

## **The dynamics of national social economic models and the lifecycle**

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This paper will contribute to the conference on 'Intergenerational issues, the welfare state and the labour market' by providing a framework paper that addresses the changing nature of national socio-economic models in Europe from a lifecycle perspective. This framework will provide an input into a newly funded European framework sixth project on the dynamics of national socio-economic models. The objective of the project is to consider whether under the dynamic pressures for change, the outcome will be: i) convergence towards a universal – and probably American-orientated socio-economic model-;ii) or towards a distinctive European socio-economic model, or iii) the continuing development, albeit involving considerable dynamic change, of nationally-specific socio-economic models.

The argument of this paper is that one of the best ways to conceptualise and consider both the differences in current models and the pressures under which they are placed for change is to view these models through the lens of a lifecycle approach linked to notions of the intergenerational contract, as it is the modes of support available from other groups/generations in society at key stages in the lifecycle that are critical in shaping distinctive socio-economic models. The following tables begin to sketch the main institutional arrangements that impinge upon lifecycle stages or transitions and to identify the key challenges that may be impacting on national socio-economic models. The tables suggest that there will be pressures on all national models at the key transitional stages but the ways in which these challenges are responded to will influence the new forms of national socio-economic models that will emerge. A particularly important issue will be the extent to which these new models are based on a new intergenerational contract or result in a more fragmented, individualised and high risk system of provision over the life course.

### **An overview of the framework.**

Life stage transitions provide a framework or lens through which we can identify the main differences in the characteristics of socio-economic systems and where we can identify the key challenges that may be leading to change in societal models or systems. Moreover each lifestage is concerned with different aspects of the inter-generational contract, involving differences in the extent and direction of transfers of money, time, infrastructure and emotional support.

Four key lifestage transitions have been identified in table one: the initial transition from the school or higher education to work; the subsequent transition to careers and independent living; transitions in prime age, whether involving changes of jobs or careers or changes in activity status; transitions into retirement and into old age. The institutions that are identified as playing a key role in shaping the transitions vary according to lifestage, although the labour market plays a key role in all four. Currently the training and education systems probably have most influence on the transition to work and the transition to career and independent living, although if

policies of lifelong learning are developed, then their influence could spread through to prime age and even retirement. The family system and the social security system are significant at all stages, while the housing market institutions tend to kick in at the stages of transition to independent living and later transitions to retirement.

At the stage of transition to work the main intergenerational support comes from parents to children, but this may be extended through state support systems, where all taxpayers support young people in their transition through school and higher education to the labour market. Intergenerational transfers in this period may also be affected through the system of wages. In some societies young people may receive lower wages than older workers (Bosch 1999) even if they are equally productive or alternatively their wages may exceed productivity during a period of training, with the transfer being from the older more productive workers to the trainees<sup>1</sup>. In making the transition to career or independent living, the role of the intergenerational transfers may vary between countries and between categories of young people. In some cases the transition may be supported by parents but in others young people may be left more responsible, not only for making their own transitions but also for repaying the costs of their education and training. Their ability to fund their own transitions may depend crucially on their employment opportunities and the level of pay at this stage in labour market careers. The responsibilities of the family for children, in a context of prolonged transition to independent living, may be one part of the puzzle explaining declining fertility in some Southern European countries (Bettio and Villa 1998). In prime age there is less likely to be intergenerational transfers and consequently there is more dependence on either spouses, partners or the state, although support for the unemployed through the extended family may still be more important in some societies than others. Intergenerational transfers come back into importance in the transitions to retirement and old age. Pensioners require financial support from the working population and older people may require financial, emotional or caring support from the family, the state or through the market. However, the transfers may also operate in the opposite direction, with the passing on of significant wealth from parents to children at death and often before.

The main challenges that socioeconomic systems have to face at these key lifestages are outlined in table two. In making transitions to work, one of the key issues is first of all the employment opportunities, particularly opportunities for stable employment. Transitions to work may increasingly have to be made via the taking of non standard or insecure jobs for a period (O'Reilly et al. 2000). Other problems relate to the disappearance or decline in entry-level jobs, particularly for those who are not participating in higher education. In some societies, however, the main problem of transition at this point applies to those who have undertaken higher education as there may be an oversupply of graduates. In some societies graduates may be absorbed into non graduate jobs while in others they may instead queue for entry into appropriate grades. Changes in the labour market towards more insecure and fragmented employment systems (Cappelli et al. 1997) are likely to generate further problems for the transition to careers and independent living. Careers may be difficult to plan and develop in a context in which changes in skills and the fragmentation of organisations is undermining both internal labour markets and occupational labour market systems

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<sup>1</sup> In the UK trade unions have been concerned to keep up the level of apprentices wages, possibly above their productivity level, to prevent substitution of cheap for more skilled and expensive labour.

(Arthur and Rousseau 1995). Increased time spent in education further delays both the transition towards a labour market career and towards independent living and the formation of independent families. Changes in women's educational patterns and their aspirations towards careers is also creating challenges; their earnings are increasingly critical for the formation of new adult families (Irwin 1995) but the reliance on women's earnings for household formation may lead to be postponement of the birth of the first child (Esping-Anderson 2002). Pressures on younger people to secure a stable and reasonably well-paid place in the labour market may result in challenges to systems of seniority that provide income and employment security to those in prime age. Thus changes to pay systems that are being introduced as a consequence of the restructuring of organisations and the performance ethos (White 2000; Thompson 2000) may be reinforced by pressures emanating from the financial stresses felt by young people. The rise in dual earning within households, together with the rigidities of the housing market are likely to restrict the ability of adult males to adjust to changing patterns of demand in the labour market through geographical mobility. Adult females are also or even more restricted, but then this is more a continuation of past patterns than an example of current change. In transitions to retirement and old age the main challenge comes from changes in pension systems. These may conflict with patterns of employment for although there is a move to try to restrict the use of early retirement, it is not yet clear that new legislation against age discrimination will have the effect of reversing the trend for employers to exclude older people in the labour market, particularly when they need to change jobs and new training is required. When people have moved into retirement and old age there are increased demands for care, both because of the increased longevity of the population and because there are fewer women willing and able to take on the care responsibilities of their own and their partners parents.

If we look at issues of intergenerational transfer and support, we find again new challenges. First of all there is a need to fund a higher share of the population in higher education. Different societies are likely to find different solutions, with some placing the burden on the individual family, leaving it up to the parents and the children to decide who bears the cost. Others may share the costs through the general tax system (see Folbre 1994 for discussion of how costs of children are allocated in different societies). Increased reliance on family funding may have particular consequences in societies where families themselves are becoming more unstable. Changes to labour markets may require increased funding of training and other policies for those who are not likely to participate in higher education. Where young people are finding it difficult to make their own transitions to careers and independent living, due to problems in the labour market or to high costs of repayments of higher education loans or of housing, intergenerational transfers may be increasingly needed to facilitate the transition to independent adult households. However, the ability or the willingness of parents to fund such transfers may be insufficient. Changes in social attitudes may be an additional factor leading to both extended periods of time spent in parental households and more fragmented and individualised living, as young people choose not to form stable nuclear households.

