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Towards a new standard employment relationship in Western Europe?

Introduction

When social scientists today debate the employment relationship of the traditional full-time core worker, the so-called standard employment relationship (SER), they speak almost exclusively of erosion and crisis rather than of change. The predominant notion is that the SER of the past is breaking up in favour of a diversity of non-standard atypical employment relationships that are no longer held together by any common bond, so that it no longer makes any sense to assume that there is any dominant form of employment relationship. Closer examination reveals, buried within this debate on the crisis in the standard employment relationship, a number of very different strands of argument, which can be summarised as follows. Firstly, it is maintained that the SER has declined in importance. Secondly, it is predicted that the SER will decline further in significance in future. Thirdly, it is suggested that the SER is not even worth defending. This is justified on the following, again very diverse grounds. Firstly, the SER, which has mainly been the employment relationship of male breadwinners, is seen as an expression of paternalistic power relations that have to be overcome. Secondly, because of its rigid regulations, it is characterised as the most important obstacle to the free play of market forces. Thirdly, and finally, it is asserted that the rising generation is no longer afflicted by its parents' concerns with security and actively seeks greater flexibility in the world of work. Only a few contributors to the debate (Beynon, Grimshaw, Rubery, Ward 2002; Bosch 2002) have examined the chances of the SER's survival, outlined some starting points for the political action that needs to be taken and developed some approaches to a new SER that would be viable in future.

These opportunities for shaping the future of the SER and developing new norms for employment relationships are the subject of this paper. In order to uncover these buried starting points for action, the various lines of argument alluded to above need to be unpicked step by step. The fact that they are so intertwined makes it very difficult to obtain a clear view of the overall situation. It is not sufficient to check the numerous statements of fact against the findings of empirical research. The world of work is in such a state of upheaval that statistical surveys on the diffusion of particular forms of employment relationship merely provide snapshots of a moving object. In order to make a film out of these snapshots, not

necessarily one with a happy end but at least with a comprehensible story, we have to get to grips with the forces driving the change. Only then will we be in a position not only to evaluate the future but also to understand the causes of change and hence identify shifts in trends and points of intervention for political action. What interventions are proposed is a normative decision and not one that can be inferred simply from the analysis. However, whether or not any opportunities for action are revealed at all depends very much on the quality of the analysis.

We begin by attempting to outline what is actually understood by a standard employment relationship and to identify the stabilising elements, that is the structures, that held it together and were responsible for it being regarded, at least for a long time in the past, as *standard* (section 1). The quantitative evolution of the various forms of employment relationship in several countries is then examined (section 2). The country comparison reveals the existence of a number of different *standard employment relationships* as well as very contradictory developments and underlying causes. In section 3, the various causes of the changes in employment relationships and their effects on the SER are examined. By way of conclusion, several possible models for the creation of a future SER are outlined (section 4).

1 The definition and function of the SER

The traditional SER has been defined as a "stable, socially protected, dependent, full-time job … the basic conditions of which (working time, pay, social transfers) are regulated to a minimum level by collective agreement or by labour and/or social security law" (Bosch 1996: 165). The full-time nature of the job, its stability, and the social standards linked with permanent full-time work are the key elements in this definition. Only full-time employment guarantees a family wage and an adequate level of social protection, while a stable job places the relations between employer and employee on a long-term footing. Nolan's starting point is the social function of the SER for the employers. He argues that what distinguishes this employment relationship from other form of exchanges is the "attempt by employers to reconcile … two problems – of securing workers' cooperation and a surplus product"(Nolan 1983: 303). Harvey (1999) and Clarke (1991) identify the wage form as the key criterion in assessing the approach to future time inherent in employment forms. In the SER, in contrast to day labour, workers are paid not only for the days they work but also for times when they are not working or investing in their capacity for work (through learning on the job, initial and further training, health and safety at work and so on). The object of the contract is not

only today but also tomorrow, with many mutual obligations enshrined therein. These obligations may include, on the employee's side, exclusivity of employment with one organisation and, on both sides, a commitment to a minimum period of employment and rules for terminating the contract. Esping-Andersen (1990) argues that workers are not commodities like others because they must survive and reproduce both themselves and the society they live in. As commodities they could easily be destroyed by even minor contingencies as illness, and by macro-events like the business cycle. De-commodification is a precondition for a tolerable level of individual welfare and security. The welfare state including the job protection and the entitlements linked to the SER reflect responses to pressure for decommodification (Esping-Andersen 1990: 37). He differentiates three types of welfare systems: the social-democratic (example Sweden), the corporatist (example Germany) and the neo-liberal (example USA).

