costs and documenting service quality, than these two. Had two other cases been chosen, two other answers probably would have been revealed. Most of all the two cases indicate that there is a range of answers to the same kind of pressure, and that these answers may affect the work organisation quite differently.

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## Home Care in Finland

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### 1. Description of elderly care socio-economic and legal framework

Finnish social and health care services for senior person are based on principle of universal social welfare services. Services are regulated by a skeleton law, which gives extensive powers for the municipal authorities in organising the practical details of services (Vaarama & Kautto 1998: Social protection for the elderly in Finland. National Research and Development Centre for Welfare and Health, Helsinki).

In Scandinavian countries home help services were initially used for supporting families with children. Nowadays families with children are minority users of home help services. Traditional policy of Scandinavian countries has been to provide help for large number of users: "a little for many" as compared some other countries in which health care services have been gatekeepers to home help services and home help used strictly as an alternative to institutional care "a lot for few" (Sipilä, Jorma (ed.) Social Care Services: The Key to the Scandinavian Welfare Model. Avebury, Aldershot 1997).

In Scandinavian countries the social welfare systems is based largely on place of residence, which means that local governments are centrally involved in securing the welfare of citizens (Sipilä & al. 1997).

The government's elderly policy provides the statutory framework for local policies, pursued in municipalities. The main legislated functions include a home-help service, an auxiliary service, support for family care, housing service and institutional care. Some of these services are produced by organizations subsidized from public funds. The aim is to provide services which enable the elderly to live in their own homes for as long as possible (Vaarama & Kautto 1998).

The responsibility for providing social and health care service in Finland belongs to municipalities. Municipalities can produce services self, have joint service provision with neighbouring municipalities or by services from other municipalities, joint councils or private service providers. Decisions concerning service provision are made by local authorities or professional, nowadays more often by multiprofessional teams in the local area (Vaarama & Kautto 1998).

There is no statutory obligation for the children to provide care for their parents. When needed, all citizens have a right to get benefits and public services. Still, the relatives are an important source of aid for elderly and also the role of traditional neighbour help is important especially in the countryside.

Even if the public sector is the main producer of welfare and health services, the model of elderly care is a certain mix of public and private service provision. Welfare services are provided also by non-profit associations. In macro-level figures the share of private service production is 10 per cent of the total cost of elderly welfare services. In some municipalities

the private non-profit institutions play a significant role in especially in service housing, recreational and auxiliary services (Vaarama & Kautto 1998).

### **1.1. Financing structure**

The cost for social welfare services are financed both by the state and the municipalities. Welfare services are also financed partly by client co-payments, which are defined by the statute. Elderly people with low income can get services also for free. The property of home care customers is so far protected.

Since deep recession and financial difficulties of the state and municipalities caused by reduced tax revenues and increased expenditures on income transfers have prompted the search for cuts in expenditure by improving productivity in public service provision. The reform of the state subsidy system for social and health care services came into force from the beginning of 1993.

### **1.2. Employment structure of home care**

After the deep recession, since 1993 industrial output has been growing and employment has also improved. In the municipal sector, however, the increase of employment has been much slower compared to the manufacturing sector. Special problems in the municipal sector are ageing, burn out of employees, and gender segregation. The average age of employees was 41.9 years in the municipal sector (1997) compared to 38.5 years in the private sector (LFS 1997). Correspondingly, the proportion of younger employees (younger than 35 years) is much smaller in the municipal sector (24 %) compared to the private sector (37 %).

In addition, most employees in the municipal sector are women (76 %) compared to 40 % in the private sector. There is a alliance between female employment and welfare state. Finnish - like other Scandinavian states - has needed women's labour force and women have needed (public) social care services to be able to participate in waged employment. In the process of expansion of the welfare state, women occupied a large share of high positions in public sector. In Finland women have searched and adapted themselves to full time jobs and - with this in mind - are not a separate group as in many Central European countries or in other Scandinavian countries.

According to Finnish labour force survey 1998 the municipal social services is a low paid sector. 48% of social services wage earners got less than 8000 FIM salary per month (compared 36% of all employees).

Municipal personnel register gives exact information on Finnish municipal home care employees (Ailasmaa 1999). In municipal home help services worked 13 728 persons in 1998. 10 558 (77%) of them had permanent work contract. 1 103 (8%) were (e.g. maternity leave) substitutes and 1 267 (9%) had a fixed term contract. 710 (5%) were recruited on states subsidy. The share of women of home care employees (98,7%) is one of the highest in social services. 14% of home care employees work part-time.

Working time in home care is 38 hours 15 minutes per week. In most cases municipal home care organisations use three weeks equalisation periods.

Part-time employees' wages are calculated as a percentage of full-time work. However, if the employee works less than 50% of normal full-time work, additional compensation is paid. Overtime is paid when the normal hours of full-time work are exceeded. Work not in excess of a full-time week is remunerated with normal hourly pay. In all other respects, the pay structure and wage system of part-time employees' is similar to the full-time employees'.

## **2. Dynamic of changes:**

### **2.1. The impact of the macro economic environment and cost constraints in the public sector**

During the 1988-1995, the phase of deep recession, the number of elderly home help clients has shrunken. Increases in other community services compensated for the decrease only to a minor degree. The long-term care in old-age homes has been substituted for with service housing and in health care primary care system has taken the major responsibility for people needing long-term hospital care. Home help has been shrinking constantly, but other substitute domiciliary services have not been simultaneously developed. Recession changed the structure of elderly care so, that there is a growing gap between the need and supply of domiciliary services for the elderly (Vaarama 1998).

The community services have also improved with various forms of intermediate and domiciliary services, such as group homes, smart homes and night and weekend patrols in home help, home nursing etc. Examples of innovations in the elderly care are the day care services of elderly, the support for care of close relatives, service vouchers and care-entrepreneurs (Vaarama & Kautto 1998).

Recession caused cuts in elderly care services. In year 1990 about 124 000 elderly households got public home care services, but in 1997 respectively just 87 000. In 1990 200 000 over 74-years old people were home care customers and after 7 years (1997) just half of them (99 400).

The number and share of elderly people in Finland is growing, but compared to other European countries the age structure is still relatively young. Considerable ageing will take place after year 2000. Population forecast shows, that in Finland the amount of 75 years old people will increase 27% from 1997 to 2010 and 54% to the 2020. Correspondingly the amount of 85 years old people increase 32% to the year 2010 and 57% to 2020 (Statistics Finland 1996; Vaarama & Kautto 1998)

### **2.2. From states direction to welfare mix**

The new law, passed 1993, to regulate decision making over the welfare services. State subsidy reform redistributed budgetary and decision making power from the central government to local authorities. This gave local authorities the freedom to decide over the provision and purchase of the welfare services. After this change almost all municipalities have taken steps to a new welfare mix economy (Kovalainen, Anne: *The Welfare State, Gender System, and Public Sector Employment in Finland*. In Christiansen, Jens, Koistinen, Pertti & Kovalainen, Anne (eds.) *Working Europe. Reshaping European employment systems*. Ashgate, Adlershot 1999).

Anne Kovalainen (1999) states that one outcome of economic crisis and financing problems of welfare state is the changing nature of the public sector employment. This change includes

an increase in various privatisation mechanisms in the provision of welfare state. Restructuring changes the position of those employed by the welfare state. The growth of private provisions means a shift from typical paid employment patterns and forms of work to atypical forms, such as part-time work, period work, and self-employment.

### **2.3. Extending service hours**

Municipalities have pressures to implement 24 hour services for elderly, especially because of savings from the reduction of institutional care. However, the 24 hour services will not be taken care only by home care organisation. Round-the-clock services could be arranged by manifold arrangements and service providers: as security firms, fire service departments etc.

Reaction towards the extension of service hours is with reservation, because longer service hours would increase the need of service volume. The more services are offered the more they are required. Thus, service hours determine the supply of services but, simultaneously, adjust demand to meet the service resources of the unit.

In the home care administration future prospects, the home care should be organised more flexibly - this applies also to municipality own services - to meet customers need. Also evening and night services should be provided by municipality, because customers are expected to stay longer at home.

### **2.4. Technological innovations in home care**

One interesting aspect is the technological development in this sector. Within the next twenty years, health care is expected to evolve into one of the most information intensive industries in society. Information and communication technology applications together with other technologies offer new possibilities for elderly and chronically ill people as well as people with disabilities to live in their own homes or in service homes instead of hospitals and institutions. Information and communication technologies may reinforce the trend towards externalisation and decentralisation of services in the health care sector as well as in other sectors, i.e. services are bought from several entrepreneurs.

Information technology strategy of the social and health care emphasis the possibilities of the new technology to help the flow of information, and stresses municipalities responsibility to produce infrastructure for information technology. In practice this means (tele)networks, which should increase accessibility of information; for customers (safety and information on services); for service producers (real time information on the health of the customers and networks for co-operation between care-producers).

## **3. Case studies**

The aim of the case studies is to identify basic industry and activity-specific reasons for the emergence of new forms of employment and working time in services. Seven employees representing different hierarchy levels were interviewed. Furthermore, representatives of both the employer' association and trade union were also interviewed. In addition we interviewed a special planner from National Research and Development Centre for Welfare and Health.

### **3.1. Description of the two selected organisations.**

For the case studies we chose two municipalities, which differ from each other a lot. Hankasalmi is a small (about 6000 residents), sparsely populated, rural municipality in the middle of the Finland. In Hankasalmi home care unit includes 18 home helpers and 2 home help assistants and 6 home nurses (one public-health nurse, one registered nurse and four aiding nurses). All employees have a suitable education for home care.

In Hankasalmi home help service and home nursing was united in the beginning of year 2000. Now, home nursing is expected to extend their service hours in accordance with home help services. After unification, the practices (e.g. concerning working time) between home help and home nursing seems to, at least to some extent, remain unchanged.

Another case-organisation is Espoo, neighbouring town of Helsinki. Espoo is a rapidly growing town with a young population age structure. Espoo was chosen as a case organisation, because it is strongly outsourcing its home care services. In practice, the outsourcing process is in the beginning and just 2% of home care services are bought from external care producers. The pressures for outsourcing elderly care is coming from political decision-makers. The central hindrance to outsourcing has been the lack of care providers. Outsourcing tendencies have an influence on e.g. working time practices. Evening, night and weekend service hours are often directed to private care providers. This means that flexible service provision is implemented through flexible private firms.

### **3.2. Changing work organisation**

In the last decade, the most important change in the case organisations has been the unification of social and health care services (and organisations). To support this organisational change, teams have been introduced as a basic unit for operation. Elderly care is emphasised now more on health care. Patients are turned home (for cost reasons) from hospitals and institutions earlier than before and this calls for skilled labour in home care.

The aim of the unification of the health nursing and home help is to rationalise operation. Previously home help and health nursing visited separately in customers home. Unified home care aim to avoid situation, in which one worker goes for certain task and other for their special task. This involves on the other hand additional occupational training, and on the other hand cultural change in organisations. The introduced change has been difficult to accept especially for home nursing personnel, which is more highly educated, than personnel in traditional home help. Unification means also changes in working conditions, particularly in working time.

Increased demand for widely experienced employees has led to additional training for employees. Those employees with traditional home help (course) education have been retrained by apprenticeship contracts. New practical nurses have ability to basic nursery tasks and they can better follow the health of customers and make care programmes for customers. Employees have got more autonomy in their work. Teams can make decisions on their daily organisation of work. Unification of home help and health visiting is implemented in both our case organisations.

There is no binding regulations concerning the amount or education of the home care personnel. Municipality have a responsibility to allocate "sufficiently" resources for elderly care. Our case organisations use home care employees, who have got schooling especially for

this field. The most common new education for employees in basic home care work is called practical nurse. The schooling takes three years.

The tasks of home care workers have also changed. It is common, that elderly person, who need just cleaning or cooking (meal) services are guided to get those services from private entrepreneurs or third sector organisations. Municipal home care focus on patients, who need help for reasons of health. This result from lack of resources.

### **3.3. Working hours and service hours**

Service hours differ notably in our case organisations. Hankasalmi offers widely services in the evenings and weekends. In Espoo, home care service hours are more limited, but municipality purchases evening and weekend service hours from private firms and third sector.

From the point of view of administration, one central problem in the provision of elderly care services in Espoo, is the lack of 24-hour services. Espoo has a security-phone system, but actual caring services in the evenings and nights have been difficult to implement. Caring of terminally ill persons makes an exception. The problem is, that customers in institutional care e.g. hospitals can not return home without caring services. In that case, the lack of service hours causes expenses. Almost all evening and night services are bought from private care providers.

The so called Ruokanet (Foodnet) is one technical innovation, which has helped the home care employees in their work. Espoo home care workers order groceries and other goods from shop through internet. Local shopkeeper delivers ordered goods straight to the customer. Previously home care workers gathered goods in stores (about half an hour per customer) and this new arrangement gives extra time for care at home. Though, home care workers do shopping with customers if he or she wants and if the action is seen as a therapy or necessary exercise for the elderly.

### **3.4. The changing provision of elderly care services**

Customers, who need only cleaning services are not taken within the range of home help services. Private service firms provide cleaning services. This means, that the criteria of entitlement for home help services are tighter. In practice the customers needing less demanding care are directed to "third sector" and to private care providers.

The content of the public home care work have changed in the few last decades. Municipal elderly home care have given up customers, who need just cleaning services. Previously municipality offered services also to customers, who didn't have any health care needs. The central problem is that usually the public and private services are mixed. When outsourcing only the care in the evenings and nights, the service can not be well integrated.

## **4. Conclusions**

In the 1990s, institutional care for the elderly has been reduced while various home services have been increased. Finland's demographic structure calls for quick action for home care administration, because demand for care for the elderly is going to increase. In the home service units there is need is to secure services for those who need them (mainly the elderly) also in the evening and over the weekend.

Finnish municipal home care seems to recruit mainly full-time workers. In our case-organisations work only few part-time workers. Part-time work is used in connection with state's job creation measures, especially when long-term unemployed are recruited with state's subsidy. The employment status of the employees in both case organisations is full-time and permanent. The growing problem is the ageing of employees.

