Service economies: high road or low road?

Fourastié, writing in 1949, heralded the transition from the industrial to the service society as the great hope of the twentieth century. After a long period of economic crisis and social conflict, the advent of the service society would, he argued, usher in a period of economic, social and political stability. The ‘hunger for services’ was insatiable, so that all workers who lost their jobs as a result of structural change would find new and possibly even better employment. For many other observers as well, services were the better activities. They came to be associated with more pleasant working and employment conditions, such as higher pay, a clean work environment, fewer stresses and strains, greater opportunities for employee participation or higher qualification and skill requirements. Furthermore, they were said to offer women better employment opportunities and to be ‘intended to produce benefit or well-being for the recipient, either affectively or cognitively’ (Gartner and Riesman 1974: 33). Daniel Bell (1973: 15) made a distinction between conventional services, such as retailing, transport and banking and finance, and post-industrial services, such as health, education and research. He predicted that the latter would grow particularly strongly, and with them the qualifications and skills of the new technical elites.

The academic debate on working and employment conditions in service activities reflected the spirit of the times in the period following the Second World War. Many generations of industrial workers hoped their children would have a better future and supported them as they moved into service occupations, which they saw as a form of upward social mobility. The image of service work has now become tarnished to some extent. That many service jobs are poorly paid and offer no promotion opportunities or security of employment are facts that cannot be ignored. The industrial age of mass production, which many industrial workers were all too keen to leave behind them, is now even glorified as a ‘golden age’ because of the full employment that then prevailed. This of course ignores other, less appealing characteristics of that period, such as the inherent rigidity of the Taylorist mode of work organization, which offered workers virtually no scope to influence working practices, or the physical arduousness of manual work, which meant that many workers did not reach the normal retirement age.

Idealization of the past makes it easier to dramatize the anticipated break in a previously continuous process of industrial development. Many authors today associate the transition to the service economy with the beginning of a period of uncertainty and instability arising out of the destandardization of employment relationships. Such destandardization seems almost to arise out of the very nature of services and of a society organized around their production, which marks a profound break with the era of industrial mass production. Differentiated consumer expectations have made customer orientation the key element around which the successful organization of service activities revolves. Personnel flexibility – not least with regard to working hours – is said to lie at the heart of this customer orientation. However, as a result of greater differentiation of personal situations, employees’ expectations of their working and employment conditions have also become considerably more individualized compared with the relatively homogeneous set of employee interests that were regarded as a typical feature of the large-scale factories of the twentieth century.
In the light of this differentiation, the standard forms of regulation governing employment and working conditions that emerged in the industrial age are assumed no longer to exist, or at least only in considerably attenuated forms. Full-time employment for life, with stable companies and regulated labour markets protecting workers from the risks of the market, is said to be a remnant of the long lost ‘golden age’ of industrial capitalism in the decades after the Second World War, and one that is doomed to extinction. Castells, for example, forecasts that ‘the traditional form of work, based on full-time employment, clear-cut occupational assignment, and a career pattern over the lifecycle is being slowly but surely eroded away’ (Castells 1996: 268). Carnoy et al. (1997) see traditional employment forms being replaced by ‘human capital portfolios’.

Ultimately, this raises the question of what place there will be in the world of work of the future for uniform labour standards, whose function is to take the establishment of basic employment and working conditions for all employees out of the sphere of competition and market processes, thereby ‘decommercialising’ (Briefs 1927) or ‘decommodifying’ (Polanyi 1957) labour. At the macroeconomic level, labour standards are regarded as virtually an obstacle to raising the employment rate to the USA level. The message of many mainstream examinations of the service society is that a highly developed service sector is not compatible with rigorous labour standards. Rather, such tertiarization requires the acceptance not only of differentiation but also of a polarization of employment and working conditions. The choice, it is argued, is between high unemployment in Europe or high inequality in the USA.

In this way, the demand for a stronger service sector is surreptitiously taking on the status of a programme with wide-ranging implications. It is becoming nothing less than a vehicle for a levelling of the institutional differences between the various forms of capitalism, which in turn suggests that the social compromises of the twentieth century are fragile. Ultimately it has to be decided whether structural change is forcing very different national employment models to converge towards a single competitive model characterized by high levels of inequality or whether service work, like industrial work before it, can be organized in different ways with similar levels of economic success. Both development paths bring into play the relationship between labour and product markets. On the so-called ‘high road’, there is a positive reciprocal relationship between the manufacture of quality products, high service quality and good employment conditions, such as reasonable pay, good social protection and high skill levels. This development path is underpinned by institutions that open up longer-term investment prospects in both markets. On the ‘low road’, a vicious circle is created by the combination of short-termism in the markets, encouraged by a weak institutional framework, and poor working and employment conditions (Sengenberger and Campbell 1994).

In order to break away from deterministic convergence theories and the associated ‘certainties’ about future development, it is necessary to examine the differences in the development of employment and work in services in different countries and in different industries and to identify the causes of this diversity as well as any possible opportunities for alternative development paths. The aim of our EC-funded project on new forms of work in the service economy (NESY), the results of which are presented
in the present volume, was to contribute to this effort. The project was intended to provide answers to the following three questions:

1. Must we really accept greater social inequality in order to extend the service sector or is the so-called ‘high road’ development path a real option?
2. Does an increase in service activities necessarily go hand in hand with the destandardization or even polarization of employment and working conditions?
3. Are service societies and service work converging towards a single, uniform model?

Since the theories alluded to above concern both the macro and micro levels, analyses at both levels are required. Our project was in fact characterized by precisely this combination of macro and micro-level analysis. The macro-level analyses will be found in Part I of the book. At the micro level, case studies on the organization of service work were carried out in various industries. In order to obtain as broad a picture as possible of the reality of service work, a distinction was made between well and poorly paid jobs in both old and new and public and private services. Case studies were carried out in five different industries in a total of ten countries, although not all the industries were investigated in all countries (see box). Individual teams report on the results of the country studies in a total of five comparative industry studies in Part II of the book. Part III, finally, takes up several cross-cutting themes that emerged from the case studies in the five industries and that were addressed in the industry studies.