The purpose of welfare state regulations in the social democratic and corporatist model is to protect that special commodity *labour* from the vagaries of the market. The various social protection measures create buffers between the market and employment relationships that guarantee workers an income, at least for a transitional period, when they are not working because of illness, accident, unemployment, short-time working etc. At the same time, employees' capacity for work is maintained over the long term by protecting workers from excessive demands, for example by establishing maximum working times and holiday entitlements. Private life is made easier to plan by establishing a standard working time and rules that have to be adhered to when deviations from that norm are necessary (payment of premia, notice of changes to working time). Thus the SER enables employees to plan for the long term. This applies not only to the planning of everyday life, such as the use of leisure time, but also to workers' investment, and that of family members, in their own capacity for work, for example through further training. Social protection and the constraining of corporate decision-making by rules (dismissal protection, for example) increase employees' bargaining power in the labour market, which they are able to deploy effectively in representing their interests. Above all, they have been able to obtain for themselves a share of the increase in economic productivity and compensation for their own willingness to be flexible (e.g. through the payment of overtime premia). In this way, the SER has been a significant instrument for the reduction of social inequality. Esping-Andersen underlined, however, that de-commodification should not be confused with the complete eradication of labour as a commodity (Esping-Andersen 1990: 37).

If only welfare state regimes are compared, there is a danger that the function of the SER for companies will be overlooked, a point underlined by Nolan (1983). Firms also benefited from the standards laid down by the SER during the period of stable economic growth and mass production. In the past, work organisation in both manufacturing industry and the service sector was based on full-time employment and the eight-hour day associated with it, and on the 48 and later on the 40-hour week. This traditional form of working time was the main pillar of work organisation systems and was generally taken for granted. Thus employees' standard working time was not simply an externally imposed regulation but found its equivalence in firms' work organisation systems. This is the main reason why traditional forms of work organisation became second nature to both employees and firms. The standard working time laid down in the SER and the dismissal protection it provided meant that ad hoc personnel decisions became costly, leading firms to plan their personnel deployment very carefully. The high productivity increases achieved in the 1960s and 70s showed that they made intensive use of their freedom of action within the framework laid down by the SER in order to reorganise and rationalise labour deployment.

This focus on decommodification has been criticized from a gender perspective because “in order to enjoy rights to “decommodification” it is essential to be a potential participant in the labour market. Some welfare states act to restrict women’s role to the domestic or family sphere, while others encourage and promote the participation of all citizens” (Rubery, Grimshaw 2003: 87). In the corporatist model, the traditional male-breadwinner model was further stabilised by a number of reinforcing measures, such as morning-only school, the inadequate supply of childcare facilities, the so-called *splitting* system for assessing married couples' tax liability and the system of deriving married women's social security entitlements from their husbands' SER. In the 1950`s and 60’s the Swedish welfare state also supported traditional household structures with a male breadwinner and was gradually transformed into the social democratic welfare state of today, which is based on the assumption that all fit adults are in employment. We will see that the switch from derived entitlements to individual rights in European welfare states is one of the major drivers for changes in the SER.

If we take as our starting point only formal definitions of the SER, it is all too easy to forget that the great stability of employment relationships in the post-war period was a consequence not simply of welfare state and labour market regulations but also of high growth rates and full employment. In economically more turbulent times, the same legal framework would

have produced completely different employment relationships, as it did in the world economic crisis.

2 The quantitative evolution of the SER in EU member states

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

In West Germany, the number of permanent, full-time employees stagnated between 1988 and 1998 in absolute terms and now stands at around 18 million. However, examination of the share of permanent, full-time employees in the total economically active population reveals a decline from 67.4 to 62.1%, that is a fall of somewhat over five percentage points (Table 1). This difference in the evolution of the relative and absolute figures is explained by the increase in total employment of more than 2 million people. Since the number of self-employed and family workers has remained almost unchanged and that of employees on fixed-term contracts has even declined, the decline in the share of full-time dependent employment is largely a consequence of the rapid increase in part-time employment. Between 1988 and 1998, the part-time rate in West Germany rose by six percentage points from 11.3 to 17.3%. This is attributable essentially to the increase in the employment rate, that is in the share of women in employment in the total female population of working age. In other European countries, the evolution has been quite similar (e.g. in France or the UK). In the Southern European countries (Portugal, Spain, Italy and Greece), the share of full-time dependent employment in all employment relationships is considerably lower than it is in the central and Northern European countries, since the share of the self-employed and of family workers is still very high, in agriculture among other sectors. In some countries, full-time