A particular challenge for those in prime age may be to secure access to stable and reasonably high paid employment careers to facilitate the support of young people in school and higher education. Paradoxically one of the main pressures on prime age workers may be the availability of large pools of well-educated young people, anxious

to earn higher wages to facilitate their own access to housing and independent household formation. These pressures may reduce the likelihood of women of prime age quitting the labour market to have children, thereby reducing their reliance on intra-family transfers as women seek economic independence both for their own sake and as an insurance against greater employment instability and lower pension entitlements for their partners in the more unstable labour market. The increasing share of the pensioner population will require increased transfers from young and prime age workers to older people. This increase in financial transfer will, however, be likely to go hand in hand with a reduction in intergenerational transfer of care provision, as women in particular tend to pursue more their own independent careers and as families live increasingly apart. However, the need for care provision will increase and, although this may be met partially by more within couple provision as both partners tend to live longer, there will be a need for new care provision provided by paid carers either in private homes or in residential institutions. This care may be provided either through general taxation or by a running down of the pensioner's own assets. The extent of intergenerational transfer at death will depend on the relative importance and trends in the housing market, the impact of life expectancy on the net assets at death and, of course, the system of providing for and funding of care.

The hypothesis is that the European countries that will be studied as part of the dynamo project are likely to face many of these challenges. In responding to these developments, the national socio-economic models will be under stress. The issue to be investigated is whether or not these responses are likely to push the national socio-economic model in the direction of convergence, towards a US-type, restricted welfare state or towards a distinctive European model of employment and welfare organisation, or whether the responses consolidate and reinforce nationally-specific employment and welfare systems. Obviously a nationally-specific system will itself be subject to major change and reconstruction, but it may be helpful to identify to what extent the national system is converging or diverging from a US or European archetypal model. To apply this framework in the context of the dynamo project we then first turn to the situation of the United Kingdom.

Table 1: Key life stage transitions: social and economic institutional arrangements and inter-generational/group systems of support.

Life stage transition	Key institutions impacting upon transition.	Intergenerational/group support
Transition to work	Labour market structure/entry level jobs Training and education system Family systems Social security system	Family support for living costs/arrangements. Access or otherwise to social security for unemployed. State support for education/training. Company/other workers provide support if wages high relative to productivity- young support others if wage low relative to productivity
Transition to career/ independent living	Labour market structure- age/seniority/merit principles. Security of contracts Education/training systems – influences age at which enter career jobs. Gender regime-expectations of continuous or discontinuous/partial careers, age of motherhood etc.. Housing market	Transition to independence dependent upon: job opportunities for young versus old; level of earnings (seniority, age or merit); dual versus single earner households; cost of property; repayment of educational costs. Role of family subsidies in transition
Transitions in prime age	<i>Change of jobs/careers</i> Dependent upon labour market structure, training/retraining opportunities, family risk factors (greater for single earner households but more able to be mobile) <i>Change in activity status</i> Impact dependent upon labour market system- confinement to peripheral jobs etc, or long term unemployment/ inactivity/ illegal or informal employment	Dependency on own earnings-low level of intergenerational transfers  Dependency on family transfers, state support (varies by gender/ country)
Transitions to retirement	Labour market system- early retirement systems/ redundancies, opportunities for continued or re-employment, for flexible employment combined with pensions etc, gender relations (e.g. women expected to retire when men retire)	Pension support implies transfers from working population to retired population; transfers may be organised at a national level or industry/ organisation level . Family support as women’s pensions tend to be lower or dependent explicitly on spouse.

Table 2: Key challenges at key lifestage transitions

Transition or life stage	Key challenges to institutions	Key challenges to intergenerational/group support
Transition to work	<p>Decrease in entry level jobs providing transitions to stable employment.</p> <p>Rise in non standard insecure jobs.</p> <p>Increase in share in higher education reduces impact of education on job chances.</p> <p>Decreased attractiveness of training and/or jobs not requiring higher education- potential oversupply of graduates.</p>	<p>Need to fund higher share of population in education.</p> <p>Need to fund active labour market policies/training for non higher educated.</p> <p>Reduction in stability of families- uneven impact on transitions for young people.</p>
Transition to career/ independent living	<p>Fragmentation of internal labour markets.</p> <p>Changes in skills may undermine occupational labour markets.</p> <p>Extended higher education postponing independent living/problem for women's careers and/or fertility.</p>	<p>Increased costs of education/housing may mean increased intergenerational transfers but may be increasingly insufficient to enable transition to independence.</p>
Transitions in prime age	<p>Pressures on young people and towards more flexible individualised labour markets may undermine systems of seniority in employment security and pay.</p> <p>Adaptability of individual to changing labour market restricted by dual earning model</p>	<p>Reverse intergenerational transfers- young people challenging prime age access to employment security and earnings.</p> <p>Reduced availability of state support for change of jobs- increased pressure to return to work.</p> <p>Increased cost of labour market quits due to family instability/ reduced level of pension for male partner.</p>
Transitions to retirement	<p>Changes to pension system. New legislation against age discrimination in employment. More fragmented/mobile families/more women at work-fewer prime age available to care for elderly.</p>	<p>Increased costs of pension and care requiring more young to old intergenerational transfers.</p> <p>Less intergenerational transfer of care provision- more within couple provision due to longer life expectancy. Problems of lack of a care for surviving partners or for single people.</p> <p>System of providing for care costs influences extent of intergenerational transfers at death.</p>



## **The United Kingdom national socio-economic model: key lifestages and key challenges.**

### *Transition from school to work*

The UK has a distinctive pattern of transition to work from school and higher education. It has historically had a rather low share of the young population engaging in either higher education or training (Hyman 1992). Instead the workforce tended to be polarised into those that left school and went straight into the labour market, often without formal training, and those, the elite, that aspired to and entered the higher education system. The higher education system was developed around the notion of independent living, with most students choosing to study away from home, supported where appropriate by government grants. The early entry into work and the role of the state in providing support for higher education of the less well-off led to a situation where the family in the UK expected to reduce its contribution to support of young people, at least from the age of 18 onwards, except in high income households.

This pattern of transition and the relatively low level of intergenerational transfer of support have both been challenged by recent trends in labour markets and state policies. At the labour market level there has been a major decline in the opportunities for young people to move directly from the end of compulsory education into work. There has been a major expansion in the share of young people staying on in the education system and the UK has moved from providing an elite education through its universities to the development of a mass higher education system, with a current target of 50% of young people entering universities. This major expansion of universities has led to very major changes in the funding regimes, both in reductions in the unit of resource per student provided to the universities and the abolition of maintenance support for students, except through the provision of loans. Most controversially of all the students are now asked to contribute to student fees. While part of the expansion of higher education has been met by more students choosing to stay at home and study, the tradition of students living away from home has continued, thereby contributing to the increased scale of students debt. Some contradictory trends are at work here; while there is less state support for young people going to higher education, thereby leaving a large gap for the family potentially to fill, there has also been a move towards more direct provision of support to young people, who can now all take out individual loans from the state. Thus there are trends towards both higher dependence on the family and more individual rights at 18 and above (ESRC 2003).