The NESY case studies:

- Home care for the elderly: country reports on Finland (Antilla and Nätti), Sweden (Anxo and Nyman), Denmark (Csonka and Boll), the UK (Fagan and Nixon), the Netherlands (Plantenga, van Everdingen and Remery) and Italy (Degasperi and Villa). Two local organizations providing home care for the elderly were surveyed in each country. Dominique Anxo co-ordinated the research and compiled the summary report together with Colette Fagan.
- Hospitals: country reports on Sweden (Anxo and Nyman), the UK (Rubery, Smith and Caroll), the Netherlands (Plantenga and Remery), Belgium (Plasman and Lumen), France (Piovesan) and Italy (Villa and Zeni). The research teams in each country conducted surveys in two public hospitals and more specifically in two departments: gynaecology & obstetrics and orthopaedics. The population surveyed was that of medical care staff other than doctors, i.e. nurses, nursing assistants and midwives. The summary report was compiled by Christophe Baret, who also co-ordinated the research.
- IT services: country reports on Finland (Antilla and Nätti), Denmark (Csonka and Boll), the UK (Smith), the Netherlands (Plantenga and Remery) and Germany (Voss-Dahm). In each country, the IT companies studied all had their core business in the field of systems development, analysis and software services. The case studies included small as well as large IT firms. In four countries, we had access to the same global company. The summary report was compiled by Janneke Plantenga and Chantal Remery, who also co-ordinated the research.
- Retail trade: country reports on Finland (Antilla and Nätti), Sweden (Anxo and Nyman), Denmark (Boll), Germany (Haipeter), France (Jany-Catrice and Pernod-Lemattre) and Portugal (Castro, Figueiredo and González). Two case studies were carried out for each country, one in a hypermarket and self-service supermarket and one in a clothing store; these included two European clothing chains. Steffen Lehndorff co-ordinated the research and compiled the summary report together with Florence Jany-Catrice.
- Banking: country reports on Germany and France by Thomas Haipeter and Martine Pernod-Lemattre, who also compiled the joint summary report. Two banks were examined in each country, each one represented by one high street branch and one telephone banking service.

The results of the cases studies are documented in Mermet and Lehndorff (2001)
Our aim in this introduction is to outline the most important findings contained in the various contributions to the book and to explain how they help to answer the three questions that formed the starting point for the project.

DIFFERENT SERVICE SOCIETIES IN EUROPE

‘Even in an optimistic forecast, it cannot be supposed that the tertiary sector will employ more than 85 per cent of the economically active population, which would leave only 5 per cent for agriculture and 10 per cent for manufacturing’, wrote Jean Fourastié in 1949 (2nd German edition 1969: 113). True, more than half of all employees in European Union (EU) member states work in the service sector or in service occupations. However, Fourastié’s assumed upper limit for the evolution of service-sector employment has not to date been reached by any European country, although a few countries are rapidly approaching that level.

In their first chapter, Bosch and Wagner use a number of indicators to describe the various service societies of the EU, identifying the features they have in common and the differences between them. As might be expected, the degree of tertiarization differs considerably, not only in sectoral but also in functional terms, although the differences are greater than anticipated. The rapid growth of functions such as design, research and development, marketing and customer services means that the volume of services produced within manufacturing industry is also increasing. However, the differences in the shares of service activities depending on whether a functional or sectoral viewpoint is adopted are greater in some countries than in others. This is due to differences in the industry and product mix and in country-specific forms of the division of labour within and between firms.

The two indicators of tertiarization mentioned so far take account solely of the number of employees. And yet similar employment rates may conceal different volumes of paid service work, since the shares of part-time employment in the service sector and full-timers’ working hours vary from country to country. In order to clarify these differences, Bosch and Wagner introduce a new indicator into the debate, namely the volume of service work per economically active person. This indicator makes clear the considerable differences between countries in the degree of tertiarization. Thus in Denmark, the country with the highest value for this indicator, the volume of paid service work, analyzed in sectoral terms, is around 50 per cent greater than in Italy, the country with the lowest value. Even within the EU, therefore, service societies differ considerably.

How can such differences between countries be explained? The theories advanced to date, which have tended to be universalistic in character, have adduced differences in levels of economic development as the main reason for national differences in service sector development. It is assumed in these theories that, as incomes rise, employment shifts towards services, because of both the positive demand and the productivity bias (Klodt et al. 1997; Anxo and Storrie 2001: 27). The positive demand bias means that, as household incomes rise, a growing share of that income is spent on services, once basic
needs have been met. Fourastié spoke of an ‘insatiable need for the tertiary’ (p. 112), which develops when the basic needs for food and manufactured goods have been satisfied. At the same time, since service activities are less easily rationalized than agriculture and manufacturing, the productivity bias works in favour of service employment. Those who take an optimistic view of economic growth have not tended to regard the lower productivity increases associated with increases in the relative cost of services as an impediment to growth. Finally, reductions in the price of food and manufactured goods free up purchasing power for services. Since demand for services really takes off when the other basic needs have been met, they are to some extent luxury items that cannot be afforded until a certain level of prosperity has been attained and which themselves help to improve well-being.

This optimistic view of the future evolution of services has now become considerably more troubled. At a very early stage, Baumol (1967) advanced the notion of a ‘cost disease’ afflicting services, which are labour-intensive and resistant to rationalization, particularly when wage increases in the service sector keep pace with those in the more easily rationalized manufacturing sector. Since the services in question were primarily public services, which in the USA are provided by municipal and other local authorities, he forecast that city finances would enter a period of crisis, a prophecy that was later to come true. Apart from Baumol himself, many economists have subsequently suggested that this obstacle to growth could be overcome to some extent by greater wage differentiation, particularly low pay rises in labour-intensive services. Gershuny (1978), on the other hand, saw higher price rises for services as a reason to substitute industrial products for services and to develop a self-service economy.

Both the optimistic and pessimistic visions of the service society shared a universalistic approach that has only been challenged in recent years. Esping-Andersen (1990) identified various types of welfare states. Depending on the welfare state regime and household structures, personal and social services in advanced societies can be provided within the family, via the market or by the state. The convergence that the universalists argued would take place as prosperity increased was thus called into question, with the coexistence of different types of service society being regarded as possible.

In their second chapter, Bosch and Wagner tap into these theoretical debates to develop a multi-dimensional explanatory model of the development of services that also makes it possible to go beyond the nature of the welfare state regime in interpreting national differences. To this end, they examine the influence of a wide range of factors on service employment by correlating the volume of work in services as a whole and in individual sub-groups with various influencing factors. They show that the transition to knowledge-intensive, high-quality production in the manufacturing sector is one of the most significant forces driving the growth of business-oriented services, that shorter working times in service activities increase the employment intensity of growth and that many EU member states have specialized in the international division of labour and are exploiting their comparative advantages. Probably the most striking correlation is that between women’s employment and social services. The outsourcing of services from households is one of the most important sources of growth in social services. However, many of these social services suffer from cost disease because they are highly labour-intensive. Yet, because of their paramount importance in the formation and maintenance
of human capital, they cannot be left entirely to the market. Without accepting a loss of social cohesion and capacity for economic development, the state cannot allow such services to be unavailable to large numbers of its citizens on cost grounds. Consequently, various instruments have been put in place to ensure that all citizens can avail themselves of such services. They range from the provision of services free at the point of delivery via social security to support for low-income households. Service quality, employees’ working conditions and the possibilities for expansion are all strongly linked to the definition of public goods and the level of social expenditure and ultimately, therefore, as Gershuny (1978: 91) has pointed out, to political decisions.