dependent employment has actually gained ground in relative terms. It has increased in Greece and Portugal at the expense of self-employment and in Denmark as a result of the decline in the part-time rate. The relative decline in full-time dependent employment in Spain is linked to the sharp increase in temporary employment (Table 1). These variable national patterns suggest that the forces driving its evolution vary from country to country.

Table 1: ***Selected employment forms in Europe 1988 and 1998***

	Total economically active population in millions (=100%)	Self-employed and family workers	Total dependent employees	Full-time dependent employees		Part-time dependent employees
				Standard permanent employment relationships	Temporary employment	
Belgium						
1988	3.48	18.0	82.0	70.1	2.9	9.0
1998	3.86	17.4	82.6	63.5	4.3	14.7
Denmark						
1988	2.68	11.0	89.0	59.2	7.8	22.1
1998	2.68	9.7	90.3	62.3	6.7	21.1
West Germany*						
1988	27.00	11.5	88.5	67.4	8.9	11.3
1998	29.07	11.5	88.5	62.1	8.3	17.8
East Germany*						
1988	6.46	8.5	91.5	65.3	14.3	11.0
1998	35.54	11.0	89.0	62.7	9.4	16.5
France						
1988	21.50	16.2	83.8	68.4	4.9	10.0
1998	22.47	12.5	87.5	63.2	8.1	15.8
Greece						
1988	3.65	49.5	50.5	40.9	7.6	2.0
1998	3.97	43.4	56.6	48.2	5.9	2.5
Ireland						
1988	1.09	25.3	74.7	64.6	3.8	6.1
1998	1.50	20.2	79.8	60.6	2.9	14.2
Italy						
1988	21.09	29.5	70.5	64.9	2.1	3.5
1998	20.36	28.7	71.3	61.9	4.0	5.4
Luxembourg						
1988	0.15	11.2	88.8	81.6	1.3	5.9
1998	0.17	9.4	90.6	80.6	1.8	8.8
Netherlands						
1988	5.90	12.1	87.9	58.2	3.5	25.8
1998	7.40	11.6	88.4	50.2	3.3	34.5
Portugal						
1988	4.43	30.9	69.1	54.3	11.6	3.1
1998	4.76	27.9	71.2	56.2	11.1	3.9
Spain						
1988	11.71	29.0	70.8	53.1	14.2	3.3
1998	13.16	23.0	76.9	48.7	21.9	6.2
United Kingdom						
1988	25.66	12.6	87.0	64.0	1.9	19.8
1998	26.88	12.5	87.3	61.3	3.3	21.9
Finland						
1998	2.18	14.6	85.4	64.3	11.3	9.7
Austria						
1998	3.63	13.8	86.2	66.8	5.9	13.5
Sweden						
1998	3.95	11.4	88.6	58.9	5.6	21.1