While the expansion in the number of graduates has cast doubt on the value of the degree, at least in the future, in guaranteeing access to high earnings or secure employment, there is no doubt that there are major negative costs, in terms of employment opportunities, in not having a degree. Organisations have reduced the number and types of direct entry level jobs for those without higher education or without experience. Many jobs are now entered via an extended period of time in temporary or casual employment (Ward et al. 2001). Permanent jobs may also be more likely to be organised on a team basis. This system of flatter hierarchies reduces the opportunities of entry via a less skilled job. The lack of opportunities for those without good educational qualifications has been met by responses in a number of key institutions. First of all the state in the 1980s began to cut back support for young people without employment and thereby effectively required the family to take on

more than the traditional responsibilities for young people up to the age of 25<sup>2</sup>. The only group to which opportunities for full state support have continued is that of lone mothers, but the high rate of teenage pregnancy rate in the UK remains controversial, as does the right of access of young mothers to welfare support. The family is, therefore, being asked to provide more intergenerational support, both for the unemployed young people and for those entering education. At the same time, however, education is more often now combined with part-time employment. Much of the youth labour market is therefore now made up of those who are both in education and employment (Smith 2001). For young people unable to find a job, there is now the new deal at work which provides for training, career advice and work placement. There is as a consequence very limited opportunity for young people to be supported by the state without engaging in some form of active participation, including job search.

While training systems in the 1980s became increasingly orientated towards providing a parking place the young people who could not find work (Hyman 1992), during the 1990s there was a swing back towards more interest in the development of higher quality training programmes and in particular in reviving the apprenticeship system (Gospel 1998). However, this system stops short of any compulsion on employers to participate in apprenticeship training and the government has set itself against extending the system that now only applies to engineering and construction where employers must pay a levy to support training in the industry. Its recent National Skills Strategy (DES 2003) has suggested that this would only be extended where there was evidence of major market failure. Instead the government is trying to extend the use of training by requiring public sector contractors to include in their contract specifications that subcontractors will provide adequate and extensive training. These provisions only apply to areas of activity that have been privatised from the public sector. They indicate a recognition of the existence of market failure but the absence of any universal measure to reverse it.

Much of the policy directed at young people with problems in making the transition to work is primarily concerned with young men as it is this group that has the worst record with respect to acquisition of educational qualifications and attainment of employment. The focus on younger men has left young women rather neglected. Many of these young females may be underemployed in areas such as call centres but the focus of government policy has been towards obtaining a job whatever the quality and not towards extended career training and development for young people outside of higher education. Prospects for career development in many of the expanding service sector areas appear to have become more attenuated as the flatter hierarchies fail to provide any stepping stones or ladders to career jobs (Grimshaw et al. 2002).

The overall impact of these changes on intergenerational transfers and support is by no means clear. Certainly the government is asking either the family or young people to make larger contributions towards the cost of higher education, but whether or not these costs will be borne by parents or by younger people through the repayment of loans once in employment is an area for future empirical research. One paradoxical

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<sup>2</sup> According to Jones (1995) since 1988, young people under the age of 18 have not been entitled to Income Support and eligibility for the adult rate of benefit has been raised to 25. The contribution to board was gradually withdrawn from 'non-householders' between 1983 and 1986, and 'householder' rates of benefit were abolished for those under 26 years of age in 1987.

effect of the substitution of loans from maintenance grants is that middle-class families no longer have to support their offspring to the same extent when they are at university as all students are now eligible to take out student loans. Moreover universities have increasingly adapted to the notion that their students will work as well as study. Young people are certainly more dependent than in the early 1980s on the family for the provision of housing as they lost their right, except if they are lone parents, for access to housing benefit.

Another dimension to intergenerational support is the provision of access to skills and knowledge. While the share of young people in higher education is increasing, the problems of access for the disadvantaged may also be rising with the increased cost of higher education on the one hand and the failure of government policies to overcome problems of so-called sink schools on the other. These problems are also compounded at the workplace, for young people are often taken on for their ability to carry out customer-focused jobs in call centres, shops, catering establishments. The lack of a strongly developed training system, however, may be denying young people access to knowledge of technical skills that may be required for them to progress in their employing organisations (Beynon et al. 2002).

These changes in the national model are outlined in appendix table one where we try to assess the extent to which the UK is converging or diverging from both the US and some notion of the European social model. The UK is following the US in moving towards a higher share of the population involved in tertiary education and maintaining its rather weak system of vocational training. It is losing its distinctive emphasis on an elite educational system and in this sense may be diverging from the US, that has combined high participation in higher education with a very differentiated system based on private as well as public universities. In the debate on the introduction of student top up fees in the UK, it became clear that there was far from consensus that the UK could support the kind of differentiated fees structure that exists within the US system, both because of the time scale before families could set up the kind of savings plans commonly found in the US (Timesonline 25.1.2003) and because of a narrower band of wealthy families in the UK. In moving towards a system requiring stronger family support, both for those in education and those young people who are unemployed, the UK can be seen as perhaps attempting to re-establish the strong family that exists in other parts of Europe. However, whether or not the family will pick up the tab or pass the cost direct to the individual is still not yet known. Nor is it clear how far young people will stay within the family home rather than move to another town to study. Moreover, in comparison to the US, the UK has traditionally provided less support for students as they have relied on the state rather than taken out long term savings plans. It may be too early to predict whether or not families in the UK will be prepared to provide quite as extended support for young people as has characterised both European and US systems. There still appears to be a strong belief in the UK- at least compared to the US- that the state has a significant role to play in the support of young people. This is evident in the opposition to top up fees and in the continued support for lone mothers many of whom are teenagers. European systems have perhaps combined a state and family support system while the UK has relied more on state support and the labour market to bear the costs of transition to work. How the emerging gap in state funding will be filled is yet to be fully determined.