Probably the most surprising finding of the empirical analysis is the negative correlation between the level of service employment and high income differentiation. Up to now, the high income differentiation and social inequality that characterize the USA have been regarded as the price that has to be paid by countries seeking a similar employment dynamic and the same high employment rates as the USA. The fact that countries such as Sweden, Denmark, Norway and Finland have employment rates similar to those in the USA, but with less social inequality, has been ignored. Because working times are longer, similar employment rates in the USA conceal the existence of a significantly larger volume of work. The high-volume service economy in the USA, in which economic pressures force every economically active individual to offer more hours’ labour than in the EU, requires the weakening of all institutions, such as the welfare state and trade unions, that restrict the supply of labour. On the other hand, the shorter working times in many European countries permit a combination of high employment rates and a highly developed self-service economy.

The principal aim of the first two chapters was to describe and explain the different level of service employment in Europe. Mark Smith, for his part, is concerned with the dynamic of employment growth in Europe in the 1990s. He shows that in all EU member states service industries made the greatest contribution to employment growth, not only among women but among men as well. Only in a few countries (e.g. Italy or Portugal) did the top five job-creating industries include activities other than services, such as construction. The industries in which job creation was strongest were health and social work (NACE 85), business services (NACE 74), education (NACE 80) and computer and related activities (NACE 72). Next in line were retailing and hotels. Thus the growth areas included both high valued-added, well-paid activities, such as business services or computer and related services, and low valued-added, poorly paid activities. True, low valued-added activities offer good employment opportunities for new labour market entrants, but they hold out little prospect of promotion and, above all, little in the way of job stability. This is illustrated by the fact that the retail trade is included among the top five only if the analysis of job creation is based on the number of new entrants or returners to the labour market, that is on the short-term employment dynamic. If it is based rather on the net job increase over the medium term, then IT services replaces retailing in the rankings.

Smith further investigates whether the growth of services is connected with the increase in non-standard employment forms. Here too, there are striking differences between the countries. In countries with high levels of non-standard employment forms, such forms are found throughout the economy and not just in services. Moreover, the share of non-
standard employment forms is not increasing in all countries. In the Scandinavian
countries, for example, the share of part-time workers has been declining for a number
of years. With such heterogeneous patterns of development, therefore, there can be
nothing in the nature of services themselves that might account for the high share of
temporary and part-time employment in service activities, as is frequently argued in the
literature (Townsend 1995: 15).

One reason for the different levels of temporary employment is differences in national
labour standards and forms of labour market regulation. The greatest differences
between countries in the level of service employment and in the most widely used forms
of employment are to be observed among women. In her chapter on services and
employment prospects for women, Alexandra Wagner shows that part-time employment
among women depends not only on the degree of equality women enjoy in working life
but also on national approaches to the work/life balance. True, part-time rates are higher
in services than in manufacturing in all EU countries, and the overwhelming proportion
of new jobs for women are part-time. However, it cannot be assumed that a triangular
relationship between services, part-time work and women’s employment exists in all
countries. Service work is not necessarily part-time work, as is proved in the industry
studies in Part II of this present volume, nor is women’s work necessarily part-time
work. However, institutional arrangements in the labour market, as well as tax, social
and family policy, can offer strong incentives for women to opt for either full-time or
part-time employment. Of particular significance are, firstly, the level of childcare
provision and the length of the school day, secondly, incentives in tax and social
security systems that support either the classic single male breadwinner model with
derived social security entitlements or more egalitarian forms of the gender division of
labour and, finally, the level of women’s pay relative to that of men. The whole set of
institutional incentives and the underlying notions of men’s and women’s roles in
society have given rise to various models of the gender division of labour, which
These models are linked not only with different employment forms for men and women
but also with differences in the size of the service sector.

Certain employment policy conclusions can be drawn from the results of the four
macro-level studies in the first part of the book. The EU’s ambitious goal of raising the
employment rate within the Union to 70 per cent by 2010 will not be achieved with
simple remedies, such as wage differentiation. Countries with a more evenly balanced
earnings structure, such as the Scandinavian countries, have the highest employment
rates in Europe and have already exceeded the EU target figure. This is expressly
referred to in the interim report on implementation of the EU’s employment strategy
(Employment Taskforce 2004). Moreover, the share of non-standard employment forms
is declining in these countries, and in any event part-time work has long been coupled
with high levels of social protection in the Scandinavian countries and has become a
normal part of individuals’ employment histories, increasingly in alternation with full-
time employment.

In other countries, particularly the Continental and Southern European countries, the
greatest potential, in addition to specialization in the international division of labour,
lies in the development of women’s employment and in innovation policy. If such an
approach is to bear fruit, knowledge-intensive manufacturing has to be encouraged and
the quality of service provision has to be ensured. Overcoming the cost disease that
afflicts important social and personal services through the introduction of new welfare
state instruments is a valuable starting point. The social sphere is not an obstacle to but
rather a possible source of economic development.

As knowledge plays an increasingly important role in economic development, services
that help to develop and maintain human capital have become a focus of attention. The
main activities involved here are education, training, health and care services. Making
explicit reference to the increasing importance of human capital in member states’
economic development, the OECD and EU, for example, have begun to compare and
assess education systems and to make recommendations for reform. Since high-quality
social services cannot go hand in hand with low pay and unreasonable working
conditions, the debate on wage inequality is beginning to shift somewhat.

As a result, increasing attention is being paid to the quality of service jobs. This is the
theme of the industry studies that make up the second part of the book.

THE DIFFERENT WORLDS OF SERVICE WORK

In their traversal of the different worlds of service work at company level, the industry
teams used common guidelines to investigate the demands the market typically makes
on organizations in the five industries, the characteristics of work organization,
employment and working time structures and industrial relations. The industries
selected for investigation could not be more different from each other with regard to
work requirements and employment forms and conditions. The retail trade, on the one
hand, and IT services, on the other, represent the two poles of service work, namely
‘simple’ services and ‘knowledge-intensive work’. Two further areas – customer
services in banking and hospital nursing – represent classic service activities with
intermediate skill levels, while home care services for the elderly are an example of a
relatively new service activity in which an occupational labour market is rapidly gaining
in importance. Thus constituted, our sample enabled us to identify the major,
contradictory trends currently at work in service work: standardization and
responsiveness to individual customer preferences, self-organization and
‘Taylorization’, deskilling and professionalization. The only characteristic shared by the
five service activities investigated is that they all involve ‘front-line work’. Since such
work is ‘people-centered, albeit frequently mediated by technology’, it encompasses
interaction with customers in the creation of the end product (Frenkel 2000: 469).