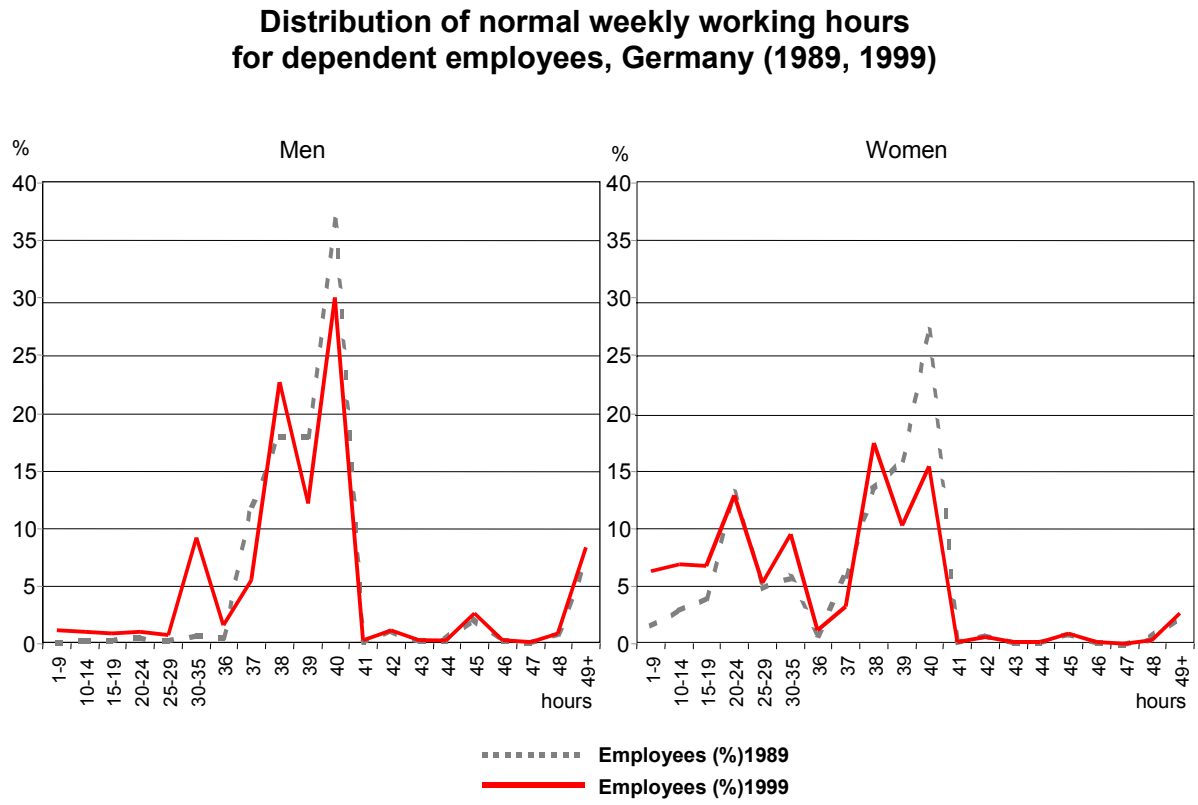
* West Germany incl. West Berlin, East Germany incl. East Berlin. The division of the Eurostat results on the basis of the micro-census contains some slight fuzziness.
Source: Hoffmann / Walwei 2000a

- In the relatively less developed countries, the share of the self-employed and of family workers will decline significantly, as it did in central and Northern Europe in the 1950s and 60s, and full-time dependent employment could become more widely diffused through the creation of additional standard jobs in a period of high economic growth. The SER accelerates the pace of economic change, since workers leave the traditional sector precisely because of the high employment stability, the guaranteed wages and the more regular working hours.
- In some countries, including Germany, Ireland, and UK and the Netherlands, part-time employment is increasing, particularly as a consequence of rising female participation rates, while in those countries in which the female participation rate is already high (Denmark, Sweden and Norway) it is slowly declining. Since part-time work is primarily women's work, any attempt to explain these trends must look first at the conditions under which family responsibilities and paid work can be reconciled.
- Obviously, the expansion of fixed-term or temporary employment can, under certain conditions, undermine the SER (Spain). One possible reason for this may lie in excessive regulation of the SER, which induces firms to confine themselves largely to revocable personnel decisions when adjusting employment levels. Another reason may be inadequate levels of flexibility within the workforce (because of skill deficiencies, for example), which encourages firms to opt for external flexibility.

Part-time and full-time work are often looked at as different forms of employment relationships. Blyton and Turnbull (1994) subdivided the labour force into three broad categories: a core of full-time workers, a periphery of part-time, temporary and home workers together with the self-employed and, finally, the unemployed (p. 53). This polarized view of full-time and part-time work might make sense in the British context but should not be generalized. In some European countries, the hours worked by full-timers and part-timers are beginning to converge as a result of an increase in part-timers' hours and a reduction in those of full-timers. In Denmark, for example, it became possible for many women to work the reduced full-time norm when the generalised reduction of working time from 40 to 37 hours was introduced. At the same time, female part-timers now tend to work 30 hours per week rather than the 20 hours they used to work ten years ago. The reduction of men's working time has certainly also helped to change the family division of labour and women's labour market behaviour (Figure 1a). In Germany, these developments are only in their early stages and are masked in particular by the strong growth in marginal part-time employment among women (Figure 1b). In Great Britain, on the other hand, full-time and part-time employment