Privatisation is a new strategy of the municipalities, to get more flexibility in elderly care. It is highly probable, that the emergence and diffusion of new employment and working time forms will take place especially in private sector home care organisations.

## Home Care in Italy

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### Introduction

Home care consists of a set of services providing alternatives to institutionalisation. These services are delivered to minors, the handicapped and the mentally ill, but especially to the elderly. The Italian welfare system is largely based on monetary state transfers. Services, by contrast, are of relatively marginal importance, especially when compared to the amount of monetary transfers distributed by the state. Involvement of the private sector is also limited, and as a consequence informal networks continue to make a fundamental contribution to care of the needy. Relatives and friends are forced to intervene in order to make up for the shortage of services both public and private.

This situation is gradually changing. The prevalence of centralized monetary transfers rather than services still persists, but the administration of welfare functions is being increasingly decentralized. This situation has fostered the growth of home services financed by the local authorities and delivered mainly by third-sector organizations, with a consequent diminution in the importance of the role performed by the family. Finally, a process of de-institutionalization is now in progress, so that home services are now the first level of assistance to the elderly, who are usually only institutionalized in the most problematic of cases.

The first part of this summary describes the principal features of the Italian welfare system, with reference to both the demand for and supply of services. Highlighted in particular will be the fact that, on the supply side, the sector rests on four main actors: the family, the informal economy, the public sector, and the non-profit sector. The second part of the report concentrates on home-help services for the elderly, describing how these are organized, delivered and funded. The third and final part contains two case studies.

### 1. The Welfare Sector in Italy: a general picture

#### 1.1. Historical background: care of the elderly since the 1950s

The issue of home care for the elderly assumed a certain importance in Italy at the end of the 1960s, although the main change in the type of measures adopted came in the 1970s.

More specifically, from the end of the 1950s onwards, interest grew in creating alternative forms of support and care for the elderly. The two main structures available in those years for the institutional care of the elderly were hospices and hospitals. Flanking these institutions were a number of religious or charitable organizations which accepted persons in greatest need. The lack of alternatives led to the frequent use of so-called '*ricoveri impropri*', or the hospitalization of self-sufficient old people – those without particular health problems – solely for family, social or economic reasons. Besides causing direct damage to the elderly person concerned, this practice was extremely costly.

Only in the 1970s was there a progressive shift of emphasis to measures that enabled the elderly person to remain in his/her own life-environment. As a consequence, besides savings on expenditure, it was possible to offer personalized and differentiated responses to specific needs.

This innovation was brought about by a cultural change. In fact in the 1970s a more positive view of old age began to emerge<sup>3</sup>: the emphasis was placed on creating the conditions and opportunities for the elderly to lead dignified lives, fully integrated into society and actively participating in social life. The change of perspective was also due to other factors such as the government's concern to reduce public health spending, changes in the family structure, changes in the demographic structure, the ageing of the population, and labour-market entry by women.

### **1.2. The demand for welfare services: ongoing demographic changes**

One of the most salient phenomena in Italy – as in all other Western societies - is the ageing of the population. Analysis of socio-demographic indicators highlights that Italy is more affected by this phenomenon than the other European countries, in particular because of the constant increase in the proportions of the population that have moved into the most advanced age brackets: in 1998 the percentage of the population aged over 80 was 4.5%. This figure is particularly significant for the planning of services; in fact, the numerical magnitude of the overall elderly population (aged over 64) is not so much crucial as the number of the elderly who are not self-sufficient.

The ageing of the population is the joint result of a declining birth rate and increasing life expectancy. Since birth and death are the principal factors that increase and decrease populations, it is evident that the Italian younger generation is progressively diminishing, while the elderly are increasing, albeit to a lesser extent.

If one analyses the composition by sex of the elderly, one finds a marked prevalence of women. Their longer survival rate means that it is mainly women who have to cope with difficult situations, and it is in fact women who are the main users of social-welfare services.

### **1.3. The supply of care services to the elderly: the general situation**

Analysis of the supply of care services shows that the share of demand satisfied is very limited in Italy. In fact, it is estimated that less than 3% of the elderly resort to care in institutes, a percentage that has remained substantially unchanged since the 1950s. At the beginning of the 1990s the most common form of care for the elderly was still residential – with around 4,000 institutes in the country. The changes in the family and in the demographic structure that have taken place in recent decades suggest that an increasing share of the elderly has been de-institutionalised. This implies that the reduced use of institutionalisation has been off-set by policies for home care. However, policies for home care are still underdeveloped, reaching less than 1% of the elderly population. Consequently, the family is still the main producer of services for the elderly.

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<sup>3</sup> Before this time old age was considered in negative terms as synonymous with marginalization, decay, dependence, and the end of a person's active life.

#### **1.4. The main actors: the division of responsibility among the state, market and family**

In Italy, now as in the past, both of the traditional forms of care for the elderly (hospitalization and care in the home) fall short of needs, forcing the elderly to rely on their own resources. The burden of care therefore rests on the family, which must cope by purchasing services or through the personal commitment of its members, who in the majority of cases are adult females.

In order to provide a more precise picture of the current situation of social services in general, and those delivered to elderly people in particular, separate consideration is required of (a) the role of the family (b) the role of the irregular economy; (c) the supply of public services; (d) the contribution of third-sector organizations.

#### **1.5 The family**

##### ***1.5.1. Family and welfare model***

The Italian welfare model assigns the family the role of furnishing a set of social services, home care services in particular. The family, in fact, acts as the main ‘axle’ of the care system, both directly by delivering services, and indirectly by mediating between the needs of the person requiring care and the system of public and private resources.

The production of personal services has always been mainly assigned to the family, while the state has concerned itself with only a few, well-defined states of need<sup>4</sup>. In fact, the Italian welfare model has been designed to guarantee a sufficient and constant flow of financial resources to families<sup>5</sup>, favouring the job security of the head of household (through rigid regulation of the labour market), and extending social security coverage to all citizens – but mainly workers – in the case of unemployment, illness and old age. For this reason, public expenditure displays a marked imbalance towards monetary transfers rather than the delivery of services (De Simoni and Villa, 1998).

##### ***1.5.2. The main changes in the family structure***

In recent decades the Italian family has undergone profound changes. Various factors have multiplied the typology of families, so that it is difficult to talk of the ‘family’ as a substantially homogeneous structure; instead, one must talk of ‘families’, with very different forms of organization, problems and resilience.

These changes in the family structure have altered the family’s ability to provide care services for its members. The three main factors responsible are the following: the smaller number of children per couple, a lesser propensity to marriage, and greater conjugal instability (Bettio and Villa, 1998). Particularly influential seems to have been Italy’s declining birth-rate since the Second World War.

<sup>4</sup> As Saraceno writes (1999, p.18): “The family in Italy has always been the implicit resource of the welfare state: personal services (...) have been developed mostly in residual manner and defined as surrogates for a family, or a kinship networking, lacking or inadequate for some reason or other.”

<sup>5</sup> The largest item in expenditure on social protection are pensions (retirements, invalidity, survivorship and social pensions).

The new generations of the elderly will not only consist of increasing numbers of single people, but they will have fewer children on whom to rely. As a consequence, there will be a gradual fall in the number of extended families and a corresponding increase in the number of single-member households. Moreover, elderly people now increasingly live alone. Consequently, families will be increasingly less able to provide assistance and care for their needy members. In order to deal with this fall-off in family involvement, it will therefore be necessary to provide other forms of support and to identify other sources of it.

### ***1.5.3. Women and the labour market***

In Italy, the rate of female labour-force participation is still very low. The norm for Italian adult women is not to be involved in the labour market: in fact, it is to be noted that the majority of Italian women do not have non-domestic employment. Nevertheless, over time Italian women have changed their attitude towards work, and after reaching its minimum level in the mid-1970s, the female activity rate has slowly but steadily increased.

Today, after years of steady growth in the female labour supply, the pattern of participation has changed: women enter the labour market at an older age than in the past, with better educational qualifications, and with the intention of remaining in employment longer<sup>6</sup>. Among the middle age groups, labour-market exit by women is no longer generalised and definitive: an increasing number of young mothers remain active throughout their working age; on the contrary, the re-entry in adult age, after child rearing, is not yet very common. This increasing female labour-market participation (induced by an increasing participation of young cohorts) results firstly from a growth of labour demand<sup>7</sup>, and secondly from at least two supply-side factors: higher educational levels, and a fall in the birth rate.

The factors that have instead obstructed the supply of female labour are mainly institutional ones, in particular the rigidity of work organisation<sup>8</sup> and the inefficiency of the welfare state. With regard to this second point we can advance at least two hypotheses: the low labour-market participation by women is due in part to institutional incentives to exit the labour force (in particular, early retirements and survivorship pensions) and in part to the shortage of services to substitute for the care work of women. In fact, because of the difficulty of finding services for the care of children and the elderly, women often prefer to devote themselves to these activities rather than supply their labour on the market.

## **1.6. The informal supply**

In Italy, the second most important source of services for the elderly is the informal economy. In recent years, the irregular and informal production of care services, delivered mainly by

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<sup>6</sup> In the past, work was a marginal element in female identity. The majority of women quit work when they got married or at the latest when their first child was born. Also because of lower aspirations, the female labour force was confined to the more precarious and less professionally appealing segments of the labour market.

<sup>7</sup> Employment growth has been a direct result of the tertiarization of the economy, with the absorption of a large number of female workers due mainly to the nature of services and the organization of work.

<sup>8</sup> The most recent innovation in welfare field dates to 31 May 2000, when the Chamber of Deputies finally approved the framework law on welfare (the so-called Turco Law). The main objectives of this law are to increase spending on social services, to rationalize monetary transfers by removing the more inefficient of them, and to eliminate the fragmentation and duplication of services. However, before the law becomes operative it must be approved by the Senate.

female workers unable to enter the regular labour market and immigrants, has grown rapidly as a response to changes in the family supply.

Not all informal activity is irregular. Some of these workers are hired directly by families as domestic servants. However, a large amount of the services are delivered in breach of the social security, tax and labour laws. Data are unfortunately unavailable on this type of supply; nevertheless, it is well-known that there are hundreds of thousands of immigrants in Italy providing services for families on a non-regular basis, many of them working with the non self-sufficient elderly.

## **1.7. Public measures**

### ***1.7.1. General features of public provision***

Public care measures consist in transfers of money or services in kind. The former are traditionally within the competence of the state and the social security agencies; services in kind – including home care – are instead managed by the local authorities (regional, provincial and communal administrations). Overall, Italy displays a considerable imbalance between an excessive amount of centralised monetary transfers and a limited amount of services in kind (Ferrera 1996, 1998): indeed, transfers account for around 90% of care expenditure.

### ***1.7.2. The national legislative framework***

Today, home care services are managed by the local authorities. In fact, in 1977 (presidential decree no. 616 of 24 July 1977) institutional powers on social-welfare matters passed from the state to the regional administrations, which then transferred them in large part to the local authorities. In particular, the municipal administrations perform a key role, and they are responsible for implementing regional legislation. Thus, in the late 1970s and early 1980s home care services were introduced throughout Italy, albeit in forms that differed from region to region.

However, it is to be noted that an updated law on the organisation of the social-welfare sector has still not been approved in Italy. The sector is still regulated by a law enacted over one hundred years ago (law no. 6972 of 17 July 1890). Over time, moreover, a series of national and regional laws - poorly coordinated - have been enacted. The consequence is a lack of a uniform organisational model which ensures equal access to services in every part of the country. Thus, two elderly people with the same needs receive very different standards of service according to where they live and request the service. On the one hand, the strong regional autonomy in the organisational and delivery of services means that resources can be allocated according to local needs; on the other, this autonomy makes it extremely difficult to maintain control on expenditure. Moreover, Italy's marked regional diversity makes a national picture impossible to reconstruct.

### ***1.7.3. The costs of care and the public spending cuts***

In Italy, public expenditure on social protection is high but difficult to quantify; nevertheless, it is possible to estimate overall welfare spending in the public sector at 73,588 billion lire<sup>9</sup>, which is equivalent to 4.16% of GDP (figures for 1994). Around 88% of this expenditure takes the form of monetary transfers (mainly pensions), while the remaining 12% consists of welfare services.

Various attempts have been made in recent years to curb public social expenditure, in the belief that it is excessive with respect to the country's resources and one of the main factors responsible for the public deficit. As a consequence, the ratio between resources allocated to the welfare sector and GDP has progressively diminished. An evident consequence of the reduction of the resources allocated to the welfare sector in the presence of increased demand is that the bulk of care responsibility has shifted to families and the community, and this has further accentuated the role of informal support systems. By contrast, the state's role is increasingly restricted to coordination of the care provided by neighbours, voluntary workers and professionals on welfare mix basis.

### **1.8. The role of the third sector**

Since the 1990s, the contribution of the third sector has been decisive in meeting the needs of the elderly. Indeed, besides its traditional functions of making up for the shortcomings of public welfare, the third sector performs an innovative function as regards both the supply of new services and organisation. The non-profit sector is able to operate in the services market more flexibly than the public sector, given that the latter is constrained by rigidities imposed by the law (on recruitment) and by the organisation of personnel. A further aspect is the third sector's ability to use voluntary workers, making it possible to keep costs at levels lower than those sustained by the public structures.

### **1.9. Competition, privatisation and contracting-out**

In the space of a few years the majority of the Italian municipalities have increased the volume of social services delivered, partly by involving non-profit operators. In fact, the public authorities have gradually replaced the direct management of services with a contracting-out system. It has thus been possible to reduce the bureaucratic constraints distinctive of the Italian public administration and to supply more flexible services. The municipalities still hold title to organise services: they plan, finance and control them<sup>10</sup>. But they do not use their own personnel to run the service, which is entrusted to an external supplier. The public authority has thus switched from the role of producer to that of purchaser.

This increasing tendency towards outsourcing, however, is taking place in a context characterised by: (a) strong pressure to curb public spending; (b) inadequate legislation which fails to take account of the specificity of care services; (c) a public bureaucracy devoid of skills and experience in bargaining and monitoring.

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<sup>9</sup> Public expenditure is flanked by significant spending by households in the private, often informal, sector, which is even more difficult to quantify.