When we set about analysing the five activities, we agreed on an analytical framework
that facilitated the task of identifying the factors shaping work in the five industries in
our sample. Our aim was to take account not simply of industry effects but also of a
wide range of societal influences (Maurice et al., 1986). Figure 1 shows one of the ways
of describing this framework. Let us look briefly at the four spheres of influence,
beginning top left and proceeding in a clockwise direction.
First, the nature of the product and the specific characteristics of the market in which that product is offered are crucial factors in shaping service work. Account has to be taken of how the product market is regulated. In more and more areas, such regulation depends on EU guidelines.

Second, service organizations operating in these markets draw on a particular supply of labour to produce their services. This brings into play labour market institutions, which directly structure and regulate the labour supply and relations in the labour market. Companies and public-sector service organizations must adjust to such institutions, but can at the same time help to change them.

Third, the recruitment of female workers is particularly important in many service industries. Consequently, the organization of service work is strongly influenced by the gender relations and household structures prevailing in a given society, together with the related cultural attitudes and the type of welfare state.

Fourth, these spheres of influence do not determine, for example, the organization of service work; rather, they influence the management policies adopted in service organizations. The way in which management processes the signals emanating from the external environment shapes the conditions under which service work is performed in these organizations.

The various spheres of influence are connected to each other. Product markets and consumption patterns are influenced by income distribution, and these in turn are shaped by labour market regulation, corporate strategies, the welfare state and other areas of state policy (Froud et al. 1997; Anxo and Storrie 2001). The labour supply
depends on, among other things, demographic changes, income distribution, labour market institutions, tax and social security systems and other welfare state institutions. However, it also reacts to company personnel strategies. Another example is the role of the state, which is both directly active in three spheres and at the same time restricted in its freedom of action by, among other things, the labour market, income distribution and corporate strategies. Thus there are not only one-sided dependencies between the four spheres of influence and the organization of service work, but interdependencies as well. These are liable to change over time, which may give rise to discontinuities and to shifts in development paths.

Against this background, the five chapters in the second part seek first to identify the factors that contribute to the formation across national boundaries of typical industry profiles of service work in each of the five areas of activity. These include the competitive environment and budgetary restrictions impacting on working and employment conditions, changes in qualificational and skill requirements, employment and working-time forms and the main trends in work organization in each of the five industries. Supermarket checkout operators in Lisbon are subject to more or less the same conveyor belt conditions as their counterparts in Copenhagen. Nurses in Gothenburg are affected by the same cost-saving imperatives as their colleagues in Rome. Software engineers in Helsinki have to contend with markets that are just as fiercely competitive as those in which their counterparts in Manchester operate. Let us look briefly at these five service activities.

Home care services for the elderly (Dominique Anxo and Colette Fagan) are emerging as a rapidly growing industry positioned between the two traditional forms of care for the elderly, namely residential care or nursing homes and privately organized care within the family. This development has gone hand in hand with a pronounced trend towards the professionalization of this kind of care, which has led to the emergence for the first time of an occupational labour market of some size. In the countries investigated, the nature of home care provision has hitherto been determined to a large extent by local authorities, either as providers or regulatory bodies. However, private providers are playing an increasing role. The boundaries between informal and professional work in this industry are still ill-defined. As a result, the professional status of employees is not unambiguous or uncontested and there is a considerable degree of diversity in both organizational structures and the forms taken by the division of labour. Home care services are only just emerging as a major industry, but this development is taking place in an environment characterized by scarce public funds, considerable experimentation with structures on both the supply and demand sides, very high labour turnover and enormous labour shortages.

Hospital nursing services (Christophe Baret), on the other hand, have long been the preserve of professionally qualified staff and the job description and work requirements are regarded as clearly defined. Nurses in hospitals provide a round-the-clock service and the work places considerable demands on their commitment and ability to work under pressure. The need to deal with new technology and the devolvement of responsibility for budgets and work processes emphasize the increasing skill requirements, but restrictive public expenditure policies have led to staffing levels becoming one of the favoured targets of cost-reduction measures. A gulf is opening up
between the responsibilities placed on nurses' shoulders and the ethos of their profession, on the one hand, and the staffing levels with which they are expected to work, on the other. This is giving rise to increasing tension in the workplace and, in some cases, the departure of skilled workers from the sector.

Three distributive or business-oriented areas of service activity stand in contrast to these two social services. Here too, one of them – IT services (Janneke Plantegna and Chantal Remery) – is a recently established industry. This business-oriented service activity may be carried on within large-scale industrial structures but also in small, independent service organizations. Software development and support require a high degree of technical skill and autonomy in order to deal with the demands of the work. An organizational environment in which greater than average reliance is placed on ‘total commitment’ on the part of employees encourages the especially long working hours for which this industry is notorious, which in some cases escape all formal regulation. For some observers, this makes the sector a trailblazer pointing the way to the world of work of the future; however, it does not make it any more attractive for the new recruits, particularly women, that the industry urgently requires in order to stabilize its long-term development.

Sales work in large retail stores (Florence Jany-Catrice and Steffen Lehndorff) constitute the opposite pole to IT services, the flagship of the new economy, and is regarded as a standard example of ‘simple’, poorly paid service work. Work in this large-scale business, exposed to intense price competition, is largely the preserve of women in the low and intermediate qualification/skill segment. There is a great demand for time flexibility in the industry, which has played a leading role in the expansion of part-time work. The rationalization of goods management and branch organization is strongly influenced by Taylorist models, with the result that standardized activities organized around a highly detailed division of labour play a major role and the fragmentation of employment and working times is proceeding apace. At the same time, however, sales staff in large retail outlets have increasingly to ensure that the goods management system is functioning smoothly and to know where and when they are needed, in order to prevent customers drifting off to the competition. They have to manage this against a background of extremely tightly calculated staffing budgets and are therefore doing a job that can be described as ‘simple’ service work only with reservations.

Customer services in high street banks (Thomas Haipeter and Martine Pernod-Lemattre), on the other hand, have traditionally been associated with a high share of full-time employment and high skill and qualificational levels. Here too, however, nothing is the same as it once was. The banking industry is undergoing radical change and new areas of activity such as call centres are calling into question the job profile normally associated with customer services. Bank employees are no longer ‘counter clerks’. Rather, they are becoming entrepreneurs within the company, making appointments with their customers and submitting offers to them. Their careers depend on the volume of sales they make to these customers. At the same time, routine mass business is being increasingly differentiated from customer advice services, which in turn is leading to the emergence of more sharply contrasting working time and employment structures.
However, over and above such industry-wide characteristics, pronounced differences between countries and their national profiles can be discerned.