### *Transitions to career and independent living*

The link between transition into work and the establishment of a work career may be less strong in the UK than in some European countries, where educational and training choices predetermine the types of jobs that individuals can consider when entering the labour market (Brennan et al. 2001). In the UK there has been a tradition that the subject studied at university should not limit individuals' choice of careers, except where specific technical knowledge is required. Even then, people with general arts degrees, for example, may enter into accountancy occupations and receive vocational training to enable them to qualify and practise accountancy. In other countries entry requirements would include the completion of economics, business, law or accountancy type degrees. This lack of articulation between education and training and work careers is likely to be increasing in the UK, given the increasing uncertainty over the long-term prospects for occupational and organisational careers in many areas. One example of this uncertainty applies to the public sector, where many areas of employment are in the process of being privatised. As a consequence of these organisational changes, people who made a commitment to a career in public employment may find themselves transferred to private sector employer and thereby launched, for example, into a career in IT or maintenance work, rather than public service (Marchington et al. 2004). The UK has not had a tradition of strong occupational labour markets, except in certain areas, and although internal labour markets have been important in some key areas such as public sector, banking and some areas of manufacturing, these are more loosely constituted than the strong internal labour market systems of Japan or even France or Italy. As such the current pressure on both internal labour market systems and occupational labour markets in many countries is not so new in the UK. The plus side of the rather open system of career structures in the UK is that in principle people with experience or skill in one sector may still be able to find a place in other sectors and occupations, reducing therefore the problem of mismatch from a supply-side. The downsides to this flexible approach are first that individuals may be uncertain of where they are going in their career and secondly that the skill base in many of the UK sectors is rather superficial and fragile (Crouch 1997). These opportunities for inter-firm and inter sectoral mobility are not matched by the development of a strong lifelong learning and training programme. Most training, past any initial training on labour market entry, is organisation specific and organised on a need to know basis. It is notable that in a recent comparative study of graduates, the UK graduates were the least likely to consider their degree subjects as significant for their current job and also did not consider problem solving to be one of the main characteristics of their job, while this was the first characteristic cited by graduates in the rest of Europe (see table 3) (Brennan et al. 2001).

Table 3: 'Top 10' competencies required in current employment

UK	Europe	Japan
1 Working under pressure	1/2 Problem solving ability;	1 Problem solving ability
2 Oral communication skills	Working independently	2 Fitness for work
3 Accuracy, attention to detail	3 Oral communication skills	3/4/5 Oral communication skills;
4 Working in a team	4 Working under pressure	Accuracy, attention to detail;
5 Time management	5 Taking responsibility and decisions	Adaptability
6 Adaptability	6 Working in a team	6/7 Working in a team;
7 Initiative	7 Assertiveness, decisiveness and persistence	Working under pressure
8 Working independently	8/9/10 Adaptability;	8/9 Power of concentration;
9 Taking responsibility and decisions	Initiative;	Time management
10 Planning, co-ordinating and organising	Accuracy, attention to detail	10 Initiative

Source: Brennan et al. 2001 table 5

The relatively short period of higher education in the UK, with most graduates completing by age 21, allows the transition to careers to occur as an earlier age in the UK (Brennan et al. 2001), particularly when individuals are successful in selecting an appropriate career when entering the labour market. This potential to establish a career at a relatively young age, even in higher level jobs, can be considered of particular importance for women, enabling them to make progress in a career before having children. However, the downside of this early start is the focus in the UK on promotion at a young age. High flyers are expected to make their mark in their thirties if not before. This creates pressure both on women who combine work and motherhood and those who want to take career breaks before re-entry to pursue a career. It also places major pressures on male partners, even in households where women take the prime responsibility for children, as it is precisely during the years when children are young that there is most pressure to perform and to achieve promotion (Kodz et al. 2003).

A major issue in the UK in the policy debate on the expansion of higher education is the question of how the increased flow of graduates is to be absorbed. Will the result be that graduates will be employed in non graduate jobs, in the short or even in the medium-term, or will the increased supply of graduates lead to job redesign and greater opportunities for people to expand the skills utilised within their job area? The UK has been accused of operating at a low skill equilibrium (Finegold and Soskice 1988); that is employers have tended to minimise the number of skilled and experienced staff employed. The increasing educational qualifications might, in principle, allow employers to begin to redesign job structures to increase the scope for discretion and job crafting by the workforce. Recent evidence perhaps suggests that both trends are at work: the majority of graduates are employed in graduate level

jobs<sup>3</sup>, in the sense that they can make use of the skills they learnt at university. However, many of these jobs are non traditional graduate jobs and may involve only a minority of graduates (suggesting there is some scope for job crafting). Furthermore some graduates work in jobs where they are not able to make use of their skills with about 10% of male and 15% of female graduates remaining in jobs that do not utilise their skills some seven years after graduating. This proportion does not seem to have risen between the cohort graduating in 1979/80 and the cohort graduating in 1995 (Elias and Purcell 2003).

Utilisation of skill may be limited by other developments, for example, the growth of inter-organisational contracting. The move to the contract culture may restrict opportunities to increase discretion within work for, as organisations seek to control costs and quality, they may enter into ever more detail in the specification of requirements within the contracts (Marchington et al. 2004). Such developments may affect jobs at the high and low end of the skill spectrum. Moving beyond the low skill equilibrium is therefore not simply an issue of changing the availability of skilled and educated workers. Problems of underemployment may particularly apply to women graduates (Elias and Purcell 2003). Evidence suggests that women are more likely to enter lower level jobs on graduation than men and to earn a lower salary, even when completing similarly degrees at similar qualification levels (Purcell 2002).

Changes in the welfare state are also likely to have an impact on these transitions to careers. New child tax credits have provided dual earner households with financial support for childcare costs. These financial incentives to combining work and families have been backed up by the admittedly rather late development of more childcare facilities, both for very young children and for after-school and school holiday time (Fagan 2002). Changes to the pension system, allowing individuals not to pay into company pension schemes, coupled with uncertainty as to the outcome of both company and individual pension arrangements, is also allowing young people, under pressure to establish their careers and independent homes and families, to opt out of making provision for their own retirement. The housing market also has a critical role to play in shaping the patterns of behaviour of people in their twenties and thirties in the UK (note evidence from comparative analysis of wealth in UK and US that identifies much greater importance of housing for younger cohorts in the UK (see table 4) (Banks et al. 2000). The almost unstoppable rise in house prices places pressure on young people to enter the housing market, while effectively preventing many from so doing because of the very high cost of even very basic accommodation. The private housing rental market has expanded but rental costs still remain high and

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<sup>3</sup> This research provided ‘a new classification of graduate occupations including *traditional* occupations for which a degree is an essential prerequisite; two separate groups of occupations where the proportion of graduates has risen rapidly over the past twenty-five years, *modern graduate* occupations and *new graduate* occupations, with the latter category offering slightly lower earnings compared with the former, but both areas in which well over 80 per cent of those who graduated in 1995 stated that they were using skills developed during their degree programme some three years later; a set of occupations where the proportion of jobholders with degrees is relatively low, but in which the heterogeneity of the group may mask the fact that a *niche* exists within which graduates may utilise their skills and knowledge gained from their higher education; and finally, and perhaps most important outcome of this work, we thereby delineate a set of occupations in which we consider it unlikely that graduates will be making full and good use of their higher education in the course of their employment’ (Elias and Purcell 2003).

since the 1980s there has only been a very limited social housing sector. The perceived need to enter the housing market may reinforce tendencies not to provide retirement through pensions.