<sup>10</sup> According to Italian law the regions and the autonomous provinces have the right to regulate home care services. Municipalities organise them within the regulatory framework approved.

## 2. Organisation, access and funding of the service

### 2.1. Organisation of the service

As said, in Italy home care services are organised mainly by the municipalities on behalf of the regional administrations (or the autonomous provinces). As regards the operational management of services, the municipalities may decide to supply the service directly through the exclusive use of its facilities and personnel. Alternatively, they may establish relationships with private bodies: in which case, the management is partly or wholly contracted out to third parties, a practice which today is very widespread. The arrangement is regulated by contracts (so called “*convenzioni*”<sup>11</sup>) stipulated mainly with cooperative societies.

The two main figures in home care are the social worker and the home help. The social worker coordinates home help services, analyses needs, defines the action plan and organises its follow-up. S/he is also responsible for coordinating and organising the work of the home assistants. The home help works in four main areas: (a) personal assistance (in particular helping the elderly person to satisfy primary needs: eating, getting dressed, getting up, etc.); (b) maintenance of the person’s home (for example by tidying and cleaning); (c) relational work (establishing a positive relationship with the elderly person and his/her family); (d) coordination of services (the home help must be aware of the other services in the network and know who to contact in the case of need: the doctor, the nurse, the social worker, etc.).

### 2.2. Access and founding of the service

Access to services usually ensues from an application made by the person concerned or his/her family. In situations where neither of these makes an application, the supervisory institute may intervene directly through a social worker. The latter first ascertains the state of need and then draws up an action plan describing the case. At the end of this procedure the supervisory institute may grant access to the service<sup>12</sup>.

Home care services are generally financed out of public funds. In fact, the municipal administration is still proprietor of the service when its management is contracted out to third parties. Some of the cost is usually charged to the user<sup>13</sup>.

<sup>11</sup> A *convenzione* is a contract which specifies the following: the objectives, contents, duration and form of the service; its integration with other services; methods of evaluation and assessment; criteria for the training and retraining of personnel. The agreement between the supervisory institute and contracting cooperatives clearly defines their roles. The supervisory institute is responsible for planning and coordination, and also for the assessment of applications, the granting of services, the design of interventions and their follow-up, while the contracting organizations are involved only to the extent of actually delivering the service.

<sup>12</sup> The main criteria for eligibility are the following: the applicant’s state of health, socio-relational situation, and economic circumstances.

<sup>13</sup> The proportion of the cost to be borne by the user is calculated according to the incomes of the applicant, his/her spouse, and relatives living in his/her household. The user’s contribution to covering the cost of the service is the coefficient of the basic fee and the number of hours delivered.

### 3. Case studies

#### 3.1. Introduction

Given the lack of a homogeneous national picture and the considerable difficulty of obtaining figures and information, it was decided to analyse a single local area: that of the autonomous province of Trento (which corresponds to the geographical area of “Trentino”<sup>14</sup>). In fact, comparison among different areas of the country was thought to be pointless (because services are managed locally without adequate national coordination), and conducting even approximate comparison would have required extending the range to considerably more than two case studies. Instead, it was thought more useful, and also more interesting, to analyse the various facets of a more homogeneous area, seeking to identify the reasons for different choices in the same administrative and socio-demographic context. Trentino was chosen for the following reasons:

- This administrative area is characterized by the co-presence of several organization models: public, private, and private social. The autonomous province of Trento too, has progressively outsourced the service to social cooperatives, so that the current trend is in line with both the results of theoretical debate and the empirical evidence.
- A recent survey has shown that the quality of the home care service in the city of Trento is high, also because of a long tradition of local action. It is therefore probable that the other Italian regions will follow the route marked out by Trentino.
- The actors involved in home care (both public-sector personnel and those working for contracted organizations) expressed their willingness to take part in the research.
- The province has a more consolidated regulatory framework, with respect to other areas.

It was decided in particular to analyse the municipality of Trento<sup>15</sup> (characterized by the co-presence of public and private social operators), and the smaller municipality of Rovereto<sup>16</sup> (where the service has been entirely contracted out to a social cooperative).

#### 3.2. Trentino: the demographic and social context

As in the case of the Italian population as a whole, so the population of Trentino, too, is ageing: the declining birth rate combined with the prolongation of life expectancy has given rise to the constant growth of the elderly population. The part of the elderly population that uses social-welfare services is not only increasing; it is also changing. Not only are people living longer, they are doing so in a better way, and this has caused major changes in demand.

The figures for 1999 show that 10.4% of Trentino households have a member in need of assistance: 72.1% of them provided such assistance on their own without significant help by specialized personnel, around 20% shared the load with welfare workers, while the remaining

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<sup>14</sup> The province of Trento extends across a surface area of 6,207 km<sup>2</sup> and has around 460,000 inhabitants (with a density of 74 inhabitants per km<sup>2</sup>) and 223 communes. Administratively, together with the province of Bolzano it forms the Trentino-Alto Adige region, which borders on Austria to the north, on Switzerland to the north-west, on Lombardy to the south-west, and on Veneto to the east and south-east. According to constitutional law no. 5 of 26 February 1948, Trentino-Alto Adige constitutes an autonomous region governed by special statute.

<sup>15</sup> The city of Trento is the chief town of the province: it covers 158 km<sup>2</sup> and has 105,000 inhabitants.

<sup>16</sup> The town of Rovereto is situated 25 km to the south of Trento: it covers 50 km<sup>2</sup> and has 33,000 inhabitants.

8.2% resorted to institutional care. These figures confirm the importance of the family in care delivery, although the institutionalization of more difficult cases has doubled in the last ten years (from 4.2% in 1989 to 8.2% in 1999).

As far as home help is concerned, it is to be noted that the Province of Trento was one of the first in Italy to introduce this service (between 1974 and 1981), so that there is a certain tradition and articulation of supply. Today the home care service is available throughout the province, and it is managed by the 11 districts and the municipalities of Trento and Rovereto. The intention is to give greater specialization to home help services by increasing their medical-nursing and rehabilitative components, while also expanding complementary services: 'meals on wheels', laundry, tele-help, tele-monitoring and transport.

The province allows three organization models: first, care services are entirely delivered by the public sector; second, public and social-private organizations operate jointly, giving rise to a mixed system of supply; third, the municipality defines eligibility criteria and contents, while the service is delivered entirely by the personnel of the social cooperatives contracted for the purpose. The case studies show that the home care – when it is not delivered directly by the family – is usually a formally public service run by third-sector organizations. The first solution is marginal, (found mainly in small communes). The co-presence of public and private social operators is found in the municipality of Trento; the smaller municipality of Rovereto has chosen instead to entirely contract out the service to a social cooperative.

The organizational differences between the two municipalities allow to draw some interesting conclusions on the characteristics of the labour force employed (sex, age, educational attainment, skills and training), the prevailing forms of employment, working hours arrangements and personnel satisfaction. The concluding section will summarize the main findings with respect to the organization of care services in Italy and the conditions of employment.

#### **4. Conclusions**

The Italian welfare model assigns the production of personal services mainly to the family. It has therefore been designed to guarantee a sufficient and constant flow of financial resources to families, favouring the job security of the head of household (through rigid regulation of the labour market). For this reason, public expenditure is markedly imbalanced towards monetary transfers rather than the delivery of services.

The latter are therefore mainly furnished by families, and within families the burden falls principally on women. Women (as wives and daughters), in fact, are the driving force, implicit or explicit, behind all interventions: they perform the central role in the provision of assistance and care within the family. The low rate of labour-market participation among adult Italian women is due to the rigidity of work organisation and to the inefficiency of the welfare state (and in particular to the lack of welfare and care services).

The state has concerned itself with only a few, well-defined states of need, performing mainly a coordinating function, while the local authorities (regions, autonomous provinces and municipalities) regulate, manage and organize home care services. The home help service developed in Italy in the late 1970s and early 1980s, and it is now available in numerous small communes, mainly in the northern regions.

The lack of a national law on welfare and legislative fragmentation make it impossible to reconstruct the supply of home services in its entirety. However, one notes that in recent years the sector has undergone changes due principally to the need to curb public spending amid increased service demand. These factors have engendered a process of de-institutionalization (with rest homes being replaced by the more economical home care service), and they have also led to administrative decentralization (powers have passed from the state to the regions, which have in turn transferred them in large part to the municipalities). These processes have fostered the growth in the services sector of third-sector organizations which are increasingly called upon to make up for the shortcomings of public welfare and to substitute for informal networks. However, the supply of home services, both public and contracted-out, still falls largely short of demand. Alongside the family, which still furnishes the bulk of care, a large amount of informal, often irregular, supply has developed.

The organization of care services delivered through the welfare state is therefore pluralist (due to the co-presence of public and private), although the current trend is towards contracting-out, mainly because of the rigidity of public work contracts. It is important to point out that all organization models involve the employment of almost exclusively women. The personnel responsible for the production and delivery of services are respectively the social workers and the home care assistants. The social workers are employed mainly on permanent contracts and on a full time basis, while home care assistants tend to have fixed-term contracts, especially at the beginning; also part-time arrangements are more frequent among these workers. The majority of home helps working for the public sector have several years of experience: indeed, the majority of them are woman of a certain age. This is in part due to the policy pursued by the public sector of outsourcing the service to social cooperatives.

Close attention is paid by the management of home services to the training of the personnel<sup>17</sup>. In the shift from a public-sector service to one delivered by social cooperatives, the skills level of personnel tends to diminish. Today, in fact, adequate training in care work is an essential requirement for public-sector employment<sup>18</sup>; by contrast, cooperatives do not impose restrictions on hirings: anyone who displays sufficient motivation may be offered work. The majority of cooperatives organize training courses for their personnel after they have been hired. In this way, the non-profit sector acts as a transitional phase to less demanding and better paid employment: in fact, the training received in home services allows access to public-sector jobs (mainly in rest homes).

In this way, the cooperatives provide entry to the market for sub-standard labour (mainly poorly-qualified female workers and immigrants), and this also justifies their wage structure: the home helps employed by the cooperatives are paid less than their counterparts working for the municipal administrations.

Also to be noted is the fact that the home care supplied by the cooperatives is more complete than the public supply. The former is often provided seven days a week (therefore including weekends and holidays) for a larger amount of time (in terms of daily hours, the service is

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<sup>17</sup> This is demonstrated, for example, by the fact that the criteria applied in selecting among cooperatives during contract procurement is the level of personnel training.

<sup>18</sup> It should be noted that the number of those gaining qualifications in the province every year is very small, and given the high demand for them (which exceeds the supply) they can pick and choose among employers. Given the advantages of public-sector employment (higher pay, great job security and better social security coverage) many of them prefer to work in the public rather than the private sector.

guaranteed from 7:00 to 20:30 and sometimes in the late evening). By contrast, the service furnished by the municipalities keeps to standard public working hours (from 8:00 to 12:00 and from 14:00 to 16:00 or 18:00) and does not cover weekends.

Finally, as regards working hours arrangements it is to be noted that full-time work is more frequent than part-time, mainly because part-time work is regulated in a way that prevents its flexible use across the week. This regulation conflicts with the needs of the home help service. Full-time work is therefore more flexible than part-time, which explains why the latter is less common than both workers want and the needs of the service require.

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## Home Care in Netherlands

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### 1. Introduction

The Dutch home care sector is in a constant process of change. Due to several demographic, social, technological as well as political developments, the position of home care within the health care sector is becoming more prominent (Hutten & Kerkstra, forthcoming). As the health-care system becomes more and more expensive, rather than hospitalisation the majority of those in need of care, official policy is to make more use of care in the recipient's own home (by relatives, volunteers and professionals). However, the increasing emphasis on home care, is not matched by an increasing supply, leading to long waiting lists.

Within this context, home care organisations, providing the actual care, have to operate. Planning and organising the care for clients, with all their different needs, wishes and circumstances, is a complex process. Given the fact that share of labour costs in total costs of home care is 80 percent (CBS, 1997), an efficient and flexible organisation of work and working time is absolute necessary. Especially part-time work is a popular personnel strategy, facilitating a close match between supply and demand of care minutes. Part-time work also fits with the preferences of the workforce, which consists mainly of female employees. Recently, the Dutch government has increased the budget for home care significantly in order to reduce the waiting lists. However, the severe labour shortages have created new problems.

### 2. Home care: short description

In the Netherlands home care consists of home help, home nursing and maternity care. General home nursing and home help include nursing, care, household help, guidance and consultation in connection with illness or recovery, disability, psychological or family problems or old age. Furthermore the lending of nursing appliances is part of home care, as well as youth health care, diet advice and collective prevention. Finally, maternity care and hospital related home nursing and home help are provided by home care organisations (LVT, undated).

In most European countries home help services are part of social services. In the Netherlands, however, it is part of the health care system (Kerkstra, 1996). Home care is largely financed by a compulsory public insurance scheme, the AWBZ (General Act on Exceptional Medical Expenses, *Algemene Wet Bijzondere Ziektekosten*). The premiums are paid by employers and employees. The government decides on the amount and provides the budget. Insurance companies implement the AWBZ and have delegated this to 'Care Offices'. Co-payment by the clients is another source of income for the home care organisations.

Every Dutch citizen has a right to home care. In practice, about 80 percent of the clients are older than 65 years. These older clients receive 80 percent of the provided care. On average clients received 3.5 hours of home care per week. Three quarters of the clients in home care are in the lowest income groups (TK, 1999-2000).

When home care is scarce, the urgency of the case determines the actual supply of care; a less urgent case will be put on a waiting list. An important point of departure in supplementing care is that people take care of themselves and their children as much as possible. Often family and friends help out, sometimes volunteers also provide care. The professional home care is supposed to be supplementary. The maximum amount of home nursing is limited to three hours per day. The reason for this limit is that a person needing more nursing hours should be treated a caring or nursing home. There is no limit on home help.

The imbalance between demand and supply, resulting in long waiting list, has given rise to a public debate about the division of responsibility: is the state responsible for providing home care or insurance companies. There have been a few lawsuits on this issue. These lawsuits confirm the division of responsibilities as described in the AWBZ. The state determines the rights of the insured people and sets the budget. The care insurers and the Care Offices have to provide the care by making agreements with the home care organisations.