Let us begin with the retail trade. When French researchers investigate retailing in their own country, they assume – quite naturally of course – that the retail trade is dominated by part-time employment. From the perspective of their German or Danish colleagues, however, the French retail trade seems to be characterized rather by full-time employment, since retailers in France are encountering considerable resistance in the labour market to their objective of expanding part-time employment. True, the part-time rate is increasing everywhere, but at very different levels. If German or Danish researchers investigating the retail trade had believed that very short, fragmented working times were virtually a law of nature in a mass-market service industry characterized by very high time flexibility requirements and intense price competition, then the large firms in the highly rationalized and relatively profitable French retail sector, in which part-time rates are only half those in Germany and Denmark and part-timers in any case work considerably longer hours, pose a number of riddles.

Such differences in national profiles are not confined to the retail trade. Part-time rates in hospitals, for example, differ from country to country in very much the same way as they do in retailing. In this case, however, the differences are associated with very different management strategies. In some countries, retail managers complain that part-time rates are too low. Hospital managers, however, are trying to prevent trained nurses, who are in any case in short supply in the labour market, from opting to work part-time. Their efforts have met with only limited success, since the differences between countries with high and those with low part-time rates persist. And in the banking industry, where market strategies are increasingly geared to globalized financial markets, comparison of France and Germany reveals considerable differences in personnel strategies. German banks rely to a greater extent than their French counterparts on their employees’ functional flexibility, since they are able to draw on a more highly developed system of vocational training.

We also encountered differences in employment structures caused by the level of professionalization in home care services and the use of outsourcing in such disparate sectors as care of the elderly and IT services. Tasks that, in a Finnish software project, are performed as a matter of course within the team tend in the UK to be outsourced to external one-man companies. British and German software engineers also seem to be equally prey to the notion that it is impossible to survive in the industry without working long hours every week. Hence, during the dot-com boom, they could be presented in the media as the protagonists of the world of work of the future, so committed to their professional goals that they would even, when necessary, set up a camp bed next to their computers. In contrast, the working time structures of Finnish software engineers differ much less from the average for the service sector as a whole in Finland. IT projects there are planned on the assumption that the specialists charged with implementing them will not work much longer on average than 40 hours per week. Are Finnish software house perhaps operating in a less intense competitive environment, while collective agreements and health and safety legislation are
‘necessarily’ becoming obsolete at their German or British counterparts? In view of the fact that the Finnish IT industry is a world leader, this would seem unlikely. The industry chapters provide an initial answer to the question posed at the beginning, namely whether the increase in service activities automatically goes hand in hand with the destandardization or even polarization of working and employment conditions. As the overlapping industry and country profiles show, it is only under certain political and institutional conditions that service work is associated with increasing social inequality and the polarization of employment conditions and of employment and working time forms. And even the differentiation of employment and working time forms does not in itself tell us very much about the extent of the decline in standardized working and employment conditions. Part-time work, for example, can be both poorly paid, second-class work offering little in the way of social protection and a temporary option that is part of the normal employment history. Finally, it is clear that working and employment conditions can also be destandardized from within, for example through increases in working time, even when the standard employment relationship remains apparently unchanged. Whether or to what extent the standard employment relationship is being eroded in what might be called a process of ‘internal recommodification’, also depends on politics, policymaking and institutions. It is precisely these overlapping processes and the forces they generate and that also act upon them that are the focus of the cross-cutting analyses in the third part of the book.

INSTITUTIONS MATTER

The four chapters in the final part of the book are concerned with the changing employment relationship in service activities, with the establishment of external and internal markets as instruments for the control of service work, with the difficulties facing trade unions in the private service sector and with the regulation of product and labour markets in services. The various chapters investigate the empirical material from different perspectives. However, they do have one common denominator, in that they all show how much the link between job quality and service quality is influenced by the institutional environment in which service work is performed.

Drawing on the empirical material gathered in the course of the project, Jill Rubery analyses the fundamental change in the employment relationship that is becoming apparent in service activities. To this end, she embarks on a thoroughgoing reformulation of labour market segmentation theory. The particular value of this approach for our investigation is that it offers an explanation for the differentiation of working and employment conditions and of job quality. The starting point for her analysis is the central role that organizations play in shaping work and structuring labour markets. And since the analysis includes a comparison of different countries, the influence of the outside world on organizational structure and policy is also brought into play. Welfare state regimes, product and labour market regulation and changes in the conditions and forms of competition all impact on organizations. In many service industries, privatization policy plays a key role. Consequently, the balance of power between employers and dependent employees, which lies at the heart of the employment relationship, is to a large extent 'shaped by both the societal system and by the new
strategies of competition’. And yet the influence of the outside world on the interior world of organizations is always mediated by management actions. Thus organizations can take advantage of changes in competitive conditions in order actively to pursue changes in the internal balance of power. Furthermore, large organizations can bring their influence to bear in order to change the institutions and competitive conditions in their external environment in such a way that they can be used to reshape the employment relationship and give greater control to management and owners. Consequently, even seemingly well-entrenched development paths via the 'high road' are repeatedly being called into question and even 'good jobs' are constantly under threat.

This analysis of the forces that influence the organization and structuring of work stands in sharp contrast to the extensive literature on best practice in organizations which, by creating local win-win situations, have improved both working and employment conditions and operating profits. Such win-win situations certainly exist, but it is debatable whether they can realistically be expected to exert much influence on the overall development of entire service industries. Whether or not practices that combine good working and employment conditions with good service quality can establish themselves in the market will not be decided solely by the play of competitive forces. Rather, Rubery regards a 'strong institutional environment' as necessary 'to push most organizations in a similar direction. … The analysis presented suggests that there is a need for re-regulation rather than deregulation if we want to improve the ability of organizations to pursue the type of high road employment and product strategy necessary to secure both European competitiveness and European living standards within the new service economy'.

In both its analysis and conclusions, Rubery's chapter sets out a critical counter-argument to the mainstream notion that, ultimately, everything is best regulated through the market. Other contributions to the book also draw attention to the consequences of a perspective and approach in which the market mechanism is seen as the highest animating or controlling principle, one that can be universally applied to the delivery of both private and public services. This is the perspective from which Steffen Lehndorff and Dorothea Voss-Dahm investigate the changing employment relationship in service activities. In this chapter too, the main concern is to analyze the connection between the inner world of service organizations and their external environment. Competition in product markets, which has been created in part by politically inspired deregulation, is being brought to bear by management on the inner workings of service-providing organizations. This trend is by no means specific to services. The just-in-time principle adopted in the automobile industry, for example, is a manifestation of the same thinking, with cars and components being produced directly to order. Like their counterparts in manufacturing, service workers are not being confronted directly by market competition but rather by economic and financial indicators and other targets, which senior management derives from its interpretation of market processes. However, many service workers deal directly with customers, with the result that they frequently find themselves stuck between a rock and a hard place, with customers on one side and the financial indicators expressing corporate business targets on the other.
However, it is not simply pressure from the product market that is being brought to bear on organizations. An important role is also being played by the increase in external personnel flexibility as a result of the extended use of so-called non-standard employment forms. They can make a significant contribution to the ‘opening-up’ of service organizations. External and internal personnel flexibility are not alternative options; rather, management can exploit the interaction between the two. Thus the internalization of external pressures can bring about radical changes within the standard employment relationship. The results-driven approach is increasingly placing dependent employees – from software engineers via care assistants to sales assistants in the retail trade – in a situation in which they themselves have to secure their jobs through careful self-management. The shaping of organizations’ competitive environment and the establishment by management of markets within service organizations are intended to expose employees to the constraints of competition and thereby induce them to increase their job performance. Resources are made scarce and more responsibility for finding a way out of the difficulties is devolved to employees. This in no way means that earlier forms of labour control have disappeared. It is true that control through the market fits almost seamlessly into an environment characterized by highly-skilled knowledge work, in which a high degree of individual autonomy in the organization of work processes can blur the boundaries between dependent employment and self-employment. However, elements of market control can gain ground even when bureaucratic, technical or direct personal forms of control (Edwards 1979) persist. And even when market control is associated with greater autonomy in work organization, such ‘empowerment’ does not extend to control by individual employees of the conditions under which they operate.