Table 4 Home Ownership by Age of Head of Household

Age group	UK (FES)		US (PSID)	
	1985	1997	1985	1998
<35	58.5	52.2	39.9	39.3
35-44	72.7	72.2	68.1	66.9
45-54	72.7	76.1	75.9	75.7
55-64	56.8	77.1	79.5	80.9
65+	48.1	59.6	74.8	79.3
<i>All</i>	<i>60.5</i>	<i>65.4</i>	<i>64.5</i>	<i>66.3</i>

Source: Banks et al. 2000 table 13

Inter-generational transfers are particularly critical in facilitating access to housing and the setting up of independent adult households. However, while parental support may be increasingly critical in enabling young people to enter onto the housing ladder, many families may not be able or willing to offer sufficient support for this to be achieved. What is clear, however, is that the formation of independent adult households, particularly where this involves the purchase of houses, is increasingly dependent upon dual earning within couples (ONS Labour Market Trends October 2002: 84% of households with 2 or more adults in work are owner occupiers compared to 70% of single earner households). The pressures to repay educational loans and to take out high-value mortgages may place increasing pressure on young people's budgets, with the result that there may be pressure on firms to bring forward pay rises and promotions that may previously have been provided mainly to those in their late thirties or forties. However, to the extent that it is the young graduates that are able to exert these pressures, the result may be some convergence across the generations but at the expense of widening inequalities within the age cohort, as the non graduates are left further behind.

If we consider the implications of these trends for the issue of convergence or divergence of the UK's socio-economic model in relation to some notion of the European or American ideal type, we find that the fragmentation of internal labour markets and break up of some occupational labour markets and training systems ( for example consequent upon the privatisation of utility companies , railways etc that has reduced the provision of training systems for maintenance staff, train drivers etc), is

perhaps pushing the UK labour market system more towards the US model, as described for example by Cappelli et al. (1997) and further away from a labour market system based on either institutionalised internal or occupational labour markets ( see also Crouch 1997). However, the current reinforcement of the importance of housing for lifetime wealth is moving the UK system further away from both the US and the European models, where housing is only one of alternative forms of investment<sup>4</sup>. The pressures that come from the housing market and from more couples combining dual earning with childcare may be increasing the involvement of other family generations in the support of households, through both financial and time flows, at this key transitions stage. However, while many households in this age range may be under strong budget and time pressures, there is also an increasing segment of income rich dual earning households without children. Intra-generational divisions in income and wealth are therefore likely to increase, particularly as it is the dinkies (dual income, no kids), as they are called, that are part of the process of putting pressure on the housing market.

### *Transitions in prime age*

There are two types of transitions to consider: first changes in jobs and careers; second changes, voluntary or otherwise, in activity status. As we have already argued, the absence of licence to practice systems and of strong links between qualifications and job grade in principle provides greater opportunities for change in career, to adapt to changing labour market or personal circumstances. This potential for mobility across organisations and sectors is enhanced by the decline in final salary pension provision linked to specific organisations. Against this picture of flexibility and mobility must be placed the strong system of age discrimination that prevails within the UK-based companies, thereby inhibiting career changes beyond a certain age. Other factors that may be restricting mobility are the increase in dual earner households, which leads to some restriction on geographical mobility for the male partner, the female partner having always been so restricted. However, earning inequalities within households are still high, thereby restricting the ability of women to resist mobility in the interests of furthering the man's career. More serious barriers are in fact probably to be found in the housing market, for by the time couples are entering prime age, they may feel unable to make the transition to a higher price housing market, while retaining the same standard of living.

If we now consider issues relating to social security, we find major changes in the way in which the benefit system is operating. There are pressures on those who are unemployed to seek work, through the New Deal programmes and through the development of the working tax credit systems, which provide subsidies to breadwinners who take up low paid jobs. This has a particularly strong effect on lone mothers who constitute the majority of recipients and have experienced the fastest increase in labour supply (Brewer et al. 2003) but may begin to have more effect on the behaviour of the male unemployed if the opportunities to claim benefits on

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<sup>4</sup> According to the 2002 General Household Survey (ONS Living in Britain 2004) between 1971 and 2002 home ownership increased from 49% to 69%. In comparison the percentage of households renting council homes decreased from 31% in 1971 to 14% in 2002, partly offset by a rise in the percentage of households renting from a housing association from 1% in 1971 to 7% in 2002. The private rental market decreased from 19% of households in 1971 to 10% to 11% in 2002 but there has been stability in the share since 1995.

grounds of disability are further eroded. However, while the new Labour government has done much to try to change the incentive structure for staying on benefits, they have been less successful in changing the job structure in such a way as to absorb the unemployed. Strong regional differences in employment rates remain (Beatty and Fothergill 2004). Moreover, while working tax credit may be doing something to reduce the disincentives of taking low paid or part-time jobs, gender segregation remains strong in service sector areas and there is likely to be continued resistance from older men towards the take-up of jobs identified as female such as part-time work.

There has in fact been more limited change in the social security system as it affects women. The UK system of social security operates so as to minimise the likelihood that women will be the position to claim unemployment benefit or to claim it from more than six months if they become unemployed or indeed if they asked seeking work after a period of inactivity. The eligibility requirements for claiming unemployment benefit even for the first six months requires continuous employment in jobs paying above the minimum earnings threshold and many jobs that women take as part-timers do not qualify on either count, due to instability and to low pay and short hours. Despite pressure to change this national insurance threshold to bring women's part-time work into the mainstream by the EOC (1999), the government has in fact raised the threshold for contributions, although offering credit to those who would have been included in the social security system under the old threshold system. Moreover, after six months all benefits are means tested on the household and more women who are unemployed or seeking work are in households where their partner is employed than is the case for male unemployed. As a result the share of women among benefit claimants is much lower than the share of women among the unemployed as measured by the Labour Force Survey. The government has not done anything to change these different patterns of entitlements to benefits and indeed the working tax credit has reinforced the different status of women in relation to benefit systems. The working tax credit effectively provides state subsidies to all people in low paid jobs, apart from those who are in households where there is already one person in full-time work, namely mainly married women and young people. Moreover if their partner is claiming the tax credit it is highly unlikely that women would find it worthwhile to work given high rates of reductions of benefits from additional earnings (Brewer and Clark 2003). The clawback rate has in fact been reduced from 70% to 55% but as the working tax credit now covers more families and households the share of women affected is likely to have increased (Brewer and Clark 2003).

It is during this key life stage that the problems of a fragmented and declining private pension provision is likely to have more impact on households' feelings of security and well-being. Where final salary pension schemes are still in existence, job mobility may certainly be restricted in order to preserve the benefit. The need both to provide for future pensions for themselves and to assist children through the period of higher education and transition to work may well make people in this age category very risk averse. However, this group still remains vulnerable to downsizing and other elements of structural change as there are relatively few restrictions in the UK on who can be selected for redundancy or indeed for transfer, as in the case of the public sector in particular. However, this is the group that is also likely to be benefiting most from recent rises in house prices due to their purchase of their own

housing at low prices. Again the housing market is a major source of intra-generational divisions. Opportunities for earnings growth may be lower for this age group than in the past, if they face competition from the growing ranks of young graduates, who demand higher pay to compensate for higher levels of debt. It is in this period that some households will benefit from intergenerational transfers of housing, following the death of some parents.