### 3. Employment profile and actual working patterns

Jobs in home care can be summarised in a few job categories. Home helps A (*Thuishulp A*) only perform household tasks. Home helps B (*Verzorgingshulp B*) perform mainly household tasks but also caring tasks. Home helps C (*Verzorgenden C*) perform mainly caring tasks but also household tasks. Home helps D (*Verzorgenden D*) only perform caring tasks. Specialised carers E (*Gespecialiseerde verzorgenden E*) provide care focused on changing the behaviour of the client. They also perform caring and household tasks. Community nurses (*Wijkverpleegkundigen*) and nurses in the community (*Verpleegkundigen in de wijk*) perform caring and nursing tasks for the sick, the invalid and the elderly. Auxiliary community nurses (*Wijkziekenverzorgenden*) also perform these tasks, but under the supervision of a community nurse. Especially the job category of home helps A and B is very important: almost a third of the FTEs concerns home help A or B (table 1).

**Table 1 Number of fte's in home care in total and in categories of jobs in 1997**

	Men Absolute	Women	Total	Men %	Women	Total
Home care in total						
Number of FTE	2863	45927	48790	5.9	94.1	100
Home Care in categories of jobs (in FTE)						
Home helps A and B	275	15691	15966	1.7	98.3	100
Home helps C and D	181	9549	9730	1.9	98.1	100
Specialised carers E	30	929	959	3.1	96.9	100
Community nurses	155	3355	3510			
Nurses in the community	13	815	828	3.9	96.1	100
Auxiliary community nurses	68	1970	2038	3.3	96.7	100
Other jobs in home care <sup>1</sup>	2139	13621	15760	13.6	86.4	100

Source: CBS (2000)

<sup>1</sup> These other jobs are maternity carers, trainee maternity carers, doctors, dieticians, social workers, management and other personal. Workers on call are not included.

Home care is clearly a female sector: 94 percent of all jobs (in full time equivalents) is done by women. Among Home helps A and B it is as high as 98 percent. To compare, the share of women in the total labour force is 39 percent (CBS, 1998).

Employees in home care are relatively older than the total labour force (LVT, 2000a). Less than five percent is younger than 25 years, compared to 12 percent in the total labour force. Almost 43 percent is between 45 and 65 years old, whereas this percentage is 29 in the total labour force. Younger persons tend to be less attracted by home care. Furthermore, younger persons generally want to work fulltime, whereas home care offers a lot of part-time jobs. Also, given the nature of the work home care organisations direct part of their recruitment efforts at older persons. Younger persons have special difficulties in coping with the emotional workload.

### *Actual working time patterns*

The need for personal care is characterised by an uneven distribution during the day; most of the care is needed in the early morning and early evening. This makes the use of flexible labour an attractive strategy for employers. One strategy is using part-time labour, which proves to be very common. Almost 93 percent of all employees have a part-time job, which is clearly above average. Though already very high, the part-time rate seems to increase: in 1997 the share of employees working part-time was a little less than 90 percent.

Average part-time percentages vary by job category. For home helps A and B the percentages are on average 39 and 48 percent, whereas home helps C and D work on average 45 and 55 percent of a full-time job. Specialised carers E seem to have longer part-time jobs; they work on average 66 percent. Community nurses work on average 60 percent of a fulltime working week, auxiliary community nurses 45 percent (LVT, 2000a). Research indicates that the actual working hours do not comply completely with the preferences of the employees. The majority of the employees (55 percent) is satisfied with the number of hours they have to work. However, 34 percent of the employees would like to work more hours, whereas 11 percent prefers a shorter working week (OSA, 1999).

Figures on non-standard working hours in home care are scarce. Providing care implies working in the evening and in the weekends. However, the demand seems highest in the early morning and early evening. Furthermore, a considerable number of clients receive in the weekends (also) care from others than the home care organisation. However, due to a decreasing supply of informal care, the number of non-standard shifts seems to increase.

Other flexible personnel strategies are showed in table 2. Especially noticeable is the importance of 'alpha helps'. In 1997 they worked almost 12 million hours per year. The alpha help is introduced in 1977 as a measure to decrease costs of home care (Kerkstra, 1996). Alpha helps are employed directly by the client and provide household help during a maximum of 12 hours per week. This number relates to the limit below which no social security taxes (by private employers) have to be paid. In 1997 there were in total 56.066 alpha helps. They worked on average 211,5 hours per year. Formally, they are not employed by home care organisations. However, most home care organisations act as an intermediary. Another important source of flexibility is the use of temp workers and on call workers. Together, in 1997 they worked almost six million hours.

**Table2: Flexible personnel strategies in home care in 1997**

Worked hours x 1000	
Personnel on the payroll	
Workers on call	2.043
<i>Personnel not the payroll</i>	
Alpha helps	11.858
Temp workers	3.740
Interns	311
Other external personnel	161

Source: CBS (2000)

#### 4. The organisation of work and working time: analyses and dynamic of changes

The organisation of work and working times in home care is the result of a complex interaction of organisational demands, employee preferences, cultural norms and socio-economic circumstances. Of particular importance are the Dutch tradition of part-time work, the organisation of care and the collective agreement.

One of the most salient characteristics of the Dutch labour market is the high part-time rate. In 1997, almost 30 percent of the labour force worked less than 35 hours per week. Though compared to other European countries the part-time rate among men is high as well (11 percent), especially female workers seldom have a fulltime job. The part-time rate among women is almost as high as 60 percent. This is related to the Dutch tradition of personal childcare by the mother. Working part-time enables mothers to combine work and caring tasks. This is reinforced by the rather solid legal position of part-timers. For example, employers are not allowed to differentiate between fulltime and part-time employees with respect to wages, pension schemes, holiday allowances, training programmes etc.

The organisation of care is another important factor. The need for care of a client is assessed by an independent institution (RIO; *Regionaal Indicatie Orgaan/Regional Assessment Organisation*). This institution decides on the type of care and the number of hours. Due to the increased cost awareness the indication of need is based on a detailed time account of the different activities (like washing, dressing etc.). Thus, for the home care organisation the number of care hours per client is more or less given. The demand for care is not evenly distributed over the day but is characterised by peaks in the early morning and early evening. Also, the need for care and the time it takes to provide care are to a certain extent unpredictable. Clients differ and calamities can occur easily. Furthermore, care has to be delivered at the client's house. Travelling time is an inescapable element of the working hours. All these aspects makes the planning of work a complex issue.

In addition, employers have to operate within the boundaries set by the collective labour agreement. The government used to regulate the conditions of labour in the health care quite strictly, by relating them to those of public servants. Since the middle of the nineties governmental policy is directed at a 'normalisation' of the industrial relations in the health care sector. The way conditions of labour are settled becomes similar to other sectors, that is

by negotiation between employers and employees. The duration of the current collective labour agreement on home care is from April 1999 to March 2001.

According to this agreement the full time working week is reduced from 38 to 36 hours per week on average. The employer and the employee can agree to increase the number of working hours to a maximum of 40 hours per week. Generally all jobs can be performed part time. The employer sets the working hours after deliberation with the employee and in compliance with the agreed working hours. The employer makes a schedule and has to inform the employee about his working hours at least 5 days in advance. Working hours have to be set in accordance with the Working Times Act (*Arbeidstijdenwet*). A fulltime employee works a maximum of 10 hours per shift and a maximum of 65 days per 13 weeks. Part time employees work a minimum of 3 hours per shift. Employees have at least 21 weekends per year off. There is also extensive regulation on night shifts and working overtime.

#### **4.1. Dynamic of changes**

The demand for and the supply of home care are clearly out of balance; a long waiting list exists. In March 2000 the Dutch government promised to provide the care insurers with the necessary budget to reduce the list, on the condition that the money is actually used to provide home care. However, this is no guarantee that the problem of the waiting list will be solved in the near future. This is caused by a severe shortage of personnel in the health care sector. In 1998 there were 5.400 vacancies for nursing and caring professions in general. A large part of these vacancies, 41 percent, was hard to fill. Recent calculations show that the shortage of nurses and carers will increase to 34.000 in 2003. The shortage of personal is large in the health care in general, almost 11 percent. The shortage of personal in the home care is even larger, over 15 percent (TK, 1999-2000).

There are two main causes for these growing shortages: an increased demand and a decreasing supply. It is expected that the demand for home care will further increase in the future due to demographic, policy and medical developments. The decreasing supply of home care is also related to several factors. The number of students in health care education is decreasing, partly because of demographic reasons, partly because the sector has a negative image. Especially the perceived workload combined with relatively low wages discourage younger people to choose an education in health care. In addition, turnover rate in home care is among the highest in health care (Nivel et al, 1998). Research on job satisfaction among employees in home care shows that, though employees are generally quite satisfied, the physical load and the workload is high (PriceWaterhouseCoopers, 2000).

At the branch level and at the organisation level a lot of effort is put in making the work in home care more attractive. Relevant initiatives refer to wage improvement, career opportunities and recruitment campaigns.

#### ***Wage levels***

In general, the collective agreement determines the wage category for each job category. However, the agreement contains an opening for wage improvements in case of labour market shortages. If a particular employee is scarce, the employee can be granted a bonus of ten percent above its regular salary. The CLA also gives room for flexible, individual rewards. Works councils have to approve these rewards. At the company level merit pay does not seem a widely applied instrument. One of the problems with respect to individual rewards is the

monitoring of employees: they work at the clients' home. Monitoring could be based on information from colleagues, managers and clients. However, a lot of clients are not capable of giving the right information. There is a risk that the assessment is based on subjective elements. It is also uncertain if companies would use the opportunity to give bonuses to a large extent. Our case study shows that among employees salary is a sensitive issue, the principle of equality is strongly emphasised and differences in wages are hardly tolerated.

Since primary terms of employment are given, improvement of fringe benefits might be an alternative. For example, in our case study travelling allowances and childcare arrangements have been improved recently. Employees also could buy a bike at favourable conditions and in the future this will be possible for personal computers.

### ***Career opportunities***

The branch organisation put a lot of effort in increasing career opportunities. There used to be little mobility between the different job categories in home care. An extensive 'in-company' training programme has been developed which offers employees several opportunities to specialise or get promoted to other, higher qualified home help jobs.

There are also forms of training directed at a group of potential employees who does not want or need a broad education in care, such as women re-entering the labour force. This concerns former employees in home care who need to 'refresh' their knowledge and skills, or women who choose specifically for home care and prefer the education to be focused. This group gets a contract in a home care organisation and combines work and education until the necessary qualification is reached. Given the preference of home care organisations for older employees, this form of education proves to be quite important for home care.

### ***Recruitment campaigns***

At the branch level several initiatives are taken to improve the image of home care. Information is given on job opportunities in colourful brochures that are spread in large numbers. Advertisements with slogans in the media should attract new personnel ('Care, the real job'). In these campaigns especially the autonomy of the job is strongly emphasised ('Being your own boss with a lot of responsibility').

Initiatives are also taken at the organisational level. The organisation in our case study developed a policy to stimulate employees to recruit new employees. An employee recruiting a potential employee can earn 'care stars'. The care stars can be spend on a variety of gifts. Bringing in a colleague yields 100 stars or a gift coupon of DFL 100,- (approx. 45 Euro). When this new colleague still has a contract after a year, this yields 350 stars. Employees can save for gifts like a cell phone, a week-end in a beauty farm, and even a trip to Madagascar, a horse or a car. In the first quarter of 2000 the organisation got 26 new employees, (partly) due to this policy. Most employees chose a gift coupon. Another organisation travelled through the region with a double deck bus to promote the work in home care. Employees of the organisation informed the public on the positive aspects of working in the home care sector, and did a personal appeal on persons interested to accept a job. This campaign was very successful; the number of new employees of this organisation was as high as 1000.

Though these recruitment actions increased the inflow of new personnel in the short term, the turnover rate may be rather high. Our case study showed that several new employees recruited

as a result of the campaign ended their contract quite soon. These campaigns might quite easily elicit impulsive decisions to accept a job. Retention of current personnel (i.e. decreasing the turnover rates) might be a more effective personnel strategy in the long run.

### ***Matching preferences***

An effective strategy to attract and retain more personnel in home care seems to increase the number of flexible working time patterns. This seems to fit very well with the nature of the work and the search for efficiency as well as with preferences of employees. Especially part-time work is popular, which facilitates a close match between the supply and demand of care minutes. The need for a flexible deployment of personnel even increases due to the fact that the informal supply of home help (by relatives, neighbours etc.) is decreasing. This raises the demand for formal home help at non-standard hours, like weekends and/or evenings. Matching supply and demand in a flexible manner is not an easy job, however. Very small jobs may be inefficient. Our case study showed that with regard to part-time jobs, there used to be a certain minimum standard: contracts below 25 percent were deemed inefficient. For community nurses the minimum was 80 percent, which is related to their task to co-ordinate care. Yet, due to severe labour shortages, preferences of employees for even shorter working hours are complied with. A flexible deployment of personnel is also restricted by CLA-regulations; there are strict rules with respect to rostering of shifts. Smaller part-time jobs might prove to be very flexible to deal with the peaks in demand.

Related to this is the option to raise the autonomy of the employee. Research on job satisfaction shows that employees in several job categories (home helps C/D/E and community nurses) would like to have more impact on planning and rostering (PriceWaterhouseCoopers, 2000). The supply of care minutes can still be determined at a central level, but employees could get more autonomy to organise their work by making appointments with the clients themselves. This may refer to the scheduling of the work during the day but also during the week. As a result this may favour efficiency and flexibility. Arguments against this development refer to the nature of the work and the clients. For example, within the organisation of our case-study there is a fear that a 'negotiable' scheduling of home help creates expectations at the side of the client ('my home help is always here at 8.30'). Also, there is a large group of clients with limited capabilities who cannot act as 'qualified' negotiation partners. There is also a more general reluctance, inspired by the fact that the organisation wants to keep a rather direct control on the employees and the actual supply of care.