Lehndorff and Voss-Dahm emphasize the ambivalent nature of the ‘delegation of uncertainty’ to employees that goes hand in hand with the market control of labour. On the one hand, it leads in many cases to a self-managed process of work intensification, and sometimes also to work ‘extensification’, that is increases in working time made by employees acting on their own initiative. On the other hand, it is precisely in the terms ‘self-managed’ and ‘on their own initiative’ that the explosive nature of the delegation of uncertainty lies. The whole purpose of exerting control through the market is to mobilize individual employees’ problem-solving capabilities. These capabilities are quite considerable, as is shown by the daily efforts to overcome the difficulties in many service organizations that are exacerbated by scarce resources. However, this mobilization of dependent employees’ creative capacities is associated with considerable individual and social costs.

As is shown by the examples cited by Rubery, Lehndorff and Voss-Dahm and the authors of the preceding industry analyses, these costs can be reduced by an appropriate institutional and political environment. Control through the market has always to be implemented under the conditions that happen to prevail in the particular social environment, even when the objective of such control is to change that environment. True, the internal logic of market-based control tends towards the recommodification of labour, but this logic cannot assert itself fully until the countervailing social and political forces and institutional counterweights have been sufficiently weakened. However, these are not necessarily weak, nor are they enfeebled everywhere. There are certainly countervailing forces and counterweights, albeit of variable strength from...
country to country, acting against the unchecked advance of product market competition (or shortage of resources in public budgets) and the consequent impact on the working and employment conditions of service workers.

One particularly important indicator is the significance of vocational training. In all the countries under investigation, the professionalization of service work is being accompanied by the reproduction of simple activities. And yet in the course of this process, poorly paid, low-skill activities are being separated off to an extent that varies, not only from country to country but also from industry to industry. Thus, for example, a general trend towards the professionalization of home care services can be discerned. In the UK, however, this trend is only in its early infancy. At the same time, the UK is the country in which the increase in skill levels among nurses, another generally observable trend, is most evidently offset by the outsourcing of simple, poorly paid care tasks. In Sweden, on the other hand, the number of trained nurses, who today have to have a university degree, has increased in absolute terms, although the budget crisis of the 1990s led to a reduction in the total number of nursing personnel in the Swedish health care system. In several countries, the ‘upskilling’ process has exacerbated disputes about the excessively low pay levels of nursing personnel. In response, the Netherlands, for example, embarked upon a structural reform of hospital pay grades that led to the upgrading of around a quarter of all nurses.

Besides the organization of training, which is a labour market institution, service work is also influenced by product market regulation. Here too, there are considerable differences between the countries. Thus in the Scandinavian countries and the Netherlands, there is widespread outsourcing of home care services to the private sector, but the state lays down quality standards or restricts subcontracting to the provision of ancillary services. In Sweden, local authorities award care contracts only to specialist personnel with three years’ training. In a number of traditionally highly professionalized services, the concern with service quality has, since time immemorial, resulted in severe restrictions on access to the labour market. This link between access and service quality now applies to a wider circle of occupational groups, particularly in social services, and is having an effect on working and employment conditions. Labour market regulation and production market regulation, therefore, are closely linked to each other.

The role played by trade unions in the service sector in European countries impacts directly on working and employment conditions. The relatively high degree of influence wielded by the Scandinavian trade unions, even in a sector like IT services, which for the trade unions in some other countries is still more or less terra incognita, is a very significant factor in embedding labour standards such as a general 40-hour week so firmly in the wider society that even employers and employees in software houses do not regard them as completely irrelevant. The effectiveness of strong trade union influence can also be observed at the opposite end of the spectrum, in retailing. One example is the liberalization of shop opening hours in Sweden, which has led to considerably less flexibilization of individual working hours than in the UK, for example, since the trade unions were able to push through new, collectively agreed protective provisions.
Does such an example reflect a gradual erosion of trade union power or the emergence of new approaches and strategies from which trade unions in other countries seeking opportunities for regeneration could learn? Jon Erik Dølvik and Jeremy Waddington, who analyze the problems faced by trade unions in the private service sector, are somewhat sceptical in this regard. The two authors show how trade unions are experiencing the current change primarily as a major additional difficulty. Great effort is being expended on organizational reforms, such as mergers or internal restructurings, the benefits of which remain uncertain. Dølvik and Waddington suggest that trade unions should take account of the interests and reactions of consumers, clients and the wider public. This is not in any sense a call for clever tactics or a skilful PR strategy: ‘The need to win customer support and public legitimacy, and to build ties with broader societal groups, is a prerequisite for success’. Dølvik and Waddington are pointing here to the nexus of working and employment conditions and service quality that is of fundamental importance in any analysis of national differences, in the identification of opportunities to shape service work and for the trade unions’ future role in the service sector.

Ironically, the very enforcement of market-based control in service work, that is the delegation of uncertainty to employees, may perhaps prompt the trade unions to rethink their own approaches to service work (Bosch 2001) both at company level and at that of the wider society. When workers find themselves squeezed between customers and corporate financial indicators, they have to cope on their own initiative with complicated and difficult situations in an environment in which working conditions are becoming increasingly burdensome. This makes them experts in the work process. They are the ones best able to identify the points at which service quality begins to suffer when resources are scarce. They are also in a position to judge how working conditions would have to be shaped in order to produce good service quality. Such workers constitute a source of knowledge and skills for trade unions in a service society seeking, in their capacity as trade unions, to re-invent themselves as the champions of good services. Poorly trained, dissatisfied workers do not provide good services.