One of the major changes taking place in the transitions among the prime age population relates to women. The UK is to some extent moving away from its traditional model of transitions associated with childbirth where women quit the labour market to have children and returned to work in part-time jobs that often involved occupational downgrading as part-time work was mainly available in the low skill areas<sup>5</sup>. The share of women returning to work after maternity leave has increased dramatically in the UK (Callender et al. 1997) (table 5) and the recent right to request flexible working when children are under 8 may have a further positive impact on the share of women who are able to retain their stake in the labour market over the period of childbirth<sup>6</sup>. Table 6 provides evidence of increased opportunities for flexible working, even prior to the new right. In part this change in the model has been facilitated by a change in benefit entitlements, with universal rights to maternity leave coming into play only in the early 1990s but further extensions to leave and to paid leave being made since 1997. There has also been a belated expansion of childcare provision both for young children and for after school and holiday care for school age children. Not all the changes are attributable to specific family support policies; more important undoubtedly in promoting women's employment are women's own aspirations, their higher education, the change in gender and household relations and the problems of surviving on a single income due to housing costs, labour market instability etc.. However, against these trends that are promoting women's employment, the very long hours of work for full-timers restricts the opportunities for women to choose full-time work in combination with motherhood and also restricts fathers' involvement in care work. Moreover, taking the UK model as a whole -including wage structure, family systems and tax and social security, we find that the UK fails to provide adequate support for families. In contrast for example to Sweden where disposable income was higher in families with children than those without, in the UK families with more responsibilities are likely to receive lower income (Anxo et al. 1999). While the recent changes to tax and benefit systems have done something to alleviate these effects compared to the mid 1990s when the comparative analysis was carried out, it is unlikely to have been sufficient to have removed these negative impacts, caused by women tending to reduce hours and often to work in low paid jobs, a change that is not compensated sufficiently by higher child-related benefits.

**Table 5. Percentage of women returning to work after childbirth, by previous hours at work status**

	<i>1979 survey</i>	<i>1988 survey</i>	<i>1996 survey</i>
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<sup>5</sup> The cost of gaps in labour market experience has been estimated to be even higher for women than for men: the wage penalty for a one year gap for childbirth etc has been estimated to be 16% but this is twice that for a one year gap for men (Gregg 1998).

<sup>6</sup> Note this is only a right to request flexible working and to be given reasons for not granting the request.

<i>Status during pregnancy</i>			
Full-time	18%	43%	69%
Part-time	37%	50%	64%

Source: Callender et al. (1997).

**Table 6. Availability of selected workplace arrangements that might help mothers with young children**

<i>Workplace arrangement</i>	<i>1979 survey</i>	<i>1988 survey</i>	<i>1996 survey</i>
Part-time	39	36	79
Job sharing	-	6	35
Flexi-time	12	12	32
Shift work	11	9	26
Chance to do some work at home	3	4	17
Career break scheme	-	4	23
Workplace or other help with childcare	3	4	9*

Notes: data based on a comparison of the 1979, 1988 and 1996 PSI surveys of maternity rights and benefits; \*workplace nursery or crèche only. Source: Callender et al. (1997: table 1.8).

If we consider issues of convergence and divergence, we find that, while the UK has radically transformed its social security system, it is not necessarily moving in the direction of convergence with European systems but developing its own distinctive approach, which includes some elements of the US system -- for example the working tax credit is similar to the earned income tax credit in the US -- but other elements that are alien to the US model such as universal support, even if means tested after six months, for people who are either unable to work or unable to find work. It also for the moment provides housing benefit for those who claim benefits, another means of distinguishing the UK from the US system. Again the reinforcement of the housing market as the key to lifetime wealth further differentiates the UK model from many other European models. When we look at pensions, we find some elements of convergence in the sense that individuals' pensions are no longer so closely tied to organisational careers (as most European pension are either national schemes or sector specific), following the demise of organisation specific final salary schemes (except in the public sector). However, the fragmentation of pensions and the decrease in provision puts the UK in a different category from many European countries.

In other areas there could be said to be a move towards convergence with some of the dominant European social welfare models; for example there has been a significant increase in state support and provision of childcare. This support falls far short of that found in the Nordic countries or in France or Belgium, but it nevertheless significantly improves upon the position in the mid-1990s and the position to be found in the US. The move towards more continuous female working, bolstered by improved maternity leave entitlements and the right to request flexible working on return to work, may lead over time to a significant change in the dominant dual earner household model in the U. K.. However, the extent to which the UK will move towards dual full-time working may be conditional on what happens with respect to hours of work in full-time jobs which remain out of line with the rest of Europe but similar to the pattern found in the US (Kodz et al. 2003). These are the longest in Europe and have been the increasing under the pressure for unpaid overtime, as jobs

become organised on a task or responsibility basis rather than based around standard and predictable hours of work.

### *Transitions to retirement and old age*

One of the key issues that most European countries are trying to address is to extend the age at which people make the transition to retirement. In the UK, in contrast to many European countries, there has been no national early retirement scheme. Instead early retirement options are offered by private companies and indeed by branches of the public sector in order to smooth processes of downsizing and redundancy (Turnbull and Vass 1997). There have been cutbacks in these schemes in the public sector of recent date as the true cost of the early retirement has been passed back to the specific organisation instead of being borne by the pension scheme as a whole. The government is introducing new incentives for people to forego claiming their state pensions until they reach the age of 70 but state pensions constitute a relatively low level of income in the UK. Life expectancy for those groups that are most dependent on the state pension is likely to be less than the average<sup>7</sup> and it may be these groups that are least likely either to voluntarily postpone their retirement or indeed to be able to find work into their sixties and beyond as productivity in manual jobs probably declines faster than in non manual jobs.

The preference among employers for early retirement over compulsory redundancy in part reflects the strong practice of age discrimination in the UK. These practices are about to be tested by new legislation but it remains to be seen whether there is a significant impact on organisational culture and practice. The decline in final salary schemes may facilitate the phasing in of retirement through a pre-retirement period of reduced hours working. The linkage of early retirement to the best years of income has up to now reduced incentives for people to accept part-time work in the run-up to retirement. The provision of private pensions is highly variable in the UK and there remains a considerable gender divide over who has or who does not have a significant occupational pension (table 7). Women still remain strongly reliant on the company pension of their partner and this dependency has been increasingly extended to cohabitees and the partners of the same sex, instead of a move towards more general individualised pensions. Another complexity in the UK pension system is the introduction of higher guaranteed minimum income levels based on means tested assessments. If this system were guaranteed to continue, there would be limited incentives for many people to take out any kind of occupational or private pension provision, as they would not earn sufficient through this approach to offset the loss of means tested benefits. However, there is a high risk in relying on this element of public policy remaining intact until younger people today reach retirement age. These potentially contradictions in the policy, coupled with the collapse of the stockmarket,

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<sup>7</sup> According to TUC research 'One in five won't get pension if retirement age rises to 70 More than one in five people - and nearly one in three men - will die before they get a pension if the Government increases the retirement age to 70, according to new TUC research.... This rises to almost half of men and more than a third of the population as a whole in Britain's most deprived areas'.