### ***Personal Budgets***

Another development which may influence the (im)balance between supply and demand in home care, is the introduction of the PGB (Personal Care Budget; *Persoonsgebonden Budget*). The client receives a personal budget that can be used to buy tailored care. The needs of the client determine the size of the personal budget. The client can hire traditional home care or a private help. The introduction of PGB's proved to be a success and the use of PGB's has increased rapidly from 5.400 clients in 1996 to 13.200 clients in 1999 (SCP, 2000: 228). In the year 2000 164 million guilders are available for personal budgets (LVT, 2000). The introduction of PGB's is clearly related to a growing market and client orientation and may somehow help to counterbalance the decreasing supply of informal help. In fact, the PGB's seem to create a third category, formalised (paid) informal help, which may contribute to a more flexible organisation of the health care sector.

## 5. Concluding remarks

The organisation of work and working times in the home care sector is the result of several particularities. At the demand side, the need for personal care is characterised by an uneven distribution during the day; most of the care is needed in the early morning and early evening. The actual supply of care is partly determined by bureaucratic procedures, yet at the same time the employee, working at the clients house, has a rather high level of autonomy with regard to the actual quality and quantity of the supplied care. Finally the socio-economic environment is characterised by strict budget restrictions, generating a constant pressure to raise productivity.

At the level of the organisation, these particularities translate into a continuing search for the most optimal balance between control and autonomy, flexibility and efficiency. Detailed timetables have been developed in order to plan and monitor the work. However, in practice, home care is not completely 'plannable' and the rather quantitative approach neglects the quality of care and/or employee satisfaction. Flexible working time patterns seem more easily to reconcile with the nature of the work and the search for efficiency. Especially part-time work is popular, which facilitates a close match between the supply and demand of care minutes. From the supply side, there is a growing pressure to increase the number of small part-time jobs. Very small jobs may be inefficient for the organisation. Yet, severe labour shortages may pressure to comply with preferences of employees. A flexible deployment of personnel is also restricted by CLA-regulations; there are strict rules with respect to rostering of shifts.

Raising the autonomy of the employee might also favour efficiency and flexibility. The supply of care minutes can still be determined at a central level, but employees could get more autonomy to organise their work by making appointments with the clients themselves. This may refer to the scheduling of the work during the day but also during the week. Arguments against this development refer to the nature of the work and the clients. Yet, it seems likely that the autonomy issue will have an impact on future developments. Due to the rather acute labour shortages, the sector puts a lot of effort in improving its image. Given the strict budgets the possibilities to raise wages are limited, whereas applying individual wages proves to be a complicated issue. In attracting new employees, the quality of work in terms autonomy may be one of the few issues that leaves room for manoeuvre.

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## Home Care in Sweden

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### 1. Home Care for Elderly in Sweden

#### 1.1 Institutional framework

##### *Introduction*

Since the XVIII century, elderly care in Sweden has been a local responsibility. Each municipality was obliged to maintain a poor house, but also to support the old at home. Since the middle of the 1950's, care for the elderly is mainly provided by the public sector while the role of private and voluntary initiatives are rather limited. The main responsibility for elderly home care lies on the municipalities, which also have the responsibility for social welfare, housing, and since 1992, through the elderly care reform (*Ädel-reformen*) the long-term medical treatment in nursing homes.

Public home care services expanded rapidly in the 1960s and by the beginning of the 1980's it covered 22 percent of elderly people (65 and older) and around 38 per cent of the oldest age group (80 and older). During the last decade, the care level stagnated and in 1997, 8 percent and 20 per cent respectively made use of home care services. Corresponding figures for the institutional care<sup>19</sup> for the elderly was 8 per cent and 23 per cent respectively. In total, about 30 per cent of the elderly were not covered by care provision in 1975 while this figure was about 60 per cent in 1997.

The role of the family in care provision has changed less than might be expected. Now, as before, public care provision takes over when the family can no longer manage or when there are no close relatives. Elderly people usually live with their spouses (a little more than half) or alone (around 40 per cent). Only 3-4 per cent lives with their children, siblings or other close family members. Available data (ESO 1999:16), however, indicate that Swedish families help their older members to approximately the same extent as in other countries, but without living together. The home care service is often the elderly people's first contact with practical care and few people move into institutions without previously having had some help at home.

The care for the elderly in Sweden has long been dominated by institutional care. Until the 1980s the number of places in old people's homes and long-term care institutions (mostly nursing homes) grew remarkably. However, over the last decades many old people's homes have been closed or replaced by service houses (shelter accommodation).

The total public cost of care and services for the elderly was estimated at some SEK 100 billions in 1996<sup>20</sup>. Two thirds of this went to various forms of institutional care such as acute hospitals, nursing homes and old age homes. The remaining third paid for outpatient health

<sup>19</sup> Institutional care is nursing homes etc..

<sup>20</sup> 1 SEK = 0,12 €

In 1996, the total cost of elderly care (institutional care + home care) amounted to approximately 3 percent of GDP.

care (6 billion) and home care (19 billion). The total number of employees in elderly care in the municipalities was about 120 000 in 1998, of which 60 000 worked in home care services.

### ***Legal framework and the definition of needs***

There is hardly any detailed national regulation for elderly care, provided by Sweden's 289 municipal local authorities, beyond a relatively vague body of legislation. In Sweden, the social welfare legislation was introduced in the middle of the 50's, which among other things regulated the care of the elderly. This legislation abolished the obligation of children to take care of their parents. The new Social Service Act, SSA (*Socialtjänstlagen*) was enforced in 1982. It was revised in 1998 and is now being further modified. Example of changes in the statutory regulation in home care activities is economic support for relatives who take care of their closes, the rights to appeal to a court and monitoring procedures for the quality of services provided.

The municipalities' activities concerning home care service is mainly regulated in the Social Services Act (SSA). It is a framework law covering the total framework of social security services and is supplemented by another 15 laws, 17 regulations, 34 authority directions and 25 general recommendations. According to the law, all inhabitants have the right to receive social services at all stages of life, regardless of their income. The act also states, "all inhabitants should have a reasonable level of living standard". Old people should have the option to continue living in their homes as long as they want and as long as it is possible. The responsibilities for home nursing have gradually been transferred to the municipalities and nowadays most municipalities coordinate home care and home nursing activities. Home nursing activities are regulated in the Medical Service Act, MSA. In each municipality, the social welfare board shall make it possible for the elderly to live an independent, active and meaningful life together with others. The board shall also provide for a good housing for the elderly and give the support and help they need in their homes. The social service department shall, according to the law, insure continuity, flexibility and self-determination in the provision of services. The home care activities shall also be designed in close connection to individual needs. Furthermore, the law prescribes that the activities shall be of good quality and that the quality of services must be systematically and continuously secured. The National Board of Health and Welfare has issued general guidelines in these respects (SOSFS 1996:24 and SOSFS 1998:8). A very important factor to guarantee good quality in the provision of services is that the employees have an adequate level of education and qualification.

The Central government ambitions for levelling out local differences in standards of services and other aspects of care provision have always encountered strong local opposition. The municipalities do not control the practical shaping of activities, such as the provision of social services, these tasks falls upon the national agencies instead, for example National Board of Health and Welfare, which is responsible for the care of the elderly. The agency has regional offices, which are responsible for supervising the care provided, but it is not possible for these offices to scrutinise the care in any details. The social service legislation also offers a set of provision for appealing to administrative tribunal, such as the county administrative courts.

### ***Provision of home care***

According to the law (SSA), all municipalities shall provide home care services for elderly and disabled people. The responsibility lies on the municipal social service department. Home care can be provided in the client's own home as well as in special housing services such as

old people's homes, services houses and group dwellings. There are few municipalities who contract out home care services to private non-profit organisations. Even if they contract out these activities a public officer in charge of determining the level of grant must handle the decision regarding needs assessments and level of services granted. As a consequence of the assessment concerning the applicants' need of home care is decided at the local (municipal or city district level), the granted level of services can differ between as well as within municipalities. A tendency is that the assessments have become more restrictive taking also into account whether the applicant lives together with a relative that can support her/him in the every day care. Furthermore, municipalities have become more restrictive in granting help for household work. The various types of service activities in home care and home nursing range from personal hygiene, feeding, dressing, making beds cleaning and errands.

In most cases the client or his/her family takes the initiative to apply for home help services (about 85%). An official referral is not required. The home help administrator of the municipal social services firstly contacts the potential clients to assess the specific needs. No official standardised assessment forms are used but all municipalities have their own assessment system. The home care administrators decide what type of help the client is going to receive and the volume of hours per week provided. The administrators are also involved in the actual care providing process: mostly in form of counselling and advice, both to the client as well as to the family member. Furthermore, the home care administrators are also responsible to evaluate the home care services performed by the municipal.

Globally, Sweden exhibits a high level of services for the elderly. Despite a large regional variation in public services, research show that there are only small local differences in unmet needs. The home care administrators decide, within the framework of the law (SSA), about the kind of services that is required, which in turn is restricted by the resources of the municipalities.

According to a recent study at the ministry level (DS1999: 16) Sweden is the country with the highest number of hours per recipient. Globally, it appears that overall care of the elderly is most extensive in the Nordic countries. Regarding the extent of care undertaken by relatives the scarce information available indicate that it constitutes an important part of care of the elderly living in their own homes. A recent study (Szebehely 1996) shows that an increasingly number of elderly people receives help from relatives outside their own household; this is especially true for older women. For older men a larger proportion receives help from their wives. Also, older people more often buys private help, this are especially true for women with higher education. An evaluation device sometimes used for assessing the quality of the municipalities' activities is the personal density. The measure relates the target group of inhabitants receiving services to the number of full time equivalent employees (FTE) in the activity. A larger number of FTE employees take care of a declining number of elderly and disabled (both in ordinary and special housing accommodation)<sup>21</sup>. As mentioned above, this reflects an increase in the care intensity among those who receive these services.

### ***Organisation***

In the municipalities the home care service is administrated within the social service department. The home help administrators are in charge of the actual provision of home help

<sup>21</sup> Unfortunately it is not possible to distinguish the home care services.

services. In 1997, there were almost 257 000 employees (178 000 FTE) working in the area of elderly care and disabled, i.e. 7 per cent of all dependent employees.

The administration of local elderly care is often simply structured. Under the head of social services there are city district heads which are responsible for some 5 000 (1997) case officers and supervisory staff, essentially dealing with both need assessments and staff administration. In addition, there are some 120 000 home-help auxiliaries, of whom half work with home help services while others work with institutional care. The share of employees, full-time and part-time, working in the care of elderly and disabled constituted, in 1996, around 30 per cent of all employees in the municipalities. This is an increase by 12 percentage points over the last five years. However, there are large regional differences. In rural areas the proportion is greater (around 40 per cent) while this share is around 20 per cent in urban areas. During the last decades the educational level among home care assistants has increased. From having no or very short educational background (usually 20 weeks training) a majority of the municipalities requires that home care assistants should have at least a three year upper secondary education in care.

Home care assistants are usually organised in autonomous work-teams. They are involved in a broad range of household related activities such as for example cleaning, shopping and personal care. In addition, they perform, to an increasingly extent, routine technical nursing tasks (injections, dressings, stoma care, etc.), often formally supervised by a home nurse. When necessary, help is available during the evening, at night and during the weekends.

### ***Funding and financing***

The provision of home care services is part of the extended Swedish social welfare system. Home care activities, as other welfare provisions, are based on universal citizen rights. This means that all people, regardless of their income, can apply for home help services provided by the municipalities. All clients have to pay a fee, but the level of co-payment varies largely between the municipalities. Most of the municipalities use an income-related system for assessing the fees. Many municipalities also have different fees for household related services and for care services. As a consequence, the share of co-payment varies between municipalities. On average, the municipalities' share of total cost of home care amounts to 94 per cent.

The care of elderly and the home care services in Sweden is mainly financed through general taxation. A major part of the income taxation is paid to the municipal local authorities<sup>22</sup>, which are relatively independent of central government funding. A tax levelling system imposed by the central government makes it possible to level out most of the differences between the municipalities. Nevertheless, as mentioned above, there are large differences in service levels between the local authorities.

### ***Client population***

Almost 126,000 persons aged 65 and over living in ordinary housing accommodations, (i.e. about 8 per cent of this age group), were granted home-help assistance (November 1998). Of these about 70 per cent were women and about 67 per cent aged 80 and over. The proportion aged 80 and over among old aged retired with help service in ordinary housing

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<sup>22</sup> The municipal income tax varies between 28-34 per cent.

accommodation rose from 62 per cent in 1993 to about 67 per cent in 1998. In 1998, some 84,200 persons aged 80 and over had been awarded home help service in regular housing accommodation, this constitutes about 20 per cent of all person over the age of 80. In all, more than 175,000 persons aged 80 and over, roughly 41 per cent of all persons in this age group were covered by the old age care system, either living in special accommodations or awarded home help in ordinary housing accommodation.

Of the 126 000 old age pensioners receiving home help service in ordinary housing accommodation in 1998, more than 40 per cent received between 10 and 49 hours' help during this month. Approximately the same share were receiving less than 10 hours of help per month while less than 1 per cent had 200 hours' of assistance per month. The number of old age pensioners with few hours of assistance per month has decreased during the 1990's while the number of pensioners with more than 50 hours per month has increased.

### **1.2. Dynamic of change: development during the 1990's**

During recent years, the elderly care has been characterised by an increase of social and medical efforts provided to very old and very sick people. The proportion of old people receiving some form of help has decreased continuously since the 1980's, mainly due to budget restrictions, lower provision of services, more restricted assessment of needs and increased fees. The efforts have been transferred towards the very oldest and those with higher needs requirement. As a result, the care activities within the home nursing (which is regulated in the Medical Service Act) has increased significantly over the last years and is now estimated to cover 40-50 per cent of the municipal's total activities towards the elderly. A majority of elderly people receives help in ordinary housing. On average, one of four people over age 80 and about 50 per cent people over age 90, lives in some form of special forms of housing accommodation. A general feature of the elderly care during the 1990's is that the time for social activities and services have decreased in many municipalities, both within the home care services and in the special housing accommodations. Another important change is that fewer people stay at the hospital after they have completed their treatment. The median time spent at the hospital has decreased from 13 days in 1990 to 2 days in 1996. As a result, municipals have increased the number of beds in short time care as well as the resources to rehabilitation centres.