It is at this point that the limits of the studies on which the present volume is based become evident. True, they formulate indicators, such as those referred to above, that show how the ‘high road’ route towards the service society at the macro level is correlated with the quality of working and employment conditions within service organizations. Yet the extent to which the industrial relations system, labour and product market regulation and the welfare state actually impact on individual service organizations and directly or indirectly influence work processes could not be satisfactorily investigated in a research project of this scope and duration. The best that could be achieved was to identify starting points for future research, which can be formulated as follows. The gulf between the demands of service work and the resources available to service workers, which is the core problem in all five areas of service work investigated, is viewed just as critically in the Scandinavian industry studies as it is in the Italian, German or British studies, for example. And yet indicators such as those alluded to above reveal significant differences between these countries. This suggests, firstly, that awareness of the problem is heightened when the ‘high road’ approach is adopted. Furthermore, however, it shows that the struggle for better working and employment conditions must go on, even under the conditions that exist in Scandinavia,
which must undoubtedly be regarded as favourable compared to the European average. Gains already achieved in this area are constantly under threat and every step forward is a starting point for further disputes.

This dynamic manifests itself, for example, in the quality of largely feminized jobs in social services, which is a key factor the choice between the ‘low road’ and ‘high road’ routes towards the service society. Yeandle (1999: 160) draws on the example of Denmark to investigate the contradictory nature of the shifting of personal support and care activities out of the informal household sphere and into the formal labour market: “Gender divisions have not been eliminated in Denmark – indeed there is a very high level of occupational sex segregation in the Danish labour force, and Danish women continue to provide the majority of personal care for those in need of it. But the lifelong economic dependence of Danish women on an individual man – upon the status of wife – has been reduced”. This is, as Alexandra Wagner shows in her chapter at the end of the first part, an important precondition for making the infringements of gender equity associated with this process an object of public debate. This is also reflected in employment conditions. One unambiguous indicator is the earnings of female workers in social services. In most countries, wage discrimination is particularly high in precisely those groups of activities in which women’s employment is most concentrated. When part-timers’ hourly wage rates are also taken into account, the UK is the EU member state with the widest gender pay gap. The Scandinavian countries, on the other hand, head the European gender pay equality table. One explanation for this is the high level of employment in public services, where the gender pay gap is significantly narrower than in the private sector (Grimshaw and Rubery 1997 and 2001; Winberg 2000). Thus political decisions on the expansion of the welfare state can also be a very significant factor in the development of working and employment conditions.

Gender pay discrimination is the most visible tip of a social policy iceberg. It indicates the extent to which social services, provided mainly by women, are undervalued. In many European countries, the dichotomy between professional requirements and standards and the human and material resources made available manifests itself sometimes in very high turnover rates (care of the elderly) and sometimes in a retreat into part-time work (hospital nursing staff). The cumulative impact of these two phenomena further exacerbates the already widespread labour shortage in care services, which is threatening to become a highly explosive issue, particularly in view of the shift in the age pyramid. The more it is taken for granted that highly skilled women operate at the same level as their male counterparts in the workplace, the less societies can be sure of obtaining an adequate supply of labour to meet the growing demand for social services at the prices that have prevailed hitherto. Already, such services are beset by the threat of a collapse into a vicious circle of unsatisfying working conditions, persistent labour shortages and poor service quality. A fundamental conflict is gradually taking shape, one that will have consequences for government budgets, tax and social security systems and, inevitably, for the tax burden on companies and households. Even further privatization of social services will not resolve this problem if high quality and qualification standards are to be maintained. European societies are literally being confronted with the question of how highly they value the provision by skilled personnel of high-quality social services.
It is true that this risk of a crisis in care services has not yet been averted, even on the ‘high road’. Taken overall, however, the macro and micro analyses give grounds for concluding that the chances of avoiding or averting this risk are considerably better on the ‘high road’ than on the ‘low road’. Public awareness of the route to be taken, together with the social pressure and the institutional preconditions for going down that route, are more strongly developed in the conditions that prevail in the Scandinavian welfare states than in many other European countries. There is no way back to the traditional single-earner family that resolved the care problem in a private, socially invisible way. The way forward will inevitably involve ‘a fair amount of defamilialisation of welfare responsibilities’ (Esping-Andersen 2000: 357). Thus the socialization of the work traditionally done by women is becoming a platform on which the debate about how to avert the threatened care crisis can be conducted.

How working and employment conditions in social services evolve is ultimately a political question. The political issue at stake is the quality of products urgently needed by society but which only a small minority of purchasers are able to purchase at market prices. Ultimately, the same applies to private business and consumer services as well, even if not so directly. Those who place their faith in the market as the sole means of managing service work have also to accept the risk of market failure.

This is the upshot of Jean Gadrey’s critique of the myth of the market outlined in his concluding essay, in which he draws together the threads of the previous chapters: 'If the costs of quality are driven out of the door by refusing to pay a fair price for them, then they simply come back in through the window, either within the organization itself (in the form of turnover costs, absenteeism or a loss of motivation that eventually undermines quality) or elsewhere in society (illness, queues, poverty)'. The consequences of this insight are not confined to the regulation of working and employment conditions. Drawing on the findings of the empirical studies that form the basis of the book, Gadrey emphasizes the need for 'joint regulation of markets for services and of labour markets with a view to sharing out gains in individual and collective quality'.

The core of Gadrey's argument is that the delegation of political decisions to the market mechanism is justified by an abstract model of the market. In reality, however, this market simply does not exist. If they are to function properly, markets always require regulation and the nature of that regulation is shaped by the ways in which market participants, ultimately society as whole, envision the purposes the market is intended to fulfil. There is no market without regulation. When Gadrey argues that ‘a society has the markets it creates for itself’, he is taking aim at the same ideological construct that Stiglitz (2003: 13) recently attacked when he wrote that ‘one of the reasons that the invisible hand may be invisible is that it is simply not there’.
CONCLUSIONS

The various contributions to this book show two things. The first is that very different routes are being taken in Europe towards the expansion of service activities: the service society takes no one single form. The second is that each of the various forms of service work, from autonomous knowledge work to repetitive forms of work, can be organized very differently depending on the country in question. These national differences, at both the macro and micro levels, are primarily the consequences of different institutional structures. Thus service work is more heavily influenced by social institutions outside the labour market than work in the manufacturing sector. One important reason for this is the high share of women in the service sector, whose labour supply is shaped by household structures and the welfare state institutions that interact with them. Furthermore, the state also exerts considerable influence, particularly on social services, which is the most significant segment of the service sector in employment policy terms. It is true that social services suffer from ‘cost disease’ because they are highly labour-intensive and relatively difficult to rationalize. However, they are fundamental to the formation and maintenance of human capital. If the provision of such services were to be left solely to the market, many people would be denied access to them. This is why these services are, to varying degrees, organized, regulated or subsidized by the state. The key role played by the state in this regard points up the responsibility politicians bear for the quantitative and qualitative evolution of service work.