<http://www.tuc.org.uk/pensions/tuc-8159-f0.cfm>

can explain the low take up of the new private pensions schemes, called stakeholder pensions, for those on relatively low earnings (Clark and Emmerson 2002).

Table 7: Membership of pension schemes

	Women		men	
	F/T	P/T	F/T	P/T
<i>Employees</i>				
Occupational	56	27	57	9
Personal	15	9	25	n/a
Any pension	64	34	72	15
<i>Self employed</i>				
Personal	53	17	65	22

EOC 2001

Thus the further fragmentation of the pension system in the UK is leading to a breakdown of the postwar settlement system whereby workers could look forward to relatively well-paid and protected retirement. Other European countries may be moving in this direction but the UK was already well ahead of the game and is perhaps moving even faster away from the notion of guaranteed real or relative income levels in old-age. The UK is moving towards a US-style system of company pensions, where there is less reliance on final salary schemes and more on stock market based defined contribution schemes, often without any inflation uprating. However, the UK has perhaps moved further away than the US from the notion of a guaranteed social security pension system, although the new Labour government has increased guaranteed income levels to pensioners through means-tested household benefits, now called pension credits.

While pension provision presents the first major challenge for any national socioeconomic system in dealing with transitions to retirement and old age, the second major challenge is the provision of care when older people become partially or fully incapacitated. The UK has a better record in the provision of elder care than childcare, in part perhaps of its rather fragmented family system (see Anttonen and Sipilä, J. (1996) for an analysis of care provision in Europe, where the UK was deemed to have relatively abundant care for older people). The trend towards dual earner households, coupled with continued geographical fragmentation of families in the UK, means that the likelihood of intergenerational transfers of time with respect to care are likely to remain relatively low, although cutbacks in state provision always puts pressure on family members (Rubery 1998) even when they are in full-time work and geographically distant. More care is likely to be provided within couples as both partners face increased life expectancy but with variable degrees of physical or mental incapacity. In principle there is a policy of providing increased care support in the homes of older people but this policy is dependent on the provision of a labour force able to provide the care. Local authorities have moved down the route of contracting out this work to private agencies but these agencies are less able to deliver a guaranteed supply of labour, particularly of skilled and committed labour, than was assumed when the decision was made to contract the work out and to keep the cost of the service low (Fagan and Nixon 2000). There is also a shortage of residential places for older people, partly as a result of the privatisation of this sector. Increased regulations coupled with rising property values have led many private homeowners to cash in the values of their properties. Care for the elderly is thus a relatively

unplanned system in the UK. A key controversial issue is the extent to which older people's housing should be used by the state to pay for their care provision, particularly their personal care needs that are now paid for by the state in Scotland but not elsewhere in the UK ( due to devolution of some powers to the new Scottish parliament). In the UK only nursing care is paid for and while rent and food are generally acknowledged to be acceptable charges on the individuals' income, there are mixed views as to whether personal care needs can really be distinguished from nursing care and whether the state should provide for these. The requirement to use housing assets to fund care provision certainly reduces intergenerational transfers but may have a particularly strong effect on those transfers to lower-middle-class sectors, with the upperclass and the more affluent middle classes the more able to fund care out of income rather than capital.

Thus the UK continues to have a distinctive approach to the transition to retirement and old age. There is only a low universal state pension but recently this has been backed by much more generous means-tested benefits to those with no alternative additional system of pension provision. This approach combines uneasily with the fragmented private occupational pension provision which the government hopes will be the mainstay of pension support for most pensioners. Uncertainty over the value of pensions, now that schemes for most new entrants are based on stock market rather than final salary values, creates further disincentives for individuals and companies to provide strong occupational pension systems. The rise in the housing market is in part explained by a reluctance amongst the British to invest in pensions tied to stockmarkets and instead reflects a greater willingness to purchase additional property for provision for old age. The provision of elder care through a mixture of welfare state and voluntary and private systems is relatively well established in the UK, particularly compared to southern European countries. However, the further privatisation of the supply network is causing new tensions and problems. Although housing wealth can be used to pay for state care, many households still pass on the value of their houses at death to the next generation with only limited reductions for residential costs, as not all old people end up requiring support in care homes. Thus the fund to provide for care needs are often passed on intact to the next generation, thereby increasing intra-generational divisions in wealth.

### **Conclusions**

The application of this framework to the case of the United Kingdom has supported the hypothesis that transitions at key life stages provide an important and revealing method of characterising differences in national socioeconomic models and of identifying key pressures for change. The focus on the critical points in the lifecycle that occur in all societies provides a means of comparison that is meaningful and readily understood by both academic analysts and policymakers.

Moreover, the framework has reinforced the need to develop a dynamic analysis of national socioeconomic models; major pressures for changes have been identified in the UK model at each of the critical life points and these have resulted in significant changes in the patterns of transitions and the sources of support. Nevertheless when we consider the extent to which these developments are pushing the UK model either towards the US model or the archetypical European model, the distinctiveness of the UK path is still apparent, with many elements that differentiate the UK model from both the US and the European model being reinforced rather than removed. The UK

certainly remains outside the archetypical European model but it is oversimplistic to compare the UK model to that of the US, although of course this is a practice increasingly common within the UK political discourse and indeed UK policy design. The differences between the UK and the US apply to all the major institutions, including the state, the family and the organisation of the economy and the forms of both wealth and power. Many of the policies that the UK may be ‘borrowing’ from the US are therefore likely to have quite different impacts in the UK; the case of the introduction of student top up fees being one case in mind.