### **1.3. Competition, privatisation and sub-contracting**

The 1990's have been characterised by an increased competition within the field of the care for the elderly. More than 50 municipals have been exposed to competition regarding care and service activities. The proportion of elderly care being operated by a third party (subcontractors) has increased from around 2 percent in 1990 to 8 per cent in 1998. Private entrepreneurs constitute an increasingly larger share of the activities within elderly care. In 1997, this corresponded to 3 per cent of the home care services and around 10 percent of the beds in the special forms of housing accommodation. Concerning the home help services there is no direct competition. Everyone has to contact the municipality to apply for home care. In some areas, there are some private organisations active but they play only a minor role. Thus, the municipality may enter into an agreement with subcontractors performing the municipalities' tasks within the social services. However, the overall responsibility, such as needs assessment and decision-making cannot be transferred to companies, associations, foundations or private persons.

#### **1.4. The economic framework**

The demand for health care are often connected to a country's age structure. In Sweden, the total expenditures for health care as a percentage of GDP rose continuously from about 5 per cent in the beginning of the 1960's to around 9 per cent in 1980. This was also a period of continuous growth in the number of elderly persons. In 1997, the total public expenditures for the municipalities on the care of elderly was about SEK 48 billion. While the expenditures decreased between 1993 to 1995 it has increased since 1996. According to the government budget proposition for 2000 the productivity in the care of elderly increased by 0.9 per cent per year between 1984 and 1994.

During the first part of the 1990's the Swedish economy undergone a deep recession and several cutbacks in the welfare system were carried out in order to cope with the growing unbalance in public finance. The government budget deficit was balanced first in 1998 and will during 1999-2002 display a considerable surplus. The economy in the municipalities and county councils has experienced a similar process even though the prevailing economic situation differs between municipalities. In 1997, the government enforced a law stating that all municipalities and county councils should have a balanced economy. About 80, of Sweden 289, municipalities make the assessment that they will not be able to fulfil these conditions. Thus, the municipalities have been and are forced to reduce costs. The most common strategy involves various measures to reduce labour cost such as reducing staff density, holding back wage increases, employing less well paid care personnel. Another strategy, adopted by many municipalities, has been to cut down level of services. As a consequence of this development, the eligibility criteria for the provision of services have been modified by targeting services to the most needy. At the same time, a greater share of the costs for services has been shifted over to the client through increased fees for services and reduced subsidies. Around 10 per cent of the budget for elderly care is covered by charges paid by the patients.

#### **1.5. Technology, preferences, demographics, demand and division of labour**

The Swedish population is one of the oldest in Europe and the average life expectancy is one of the highest in the world. In 1996 almost 18 per cent of the population were 65 years or older and around 5 per cent were very old (80 years or older). The later group has increased by around 30 percent since the early 1980s.

Home care activities have increased significantly since the mid fifties and the volume of caretakers increased from 1 per cent in 1954 to at most 22 per cent in the early 1980's. As mentioned earlier, the level of activities have increased also during the last decades but not in parity with the growth of elderly people. The activities have become more concentrated towards the very old and to those with the largest need requirements.

The Care of the Elderly Reform in 1992 (*Ädelreformen*) meant that the municipalities took over the responsibility for ca. 31 000 bed in nursing homes from the county councils. Mainly as a consequence of the reform the number of employees in the municipalities increased by around 70 000 in 1992. Between 1992 and 1997 the home care activities within the ordinary housing changed significantly, such that less persons where granted home help services. The proportion of patient with less extensive home care decreased while during the same period the number of people with more extensive home care increased significantly. There is also a trend for a growing number of elderly living alone, which imply an increased burden for elderly care and service demands. The average number of hours per month of home care (per

capita) has increased from 25 hours per month, in 1988, to 33 hours per month in 1997. As a consequence of the change in the type of care demanded, the requirements in terms of qualification and competence of the employees have augmented. The average level of educational of the staff has increased, and many municipalities require three years training (upper secondary school) as a minimum for home care assistants. The average wage for a home care assistant (nurses and auxiliary nurses), working full-time in the municipality, was in 1998 around SEK 14 000 per month<sup>23</sup>. Thus it is a female dominated (around 93 per cent women) low paid occupation and many home care assistant work on part-time basis. As far as home care is concerned there has not been any major technological changes, and the few changes (alarm system or help tools to levy clients) have not had an impact on work organisation and working time patterns.

## 2. Case studies

### 2.1. Home care in the municipality of Göteborg and the city district Tuve/Säve and Backa: Description of the two selected organisations

The home care organisations selected are located in two of Göteborg's city districts. The first is the city district Backa with 22 873 inhabitants (1999). The main criteria for choosing Backa area is that it, in several aspects, can be seen as representative sub-sample of Göteborg. The other case retained is the city district Tuve that has been selected because of the home care different work organisation and working hour patterns. Tuve is about the half of the size of Backa with 10 920 inhabitants.

In 1998 there were 4 160 inhabitants 65 years of age and over living in Backa while corresponding figures for Tuve was 1 630. Of these 319 persons in Backa and 89 in Tuve received some type of home care service. Compared to Göteborg as a whole, both Tuve and Säve have a larger proportion of home care takers in the age 65-74, but a smaller proportion in the age group 85-89 years of age. As mentioned above a majority of the people receiving home care is women, for Backa and total of Göteborg 71 per cent. The volume of hours per client is lower in both Backa and Tuve compared to Göteborg as a whole.

### 2.2. Activities performed

The home care services can be divided into personal care such as personal hygiene, injections, dressing, stoma care etc. and household related services such as cleaning, shopping and laundry. The care activities, often formally delegated from the home medical care department, have become an increasing part of the overall activities within home care services. As mentioned above, both the extent and the level of home care services have increased during the last years. According to the home care administrator in Tuve, one important reason for this is the tougher criterion in the health care (hospitals) when a patient has accomplished her/his treatment and thus sent home. As a consequence of the reduction of time spent at the hospital a large part of both the costs and work have been transferred to the home care and home medical care.

Household related service has become a smaller part of the total activities within home care services in Tuve. Some of the services have also been outsourced, such that for example errands, which are nowadays administrated at the municipal level. It is estimated that in Tuve,

<sup>23</sup> 1 SEK= 0,11 €

about 40 of 135 errands are performed by a government owned company (SAMHALL). Furthermore, private companies sometimes perform decontamination of apartments. However these activities only constitute a small proportion of the total amount of services. The amount of service per client (service intensity) are not decided according to a predetermined volume of working hours but rather according to the volume of tasks. There is, however, some informal monitoring of how much time different tasks may take; for example, cleaning is performed each third week and the maximum of cleaning performed is that of 2 rooms and a kitchen; window cleaning is only performed once per year.

### **2.3. Monitoring activities**

There are no formal evaluation systems within the city districts for controlling the quality of the services performed. However, within the legal framework of the home care activities, the National Board of Health and Welfare has routines for monitoring the municipalities' home care activities. Their duties include mainly documentation and legal matters of these activities. Furthermore, the patients, or their relatives, can appeal to the county administrative courts (*Länsrätten*) if they are not satisfied with a decision. Backa also perform survey to collect information about the patients' opinion about the quality of service they receive. According to the home care administrator in Tuve there is also an informal monitoring of the quality of the home care services based on phone calls every weeks received from patients reporting their satisfaction and dissatisfaction with the services.

### **2.4. Personnel categories: Education and qualification**

The categories of employees in the home care sector in Backa and Tuve are home-help auxiliaries/home care assistants and home help administrators. The former either have a basic education of 20 weeks above the compulsory school or a secondary upper education of 2-3 year (around 30 per cent). The home care administrators have in most cases a university degree in social care. However, there are also some employees, on short-term contracts, mainly working during the summer, with no formal education in the field of care. The overall goal in Göteborg is that all employees in the home care sector shall have at least an education equivalent to 3 years of upper secondary education, with a focus on a care discipline. As a consequence, Göteborg municipal buys education from an adult education body (KOMVUX).

In the home care sector of Backa, approximately 4-5 employees per year, somewhat fewer in Tuve, are attending these training courses, with full income compensation from the employer. In Backa, there are a total of 99 home care assistants (75 full time equivalent), while the corresponding figure in Tuve is 38 employees (28 full time equivalent). Backa, to a larger extent, makes use of short-term contracts but has fewer employees working on a hourly basis.

Globally, the demands on education and competence have increased, but during the recent years it has, due to labour shortage, become more difficult to recruit people with the proper level of education. Therefore, the recruitment is made both within and outside Göteborg. However, according to the local agreement, employees in the municipality of Göteborg have priority to all vacant positions. Labour turnover in both Backa and Tuve is relatively low; many of the employees have worked in the city district from ten up to twenty years. Consequently, the average age among the employees is relatively high, around 45 years. The planning of the total volume of employees is based upon the granted amount of expenditures and levels of home care services. In this regard, the main difficulty lies in the forecast of numbers of patients as well as their level of need, which can vary considerably over a year.

As mentioned above, it has become more difficult to recruit people in elderly care. The problem is less acute concerning permanent positions where the main issue instead is to find people with the adequate qualifications. For short-term contracts, it is common that the employees do not have any formal care education. It is also difficult to attract young people to the sector, which means that the recruited often are prime age adults (30 years and older). The main reason is related to the relatively low wage at the entry and small wage increase related to seniority and experience.

## 2.5. Collective bargaining, Work organisation and working time

The collective agreements on wage and working conditions are negotiated at the industry level. As far as home care is concerned, the central collective agreement is concluded between the Swedish Employer Association of Local Authorities and the Swedish Municipals' Workers Union (affiliated to the Swedish Trade Union Organisation, LO). Since the 1980:s there has been an overall tendency to a decentralisation, differentiation and individualisation of wage setting and working conditions. The collective agreement stipulates general wage increase for all employees in the local authorities (not only home-care assistants but also other groups) and also a local wage pot to be individually distributed at the organisation level. The general frame agreement at the industry level is translated to the local level (i.e. the various city districts in the municipality of Göteborg) and the local pot is distributed through individual negotiations for each employee in the city districts. In both Tuve and Backa the team foremen gives a proposition to the union. In Tuve the personnel department handles the employers' interest, while in Backa this responsibility lie upon the home care administrator. The criteria for the individualised and differentiated wage setting at the local levels takes into account the individuals formal and social competence, flexibility, responsibilities and the employee's involvement in the work-team. In Tuve, the work is organised in autonomous teamwork with three groups consisting of five home care assistants in each group, while in Backa there are six teams consisting of seven to eight employees with one foreman per two groups. Usually, the groups in both districts meet every morning to organise the day's work. If the work so demands they work two and two.

In both districts, normal weekly working hours follows the provision stipulated in the collective agreement. The industry-wide agreement provides possibility to depart from the rules stipulated in the central agreement. While Tuve has working hours according to the collective agreement, Backa has since 1986 daytime shifts which, to some extent, deviate from the rules stipulated in the branch agreement. In Backa the employees have separate shifts for daytime, evenings and nights. For daytime (also covering the weekends) the schedules are based on a yearly schedule (*typårsschema*)<sup>24</sup>. The actual working time per week according to the schedule varies during the year (and between years) and is around 40 hours per week<sup>25</sup>, which is higher than the stipulated full time hours 38.15 hours per week during a period of 16 weeks<sup>26</sup>. The working days starts between 07.00-07.30 and ends 15.02-17.15. The employees are very positive to the schedule since they have control of their future working days, it is also

<sup>24</sup> The schedule constructed in the 1930 and has been used in Backa and some other city districts since the middle of the 1980's. It is defined over a period of 28 years with an average of 250 weekdays per year plus the weekend and holidays.

<sup>25</sup> Which is about 1870 hours per year.

<sup>26</sup> The partners can agree upon a longer period than 16 weeks, although not longer than one year. According to the collective agreement the ordinary working hours must not, on average, exceed 48 hours per 4 week.

less expensive for the employer compared to, for example, the most common working schedules in the Swedish care sector (the 5 or 6 weeks roster). There have been attempts from the employers side to introduce more flexible forms of working hours but the employees have not so far been interested. In Backa employees working evenings and nights have a 6 weeks roster, usually between 17.00-22.00 and 22.00-07.00 respectively. The night shift exists only in Backa, since they are responsible for the night services in both Backa and Tuve. For those only working evening and nights (also during weekends) in Backa the working hours varies between 46-52 per cent of full time. Full time is defined as 38.15 hours per week for the evening and night shifts. As noted above, both the evening and the night shifts follows the provisions on working time stated in the collective agreement.

The most common way of organising the working time in the Swedish home care sector is the 5 weeks schedule, which also is applied in Tuve. These shift covers both daytime weekends and evenings. However, some of the home care assistants only work daytime while some only have evening shifts. Full time during weekdays is defined as 40 hours per week while those working either evenings or weekends have full time defined as 38,15 hours per week. All these shifts lies within the working time stipulated in the collective agreement. The normal working day is usually between 07.00 and 16.30. While the evening shift usually starts at 17.00 and ends at 22.00.

In Backa the nurse administrator and the human resource department decide the schedule for each team, however, the employees have possibilities to exchange working days between each other. In Tuve, the work schedule is organised in respective team in contact with the nurse administrator and the human resource department. Neither Backa nor Tuve has any time clock but the working time is despite of this very strict since the work team is dependent on each employee.

## **2.6. Social dialogue**

The union density in the home care sector is around 90 per cent in Backa and 85 per cent in Tuve. The union density in Tuve is somewhat lower than the national average since many of the temporary employees, short-term contract, are usually not members of the trade union. The proportion of short-term contracts is also higher in the urban areas. According to the two sides of industry, the social dialogue is constructive and the unions' possibility to participate in all kinds of decisions has improved during the last years. One major reason for this is the so-called cooperation agreement (*samverkansavtal*), which means that the employer has to negotiate with the union in every decision affecting their members. If such a discussion fails the question is lifted to a higher level, the city district.

At the local level, the union is engaged mainly in question about work environment and working time. According to the union representative in Tuve, a reduction of working hours is not a union priority since a large share of employees is working part-time. On the one hand, many of home-care assistant do not want to work full-time since they feel that the work is too heavy and demanding. On the other hand, according to the union representatives, one way to attract people and circumvent labour shortage in the elderly home care sector is to increase the wage level and number of full-time positions.