There are correspondences but also contradictions between the macro and micro-level structures of service work. In some important areas, such as the gender pay gap or the social protection of part-time work, the ‘high road’, that is a route to the service society supported by the welfare state, is reflected in the working and employment conditions of many service workers. However, even when an institutional framework for the ‘high road’ has been created at the macro level, contrary developments can still occur in individual areas of service work. Such discontinuities can be greater in services than in manufacturing, because many service activities are still in the emergent phase. Whether or not such new activities become integrated into the dominant national structures depends on the strength of those structures and on the ability of the national actors to extend them to new areas. However, given the low level of trade union density in new and emerging service activities, the reduced power of existing institutions to influence pay, qualification, work organization and working time and, not least, the widespread illusions about the markets’ capacity for self-regulation, a strong desire to exert influence and a readiness to develop institutions further are required. As academic studies, including those in the present volume, have frequently observed, the path dependency that characterizes the evolution of national employment models is not an automatic process (Rubery and Grimshaw 2003). And structural change also always contains within it the potential for system change if this further development does not occur.

The various contributions to this book offer unambiguous answers to some of our initial questions. Thus it has become evident that the transition to the service society is not
necessarily associated with greater social inequality. Rather, there are alternative routes towards the ‘high road’ that are not only models for further discussion but also empirically discernible. We also feel ourselves confirmed in our view that service work is not necessarily associated with the disappearance of standardized working and employment conditions. However, the old standards cannot simply remain unchanged. A new standard employment relationship is required for women as well as for men, one that is more flexible and, as is already the case in Scandinavia, makes part-time work and parental leave socially protected episodes in normal employment histories rather than atypical interruptions to the standard career path (Bosch 2004).

The answer to our third question about the convergence of service societies and service work in Europe is considerably less certain. In what direction might such convergence develop? It could conceivably be towards the American-influenced Anglo-Saxon market model, or alternatively towards the European social model heralded in the EU employment strategy. The possibilities for convergence in one or the other direction depend primarily on the degree of gender equality and the role of the state in the provision of social services.

Examination of the discrepancies in women’s labour market participation within the EU makes it very difficult to believe that the different national models of the family reflected in the differing female participation rates - and particularly the North-South gap – will continue to coexist unchanged. The continuous increase in women’s qualifications, which they will seek to exploit in the labour market, together with the European employment strategy, which has as one of its main planks an increase in the female participation rate, suggest that the development paths that have prevailed hitherto will not continue unchanged in future. Both reflect the social and economic crisis of the single-breadwinner model. This crisis finds expression not only in the declining social esteem accorded to housework but also in declining birth rates and the growth foregone because of under-utilization of the considerable stock of female human capital, particularly in countries without adequate support services for parents (Rubery and Grimshaw 2003).

However, high female participation rates can obviously be achieved in very different ways. With the exception of just a few countries, it is true that part-time work has hitherto provided an entry point to the labour market for very many women. In the Mediterranean countries, therefore, the initial objective would be to improve these opportunities by creating more part-time jobs. However, this does not determine the path to be pursued subsequently. The example of the Northern European countries would suggest that part-time employment can be seen as an historical period of transition to a labour market that, in the longer term, will be characterized by greater gender equality and in which full-time employment will be combined with part-time employment or career breaks for child raising or further education and/or training. And yet other societal models of gender equality or even of socially accepted gender inequality are conceivable. In the Netherlands, permanent long-hours part-time work for both partners is being discussed, which would provide a family wage above the current level of the single-breadwinner model (2 x 0.75 = 1.5). The UK, on the other hand, pays for its position among the leading European countries for female labour market participation and service employment with a high level of social inequality, and
particularly with a high degree of polarization among women in respect of pay and working time.

In drawing up its employment strategy, the EU has left open a loophole that would allow various models to coexist. The strategy lays down targets for female participation rates but not for the underlying volumes of work. The differences may turn out to be so great that women could remain on the periphery of the labour market despite high employment rates. On this ‘low road’, high female participation rates would go hand in hand with a high degree of gender segregation. True, pay rates in female-dominated service jobs are lower than average even on the ‘high road’, but heavily subsidized and better paid social services mean that the gender wage gap is narrower than the European average. Segmentation in the labour market for service workers is less pronounced than in the market service model. Ultimately, the successful realization of a ‘high road’ strategy, in which women’s integration into the labour market becomes irreversible, requires the elimination of labour market segregation by gender. And indeed, this question is a topic of serious discussion in the political and social life of the Scandinavian countries.

For this reason, it cannot be assumed that there will be a convergence in the quality of service activities either. True, the shift of domestic and informal work into the formal labour market offers opportunities for professionalization, which would improve the quality not only of jobs but also of the services provided to customers. However, these opportunities for quality improvements are currently being exploited only in the Scandinavian public service model. This makes it all the more worrying that the Green Paper on Services of General Interest, recently published by the European Commission (2003), affords a blanket welcome to the privatization of such completely different industries as telecommunications, postal services, electricity supply and railways on the grounds that it represents a major gain in terms of price levels and employment without any detectable deterioration in service quality. Even though the general privatization of social services is not explicitly proposed in the Green Paper, the theoretical path from telecommunications to hospitals may be a short one. Some of the studies in the present book show quite plainly how problematic it is to ignore the fact that services such as healthcare or care of the elderly are in fact public goods. The problem lies not in the goal of providing such services efficiently and economically but rather in a possible surreptitious shift in their purpose: it may become a matter for debate whether the operational efficiency achieved is intended to ensure the economical provision of a high-quality service or whether it may gradually become the service provider’s paramount objective. To date, at any rate, the differences of opinion in Europe as to the role of the state and its responsibility for the provision of services in the public interest have been so serious that convergence cannot be expected in the near future (Wickham 2002).

Thus, for the time being, the linkage between increasing female labour market participation and services continues to take very diverse forms in Europe. In a number of European countries, convergence towards the Anglo-Saxon market model could not take place without considerable social upheaval. To judge from the employment and working time preferences expressed by European citizens (Bielenski, Bosch and Wagner 2003), there would seem to be a general desire for more egalitarian
arrangements. However, even convergence towards a ‘social Europe’ that has different social profiles from the USA is difficult to imagine under current circumstances. A stronger political will would be required to bring about such convergence. In the thinking that currently prevails, the chances of such an alternative are considerably underestimated. Given the ‘constraints of the global market’, public poverty seems inevitable and greater social inequality a simple economic imperative. It may be useful to note that the high unemployment that prevails in many EU member states in no way precludes the contrary strategy of developing services. Joan Robinson (1965: 109) got to the heart of the matter some 40 years ago, when she argued that ‘the existence of unemployed resources should be regarded not as a troublesome problem but as a glorious opportunity - an opportunity to do something useful’. Unemployed resources are certainly there in abundance, and there is definitely a need for useful services. But where are the actors who see this as a glorious opportunity?
REFERENCES