While identifying the UK as still following a distinctive national approach, we are not suggesting- to use Wickham’s analogy (2001)- that the UK has been able to remain on the same railway track, nor that it has successfully switched from one track to another. There has been no systematic reinstitutionalisation of the UK model to meet new conditions. The fact that the UK is not clearly converging with either the US or the European model does not imply that it is moving towards a coherent or sustainable solution. However, it should also be made clear that it is not the case that all elements of the UK model are inferior to those found in other societies, including the archetypical European social model. Taking the model as a whole we find that there is a very weak system of intergenerational support to protect citizens across their life course. Nevertheless it is worth pointing to some features that may be helpful to transitions, at least in relative terms. Examples include the relatively short period of study before graduation which provides perhaps a better basis for the transition to work and to independent living than in those European countries where the transition is extended well beyond that necessary or desirable. While such benefits may be offset by the recent decision to introduce top up fees for students, the changes to the UK higher education support system must be understood against a backdrop of more generous state support – including the universal loan system that has replaced the grant system- than may be found in some other European societies where the burden has traditionally been taken by the family. Other advantages of the UK model could be said to include the greater possibilities for mobility across careers and organisations, not restricted by choices made at an early age with respect to education or training. The counterpart to this flexibility is of course the danger of superficiality in the skill base within organisations in the UK. Furthermore the focus on achievement at an early age may in fact reduce the scope for mobility for many prime age workers, and whatever benefits the early career start has for women in the UK these are often offset by the requirement for all full-time workers to commit themselves to very long hours of work if they want to achieve relatively high status jobs and careers.

These final examples illustrate some of the contradictions in many elements of the emerging 21st century version of the UK national socioeconomic model. So far the adjustments made in the UK model to the new challenges and pressures at the critical life stages have not been part of a coherent policy to form a new social pact between the generations. Many of the problems, particularly in relation to the funding of both pensions and education, have yet to be really felt by the citizens as these will only really impact on future cohorts. The UK needs to develop a much longer-term and sustainable approach to its social and economic problems but taking a long-term view is perhaps outside the distinctive character of the UK national socioeconomic model.



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Appendix table 1a

Lifestage model	UK model (and reinforcements of distinctiveness of UK model)	UK in comparison to US model (movement towards US model)	UK in comparison to European social model (archetypal) (movement towards European model)
School to work: traditional model	Elite higher education based on independent living and state support; majority left school at 16 into work; limited family support past 16-18 phase	Lower share in higher education than US but more state support, more studying away from home, less student involvement in paid work. Similar in limited development of vocational training for less academic but more support for unemployed youth.	Shorter university courses in UK, more independent living away from home, more elite less mass higher education; earlier school leaving without training than some parts of northern Europe; fewer problems of integrating graduates than some Southern European countries. Young people absorbed into low level non training jobs rather than being openly unemployed.
Changes to model	Tendency towards early independent living reinforced by higher share in university (but lower share of those at university). Independence from family reinforced by student loan system.	Higher share of costs of higher education borne by individual/family; withdrawal of state support for young unemployed in benefits but retained in training/work placement; more student involvement in paid work	Move from elite to mass higher education; more costs borne by individual/family ( but share taken by family not yet known)

Appendix table 1b

<p>Transition to career and independent living: traditional model</p>	<p>Early transition to career due to early school leaving plus early finish to degree studies. Flexible career options as limited link between education and career or requirements for training to obtain posts. Independent living reinforced by studying away from home but limited rental market means independence dependent upon access to either owner occupation or council rented property</p>	<p>Fewer requirements to undertake graduate studies in UK . No tradition of repaying higher education loans. Entry to owner occupier status at earlier age.</p>	<p>Less graduate unemployment in UK than Southern European countries. Weaker link between studies and career. Less developed rental market for young people to start independent living.</p>
<p>Changes to model</p>	<p>Reduction in career job opportunities for school leavers but still relatively early transition to career because of graduation by 21. Expansion of higher education still not strongly linked to career options. High house prices restrict entry but increase incentives to owner occupation. Polarisation increased by rise of dual high earning couple households.</p>	<p>Revival of rented property market but at high price. Increase in graduate debt. Fragmentation of internal labour markets/ decline of occupational labour markets pushing in direction of American model.</p>	<p>Decline in availability of social housing may be causing some young people to delay leaving family.</p>

Appendix table 1c

<p>Prime age transitions: traditional model</p>	<p>Women tended to quit the labour market to have children and return to specific part-time jobs. Long hours of work in full-time jobs restrict options for women to work full-time. Strong age discrimination in access to new jobs or employment; promotion at young age. Unemployed received long term unemployment benefit on means-tested basis- low basic benefits but medium provision if in receipt of housing benefit. Lone parents not expected to work. Housing major element in wealth.</p>	<p>Costs of job loss probably higher in UK for women who quit as well as for unemployed- age discrimination stronger in UK- less downward but also more difficult upward mobility. More state support in UK for male unemployed/families without work- not just lone parents. Housing in US not as important as UK for wealth; stock options more important.</p>	<p>More limited opportunities for women to stay in work or to reduce hours in same jobs as limited childcare plus leave entitlements. But more mobility in some respects possible as less institutionalised internal labour markets and occupational training systems. Housing not used so much as investment for wealth in many European countries- taxation etc reduces house upgrading</p>
<p>Changes to model</p>	<p>Fragmentation/privatisation may be reinforcing pattern of flexible careers not linked to compulsory initial education/training. Continued focus on part-time hours as mean to provide equal opportunities, even if more opportunities for reduced hours may be available. Increases in unpaid overtime reinforces the long hours model of full-time work.</p>	<p>Efforts to make lone parents work and to active the long term unemployed (new deal plus working tax credits) push system towards US model but means- tested long term income support still available (although cutbacks in housing benefit plus activation of disabled may mean further reductions in safety net). Working time becoming more extended and fragmented, as in US.</p>	<p>Women returning to work/reducing hours within same job as leave and childcare improve</p>

Appendix table 1d

<p>Transition to retirement/old age: traditional model</p>	<p>Universal state pension (low level) plus second pension- either state or occupation/organisation based (disincentives to take up state second pension). Provision of care for elderly in both residential homes and through home help service as fragmented family system. State support but means tested (income plus wealth if in home)</p>	<p>Similar in having state support for retired combined with more generous occupational pensions. Final salary schemes more common in UK than in US, plus uprating for inflation; age discrimination reduces working as an option in UK for older workers in comparison to US. US provides help with medical costs for retirees only; UK free health for all. More limited state support for care costs in US.</p>	<p>Other European countries less reliant on organisation specific private pension schemes – more state and sector based-related to earnings not flat rate provision. In southern countries less provision of elderly care (UK judged to have relatively generous supply of elderly care by EU standards)</p>
<p>Changes to model</p>	<p>Polarisation between workers with good and poor access to pensions is increasing- young people excluded from private sector final salary schemes – only have access to stockmarket related pensions. Public sector more protected than private sector. Increased focus on housing as source of protection for old age.</p>	<p>Switch from final salary to stock market related schemes pushes pension system towards US model. No change in principle in provision of care in homes, financed either by family or the state but privatisation of the homes has led to a shortage- as a result in part of increased property prices. Outsourcing of home care work to private sector, funded by state, a partial move towards privatisation and also towards use of non qualified etc for care.</p>	<p>UK pension changes are increasing the gulf between European and UK pension systems even though both systems moving in same direction. Similarly care provision more privatised than in rest of Europe and more means tested provision but more supply than in e.g. the South. Failure to deliver care puts pressure on family, but UK family not in a position to provide systematic care (fragmented/geographical divisions)</p>