### 3. Outcomes and implications

In the whole spectrum of social policies, individualisation has been a key part of the Swedish universal welfare state. The basic principle of the institutional model is entitlement based on citizenship (or residence). The individual, and not the family, has for many years been the unit not only of taxation but also of social benefits as social rights. Since the sixties, both welfare and employment policies have been designed to increase female labour supply and comfort the position of women in the labour market. As far as home care is concerned, the social legislation abolishing in the mid-fifties the obligation of children to take care of their parents is a illustration of these efforts. Concomitant with the growth of public childcare, this change in responsibility is an element of a general policy aiming to outsource the activities traditionally performed by women from the household to the public sphere. Hence, the dominant feature of the Swedish home care regime is that the overall responsibilities for elderly home care lies on the state (more specifically, on the local authorities). Despite some general tendency, during the last decade, to deregulate and privatise public services, the elderly home care remains clearly dominated by public sector both in terms of financing and of provision of services. Even though an increase of subcontractors can be noted, the overall responsibility both in terms of eligibility criteria and concerning the content of activities to be performed remains the privilege of the local authorities. According to the law, all older people have the right to receive home care services regardless of their income (universal citizen right). Furthermore, old people should have the option to continue living in their homes as long as they want and as long as it is possible.

The reforms within the healthcare and elderly care have during the 1990's resulted in an increasing burden and responsibility for the municipalities. Due to overall budget constraints, there has been a clear tendency to reduce the number of clients and to concentrate on very old persons in need of help. The eligibility criteria have been more severe and a reallocation of resources has been made in favour of individual care (health care at home, personal hygiene, feeding etc) to the detriment of household related services (cleaning, errands, etc). As confirmed by the case studies, this reallocation has put a higher demand on employee's qualification, responsibility and competence (more qualified care and medical treatments). At the same time, the lack of personnel, linked partly to low initial wage and low wage prospect has led to difficulties to find people with the adequate qualifications. As far as work organisation is concerned, all home care assistants are organised in teams with a relatively high degree of autonomy. They are involved in a broad range of household related activities such as cleaning, shopping and personal care. In addition, as noted previously, they perform, to an increasingly extent, routine technical nursing tasks (injections, dressings, stoma care, etc.), often formally supervised by a home nurse. When necessary, help is available during the evening, at night and during the weekends. During the last decades there have not been any major technological changes, and the few modifications introduced (alarm system or help tools to levy clients) have not had a significant impact on work organisation and working time patterns. Working time patterns appear to be quite traditional with a high incidence of long part-time. Working time reduction has not to be a key issue neither at the industry or local level. The major priorities of local trade unions remains wage increase and vocational training.

## Home Care in the United Kingdom

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### 1. Introduction

Home care services for the elderly in Britain are provided by a combination of local municipal (local authority provision) and voluntary (charitable, non-profit) sector services, in the context of significant amounts of informal care provided by family networks (Phillipson 1992, Finch 1989). Few elderly persons or their families purchase care services directly from the market. However, the restructuring of the welfare state means that private sector companies are becoming increasingly involved in the provision of home care services as subcontractors to local authorities.

The provision and receipt of care is highly feminised in the UK, mirroring the pattern found elsewhere in the European Union. Women provide the majority of informal care, although a significant minority of men are informal carers as well (Arber and Gilbert 1989). Most home care workers are women, reflecting the broader tendency for jobs that involve care-related services to be female-dominated. There is no gender difference in the level of formal services received but most recipients of formal and informal care are also women because they account for the majority of the elderly and very elderly population (Arber and Gilbert 1989).

The demand for formal home care services has been growing since the late 1970s, and parallel with this the organisation and type of services provided by the public sector have been changing. The main dynamics responsible for this restructuring are:

- changes in legislation and professional standards relating to home care provision
- public expenditure constraints and market competition from private sector subcontractors
- growing service demand from an ageing population of elderly (65 years plus) and very elderly (85 years plus)
- changes in the level and/or content of informal care due to the competing demands of employment on women's time and some shifts in preferences, norms and expectations about informal care among both the elderly 'care receivers' and their family members ('care providers').

This summary reports on research that examined the degree and type of changes occurring in the organisation of work and working-time in the provision of home care services for the elderly. The research included organisational case studies in two local authorities. For further details see Fagan and Nixon (2000).

### 2. The Organisation of Home Care Services in the UK

In Britain the local authorities (municipal government) are responsible for providing home care services to all those identified as in need of this service, as part of their responsibility for personal social services. About half of the national personal social service budget is spent on the elderly, mainly on residential care homes and home care services to private households,

making the elderly the largest client group of personal social services. The home care services encompass the following types of tasks:

- personal care (helping in/out of bed, dressing, washing, monitoring health and medication)
- social care (companionship, motivating and assisting clients to retain and regain physical and mental resources for independent living)
- domestic care (some cleaning, meal preparation, shopping, paying bills)

The majority of home care service users are the elderly (the other client group is people of all ages with learning and physical disabilities). The purpose of the service is to enable people with health and social care needs to retain their independence – or to re-establish their independence following a period of illness - and to remain living in their own homes. The service is designed on the policy presumption that family members take primary responsibility for the care of elderly relatives, with state-funded home care services intended to supplement the informal care provided by the family. The assessment of the elderly person's 'need' for the service is thus dependent on:

- The type of assistance that the elderly person requires
- Whether there is any shortfall between the assistance required and the amount of informal care that family members already provide or could be persuaded to provide
- An assessment of the priority of the elder person's need for state-funded services in light of budget and other service constraints.

Home care services are provided on the basis that those who can pay should be expected to do so, taking account of their ability to pay. Policy guidance from the government make it clear that ability to pay should not influence decisions on the services provided, and assessment of financial means should therefore follow the care assessment (HMSO, 1996). However, in practice the definition of 'service need' is limited by resource constraints of public expenditure budgets and the fact that few elderly persons are in a position to pay the full costs. In the context of increased service demand from a growing elderly population and public expenditure limits local authorities have been attempting to target Home Care services to those who need it most, in line with the recommendations outlined in the government white paper 'caring for people' (HMSO, 1990).

Trends in informal care, local authority direct provision and sub-contracting of home care services for the elderly

Most elderly persons live in private households. Only 5% of those aged 65 years or older live in residential care homes, up slightly from 2% in 1978. The move into residential homes is largely for the very frail and those at the end of their life. Most of the elderly live on their own or with their spouses, rather than with their children or other relatives.

Informal care for elderly people is common in the UK. At any one point in time approximately 11% of men and 14% of women provide informal care, and the incidence rises for those in the 45-65 year age group. The proportion of people with these care responsibilities has been broadly stable over the last 25-30 years. However, since the mid-1980s a growing proportion of carers are providing intensive amounts of care (20 hours a week or more). Most informal carers are looking after ageing spouses, parents and parents-in-law. Women devote more time to informal care than men. In addition to the informal systems

of care by family members and neighbours, volunteers also provide support services for elderly persons through charitable organisations offering lunch-time clubs, home visits and so forth.

Home care services are intended to supplement rather than replace the care provided by family members, or to substitute when the elderly person does not have family support. In 1998 approximately 13% of people aged 65 or over had at least one visit from a home care worker in the previous month. Over the 1990s the home care service has become more concentrated on a smaller proportion of households who receive a larger number of contact hours. The average number of contact hours for those in receipt of home care services rose from just over 3 hours per week in 1992 to almost 5.6 hours per week in 1997 (HMSO 1998, p88).

At the same time that home care services have become increasingly targeted on elderly persons with the most intensive needs, the service has expanded. The absolute number of hours of home care service provided has increased, associated with the growing demands of a larger group of older persons in the population. This expansion has been accompanied by increased subcontracting. Over the 1990s a growing proportion of local authority home care services have been provided by subcontracted companies rather than in-house. For example in 1992 nearly all home care service hours were provided by local authority employees, but by 1998 nearly half were provided by the 'independent sector' (private profit-making companies and non-profit charitable organisations). Most of these providers are private companies, but provision by voluntary sector organisations such as 'Age Concern' has also grown. See figure 1 for a clarification of the different sectors providing care for elderly persons.

**Figure 1. The different sectors involved in home care services for the elderly**

Informal care sector	The 'independent' sector <sup>1</sup>		The State (public) sector
Family, friends, neighbours	<p><b>Voluntary Organisations</b> (non-profit making, charities) Run by combinations of volunteers and employees.</p> <p>Employees provide home care services direct to households (low cost) or as subcontractor to local authorities.</p>	<p><b>Private Companies</b> (profit-making) Subcontracted by local authorities.</p> <p>Some direct purchase by private households at full cost.</p>	<p>Home care services provided or purchased by the personal social services department of local authorities. The charges for elderly persons are subsidised and income-tested (income of elderly person and their spouse only).</p>

Note: 1. The 'Independent sector' is the term used in government documents.

Finally a growing proportion of state expenditure on home care services and residential homes is recouped through rising charges and reduced subsidies. By 1998 nearly one quarter of personal social services' gross expenditure on the elderly was recouped through sales, fees and charges (HMSO 1999, p76).

Work organisation, working-time and employment conditions of home care employees  
The demand for home care services has daily peaks during the early morning and evening, associated with helping people rise and get ready for bed. Some tasks are less time-specific (shopping, cleaning) and can be organised at other parts of the day.

The home care service workforce is highly feminised. It is a low paid manual occupation, there are no formal qualification requirements and nearly all of the jobs are part-time (even higher than the average 42-3% part-time rate for employed women in the UK). Traditionally, this service has relied on the recruitment of locally resident women in their thirties or older who have few qualifications and who want part-time jobs to fit in with their family care responsibilities (children, older relatives). This labour pool was created by the limited alternative job opportunities for women with few qualifications, the lack of public funded childcare in the UK (which has only begun to expand recently), and traditional gender role norms which endorse part-time employment as more appropriate than full-time for wives and mothers. The conditions that sustained this labour pool are beginning to change creating recruitment problems for some parts of the home care service (see below).

The operating hours of local authority home care services have traditionally been concentrated in weekdays between 9am-3pm (to coincide with school opening hours), with more limited services provided at evenings and weekends. This 'custom and practice' arrangement of operating hours was heavily influenced by the personnel requirement to tap the working-time availability of the local female labour supply. Another influence was the implicit assumption that family members are more readily available to provide informal care at these times. Working-time premia for evening and week-end work, and overtime rates when hours worked exceeded the full-time threshold were paid to compensate home care workers who were called on to work these hours. Where the local authority could not cover the skeleton evening and weekend service (or the cost of overtime and premia pay was judged to be too high), then the problem of providing staff to cover these hours of work was subcontracted to private firms. Private firms typically provided evening and weekend service by drawing on a less stable, and often less experienced workforce (higher turnover, agency workers). Consequently the elderly persons experienced a more changeable pool of home care workers rather than a service provided by a small number of 'familiar faces' which is the arrangement that elderly clients generally prefer. As we discuss below, local authorities are under increasing pressure to extend and reorganise the spread of operating hours of home care services into evenings and week-ends to meet changes in the demands on the service, while reducing the labour costs associated with providing this service.

Union density is high among local authority employees in the UK, with national level agreements for public sector employees in place. This is in contrast to the more fragmented industrial relations system in the private sector in Britain, where union density is low and agreements are reached at the company rather than sector level. Union representation is particularly low in the private service companies offering services such as home care, cleaning and so forth, and very few private sector home care workers are covered by collective agreements.

Traditionally local authorities have been regarded as good employers compared to private sector companies, particularly for manual workers and those employed in small private sector firms. Public sector employment is more secure, and wages (basic rates and bonuses) – particularly for manual and clerical jobs – are better than those in the private sector. Training, work-family and equal opportunities policies are also superior to those offered in most private sector companies.

Labour costs account for a large proportion of total costs in the home care service sector. The better employment terms and conditions of home care workers in the public sector compared

to those found in private sector companies means that the public sector can often score poorly on unit costs against private sector competitors in subcontracting comparisons<sup>27</sup>.

### **3. The Dynamics of Change**

The following pressures are creating the dynamics for change in the organisation of home care services:

#### **3.1. The changing policy framework of 'community care'**

The type of service provided by the local authority has been changing radically in the period since 1990, but many of the pressures for change begun in the late 1970s with the policy of the de-institutionalisation of care services or 'care in the community'. The aim of this policy is to reduce the length of hospital stays and to minimise the proportion of the population in residential care homes through the development of services that enable people to remain in their own homes and community. The rationale is that non-residential care is preferred by those in need of care and is frequently cheaper. This shift in policy was initiated by health and social service professionals and endorsed by government in the Community Care Act (1990). The implementation of the Act explicitly required a shift in the design and delivery of social services. It introduced a greater emphasis on tailoring services to meet the particular needs of elderly clients ('personal care packages'), rather than individuals being assessed for their suitability for a particular existing service, which was the previous dominant organisational practice. To achieve this re-orientation of policy the Act also required a much more coordinated approach between various agencies in terms of budget design and allocation and service delivery. The agencies involved include local authority social services (social workers, home care workers, residential homes), the National Health Service (NHS – which includes hospitals, health centres, district nurses who visit patients in their own homes), public sector housing services, the charitable (non-profit) sector and the private sector (HMSO, 1990).

The Act also introduced a functional division in personal social services between the 'purchasing' and 'providing' sections. The 'purchasing' section became responsible for needs assessment and is the budget holder with responsibility for assessing the available care providers to obtain the optimum service according to price and quality criteria, and the relative costs of home care services rather than a place in a residential home. The service providers available to select from include in-house local authority provision or subcontracting to the 'independent sector' (see figure 1 above).

Thus, there have been three pressures towards restructuring. One is the move towards a more flexible and customised 'client-orientated' rather than standardised service. The second is organisational restructuring of functional lines of responsibility. The third is a diversification of the service providers to include a greater potential role for private companies and non-profit organisations.

#### **3.2. The changing financial framework and subcontracting**

This shift in the organisation of public sector care services occurred in the context of growing constraints on public expenditure. The Conservative government came to power in 1979 with an explicit commitment to reduce public expenditure, and this commitment was maintained

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<sup>27</sup> Employment conditions in the voluntary sector are generally superior to those offered in private companies.

through their period of office until 1997. During this period the public sector went through a series of reforms to reduce costs, including the introduction of sub-contracting to private services (competitive tendering), and internal 'quasi' markets of pricing and resource allocation in the public sector. These practices of public sector management have been retained and developed since the 1997 election of a Labour government, albeit in the context of increased public expenditure in some parts of the welfare state (benefits for low income families, some parts of health, education and social services). Thus under 'best value', as under the previous 'competitive tendering' system if the local authority is found to provide services less efficiently than the independent sector then they are obliged to match the tender or to use the subcontractor.

This financial framework of market competition will continue to put pressure on public sector service costs - including employment terms and conditions - to fall to the level found in competitive private companies. A recent government audit argued that in general the 'independent sector' (private companies and non-profit organisations) is price competitive, particularly for service provision in the evenings and weekends. This is attributed to the superior pay and employment conditions for local authority staff established in national collective agreements (Audit Commission 1996, p25).

There is a large amount of variation between local authorities in the organisation and funding of home care services. The extent to which home care services are provided in-house or are sub-contracted depends on the political orientation and policy of local government, as well as the cost, availability and quality of independent service providers. Many local authorities have introduced voluntary accreditation schemes and quality-based specifications in an attempt to regulate the quality of subcontracted service providers, and this has helped to raise the quality of service offered by private companies. Local authorities also have a considerable degree of discretion in their pricing policies. Charges are generally rising, although they remain below the full cost in most local authorities (Audit Commission 1996). Some local authorities have an explicit policy of in-house provision as the preferred option and hence the first port of call, and others have embraced the private sector more enthusiastically. Generally speaking, Conservative-led authorities have been more enthusiastic about subcontracting and reduced subsidies compared to those of Social Democratic orientation (Labour or Liberal parties).

### **3.3. Informal care and demographic trends in Britain**

There is a growing demand for home care services to assist older members of the population resident in private households. The number of elderly and very elderly adults in Britain has increased steadily over time and this trend is projected to continue, as is the case in most developed economies. Among the older population the need for assistance with daily activities rises sharply with age.

Informal carers provide a large amount of the help that elderly persons require but the system of informal support is under strain. There are competing demands on women in the key 'eldercare' age group of 45-54 years for a growing proportion of them are in employment at this stage of their lives than in previous generations. Changing patterns of divorce and remarriage, geographical mobility, and shifts in social expectations and preferences about the appropriate forms and amount of informal care put further pressures on a redefinition of the division of responsibility between informal and formal care systems.

### **3.4. Hours of service delivery**

There is a growing demand for home care services to be provided in the evenings and weekends due to the combination of the above pressures (a-c). This is a major organisational issue facing local authority purchasers and providers of home care services.

Another pressure on working-time reorganisation is the 'Single Status' collective agreement for the harmonisation of manual and non-manual terms and conditions for local authority workers. Under this agreement the local authorities have agreed to reduce the full-time hours of manual employees from 39 to 37 hours 'within existing overall local costs' (rationalisation or passing the additional costs onto the clients). For part-timers this may result in a pro-rata reduction in hours (or a pro-rata increase in their basic hourly rate). However, the direct effect on the organisation of operating hours and the working-time of home care workers is likely to be slight given that most of them are on part-time contracts.

The private sector has been in a better position to provide a cheaper, more flexible evening and weekend service for a number of reasons. The cost of the service is lower, largely because of lower hourly wage costs rather than productivity differences. Many private companies ensure a close fit between service demand and staffing by using a pool of home care workers (either hired directly or via a temporary work agency) who they call upon to cover a particular time period and the service contracts secured. Hence, companies have a 'buffer zone' and only pay their workers for the actual work they do rather than a set amount of contracted hours in a day. This reduces the company's costs and ensures that the company has a large pool of workers to draw upon. This downside of this form of service flexibility is that it can be more difficult to secure a regular, stable and experienced workforce of 'familiar faces' due to high turnover and the temporary nature of many contracts. This instability in staffing can undermine the quality of the service provided by subcontractors. Furthermore, private companies can also face recruitment difficulties and pressures to raise wages in tight local labour markets.

### **3.5. The changing labour supply of women and emergent recruitment problems in some 'care' jobs.**

Traditionally the home care services have relied on recruiting women in their thirties or older who have children or elderly relatives, many of whom are labour market re-entrants looking for a local part-time job with hours that fit with their family responsibilities. Until recently the job mainly involved domestic tasks and companionship for older people, similar to the familiar, informal care provided by most daughters and daughter-in-laws. This familiarity with the kind of tasks involved, and perhaps existing contact with some of the elderly clients in their neighbourhood, may have been one of the attractions of the job, particularly for those women with few formal qualifications or limited prior alternative employment experience.

The pool of women who are looking for the kind of working conditions that home care services offer is shrinking. One reason is that a growing proportion of younger generations have higher qualification levels, different labour market expectations and more continuous employment patterns so that the pool of 'women returners' seeking local part-time jobs has tended to decrease. The other reason is that many women do still seek local part-time jobs but the changing content and working-time arrangements of home care service jobs may make these jobs less attractive compared to other alternatives with broadly similar employment conditions.

More generally, the appeal of 'care' jobs may be falling for younger generations of women. This may be due to a combination of deteriorating employment conditions relative to other labour market openings, and perhaps a looser equation between female identity and care work than prevailed in previous generations when the 'housewife' role held more sway. For example, nursing is also facing a recruitment crisis in the UK as fewer young women opt to train for this career, compounded by poor retention rates for those who qualify.

#### **4. The Case Studies**

Research was carried out in two local authorities to obtain a closer understanding of how the various changes in national policy and service demand were impacting on the delivery of home care services. The main developments revealed by this research were as follows.

##### **4.1. The restructuring of operating hours and working-time arrangements**

In both local authority agreements full-time hours are defined as 37 hours for all employees. Part-time employment has been established as the dominant contractual arrangement in home care services for many years, and currently over 80% of home care employees in both cases have part-time contracts for 30 hours a week or less. Over 90% of the home care employees are women.

Contracts are almost exclusively open-ended rather than fixed-term, in line with public sector agreements. There is little impetus to use temporary workers in this service for several reasons. Firstly, because the high turnover is seen as producing a discontinuous, lower quality form of service. Secondly because subcontracting to the private sector provides a 'buffer zone' for variation in labour needs, and where contracts are more precarious as a result. Finally, the employment protection offered to employees with indefinite contracts is comparatively weak and hence dismissal costs are relatively light in the UK by international standards, albeit that job security is higher for public sector employees.

Both case 'A' and case 'B' faced an increased demand for home care services, and within this a growing requirement to provide services in the evenings and weekends. As a result working-time restructuring has been a major issue for local industrial relations in recent years, organised around the continued use of part-time contracts. The implementation of this restructuring has been managed in different ways in the two case studies, reflecting the different local contexts.

Case 'B' has phased in new working-time contracts gradually with new recruits, while retaining existing employees on the old contracts. This strategy was adopted to avoid industrial conflict and in the context of the need to retain the existing workforce because of recruitment difficulties due to buoyant local labour market conditions. Within the 'best value' competitive framework the local authority was committed to trying to maintain in-house provision rather than subcontracted services by ensuring that in-house providers could compete successfully on price and quality comparisons.

In case 'A' working-time restructuring had begun more recently and rapidly. The contracts of existing home care workers were being re-negotiated to introduce contractual requirements to work evenings, weekends, and greater scope for the employer to develop a wider range of schedules. For example, 80% of the existing workforce had no contractual obligation to work between 4pm and 10pm. The context of this drive for working-time restructuring was that

increased operational flexibility was required to compete with the growing use of subcontracted private companies by the local authority's home care purchaser section. Otherwise job losses were projected in the near future. The reorganisation was unpopular among the home care workers, exacerbated by the limited alternative job opportunities in the stagnant local economy, and the managers who were driving this organisational change were mindful of the need to circumvent the possibility of industrial dispute.

In both cases, the new working-time contracts being implemented are exclusively part-time of 30 hours or less, which means that up to seven additional overtime hours can be worked before the 37 hour full-time threshold for overtime premia is reached. The new contracts also make home care employees contractually obliged to be available to work between 7am-10pm, including weekends. In case 'B' the schedule adopted is a four person rota providing morning (8-2pm) and evening (4-10pm) cover, five days over seven. A broadly similar rota is planned for case 'A' and is under discussion with the workforce. Under these new working-time systems there are no premia additions for working evenings, weekends or bank holidays, in exchange for a higher, consolidated basic rate. The new work schedules has been designed to reduce overtime work, and where extra hours are worked these will be at basic hourly rates rather than overtime premia rates. In contrast, although most of those on the old contracts are also part-timers they generally have fixed hours schedules that fall between 9am-3pm. Premia additions were paid for evening and weekend work, and these hours of work were largely voluntary rather than a contractual requirement.

#### **4.2. The changing content and pressure of home care service jobs**

One major change is the increased 'task and time' Taylorisation of home care jobs, and closer management of service delivery. The care plan for each client details the tasks to be done and how long each task should take as a basis for budget calculations, using precise 15 or 30 minute time allocations. This development is in line with the requirements of the Community Care Act (1990) for a functional division between purchasing and providing departments and customised, individual 'care packages' and the financial framework of subcontracting comparisons and budget limits discussed above.

A second change is in the content of home care services. The 'pensions and shopping' model of home care is being replaced by one which focuses upon personal care tasks rather than domestic help. This shift in the nature of the job includes more health-related functions, such as the supervision of medication and lifting elderly persons. This is a result of the increased targeting of service provision on those most in need of assistance (the oldest and most frail) yet for whom it is still feasible and cost-effective to care for in their homes rather than in residential (domiciliary) homes.

A third, related change is service innovation to introduce specialised home care services to help older people maintain or regain their independence and so reduce their need for home care services. One case study had introduced a 'well check' service which provides a comprehensive review of the older person's health, nutrition, home security and so on to maintain their independence. The other had introduced an intensive 'rapid rehabilitation' service of intense finite support during recuperation from illness or injury.

Home care workers and their line managers identified a number of tensions arising from the precise detail and time-budget of care plans devised by the purchasing sections. The care plans were not sufficiently flexible to accommodate the needs of the client because the

specifications did not allow enough time for daily variation in health (e.g. more time needed to help the person get up), ad hoc tasks (e.g. changing light bulbs) or intangible social care (conversation, companionship). The workload had become more intense and hurried, with less time for social care, and a loss of autonomy for the worker. The functional split between service purchaser and provider also meant that the provider team no longer had the ability to adapt the care plan as the client's needs changed. Instead, the service purchaser had to be notified and a formal review undertaken, and in the intervening period the discrepancy between the actual and required care plan affected the service quality and morale of the worker.

### **4.3. Tentative developments in training, professionalisation and career enhancement**

Connected with the changing content of home care jobs in recent years, reflected in the job title being changed from 'home help' to 'home care worker', some changes have started to take place in the training and career structure. There is a growing emphasis on skill enhancement and professionalisation, but this has not been accompanied by increased wage levels.

Previously there were no formal skill requirements to enter home care work. The government has recently introduced the requirement that 50% of home care workers are trained to NVQ (National Vocational Qualifications) level 2, within five years, as part of a wider government initiative to increased formal vocational training. It is the responsibility of local authorities to meet this target. This initiative has the benefit of given home care workers the opportunity to increase their skill levels and obtain a formal qualification. However, there are a number of problems associated with the implementation of this training. Firstly, the home care managers explain that the pressure of service organisation and delivery makes it difficult to achieve the requisite training in the allotted period. Secondly, many of the older and more experienced workers are unwilling to undergo training. This stems partly from a resentment about being formally trained to do something that they are already doing, partly from dissatisfaction at the overall changes in the organisation of their jobs (working hours, 'time and task' intensification, growing emphasis on personal care rather than domestic and social care that prevailed when they entered the job, etc.). It is also because there are few incentives since the rewards from training are limited due to the underdeveloped career ladder and narrow wage structure for home care workers.

A new grade of 'senior home care worker' has been introduced which provides one step on a career ladder. This grade has been created to help managers run teams of home care workers in one authority, and in the other they have specialist tasks rather than line management responsibilities for home care workers. However, the pay is only a little higher than that of home care workers. The subsequent opportunities for advancement into management are currently limited. The entry requirements for managerial grades are also changing, with a growing emphasis on management skills alongside social work qualifications.

### **4.4. Recruitment difficulties in tight local labour markets**

There were recruitment problems for the local authority situated in a buoyant local economy, despite recent sustained and highly publicised recruitment drives. Home care managers and workers thought that the changing job content, intensity and working-time schedules were reducing the attractiveness of home care work relative to some alternative jobs competing for the same pool of women, such as some retail jobs. Some home care workers suggested that regular evening and weekend work might be attractive to some groups of women but that

requiring everyone to provide this cover through rotating shifts was particularly problematic. The blanket use of part-time contracts combined with the reduced opportunities for overtime meant that home care jobs were now even less attractive to those who want full-time hours.

## **5. Concluding remarks**

Due to the increasing service demands, tighter financial constraints, and market competition public sector home care services are being reorganised and more closely managed and costed. On one hand, the jobs of home care workers have become more onerous, less autonomous, and involve more evening and weekend work. On one hand, there are some steps being taken to professionalise home care work by creating more formal training and skills enhancement and the introduction of a small promotion ladder. These developments may raise the status of the occupation, but the success of this strategy is likely to be undermined by the lack of planned initiatives to raise the wages of this low-paid manual occupation. Given that a growing proportion of home care services are subcontracted to private companies whose competitive edge is at least in part due to lower wage costs than in the public sector then across the service as a whole the remuneration of this occupation is deteriorating. There are recruitment difficulties in some parts of the service and this may become a problem in other localities if the recent expansion of government funding of childcare services - concentrated in daytime and on weekdays - reduces the proportion of mothers looking for local, part-time jobs.

Some technological innovation in the service has taken place, such as new forms of equipment to assist older persons, and the increased use of mobile phones by some home care workers, but compared to Finland, for example, it is limited (see this volume). Few home care workers have driving licenses, and unlike the situation in Finland, there is no policy discussion about the development of 'smart' houses or the use of the internet by home care workers and service users.

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