are tending rather to diverge. The de facto full-time norm among men is far in excess of 40 hours. The share of men working excessively long hours has actually increased still further in recent years. The large volume of overtime worked by men means that married women with children, despite an advantageous school system with relatively long hours, have to be content with marginal part-time jobs, so that the gap between full-time and part-time employment has widened even further in recent years. In contrast to Denmark (Figure 1c), part-time work is also largely unregulated; it is less well paid than full-time work, so that there is little incentive for households to substitute the low wages earned by female part-timers for men's overtime, which attracts premium payments. A longitudinal survey would probably show even more clearly that the differences between full-time and part-time employment are becoming more fluid in Denmark. Temporary rather than permanent part-time working, with a return to full-time employment, has become part of a normal work history, particularly as a result of flexible parental leave arrangements.

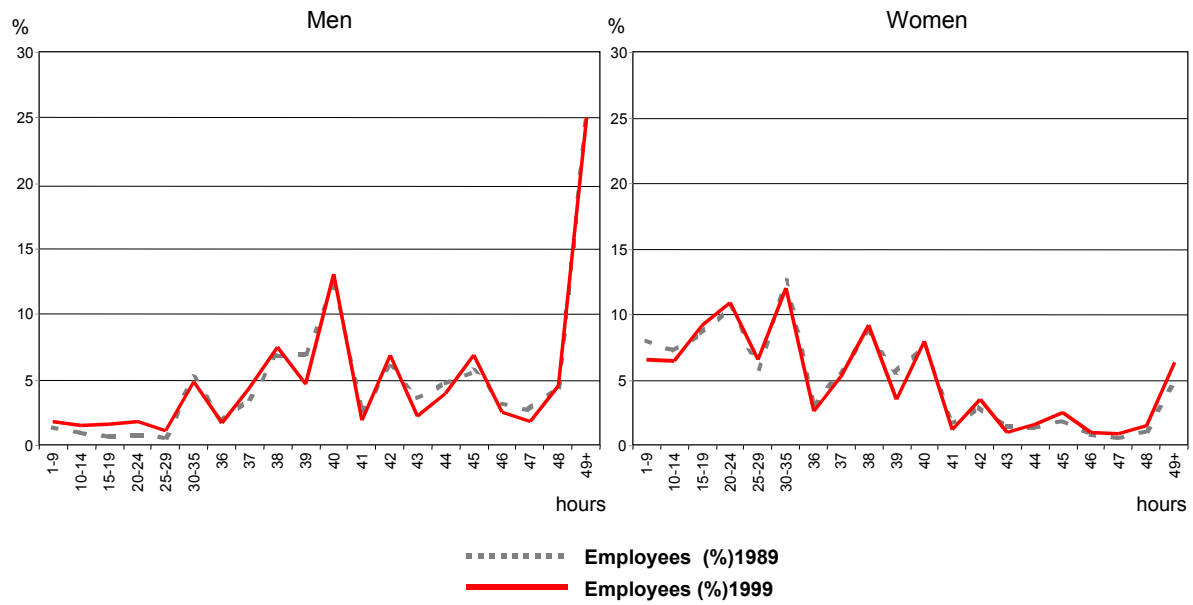
Figure 1a:



Source: European employee sample, Calculations: S. Schief, Institut Arbeit und Technik

Figure 1b:

Distribution of normal weekly working hours for dependent employees, United Kingdom (1989, 1999)



Source: European employee sample, Calculations: S. Schief, Institut Arbeit und Technik

Figure 1c:

Distribution of normal weekly working hours for dependent employees, Denmark (1989, 1999)

Source: European employee sample, Calculations: S. Schief, Institut Arbeit und Technik

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

Table 2: ***Average employment tenure 1992 – 2000***

Country	**1992**	**2000**	**% change 1992 – 2000**
Belgium	11,0	11,5	4,5
Denmark	8,8	8,3	-5,7
Germany	10,7	10,5	-1,9
Finland [a]	n.a.	10,1	-5,6
France	10,4	11,1	6,7
Greece	13,5	13,5	0,0
Ireland	11,1	9,4	-15,3
Italy	11,9	12,2	2,5
Japan	10,9	11,6	6,4
Luxembourg	10,1	11,4	12,9
Netherlands	8,9	9,1	2,2
Portugal	11,1	11,8	6,3
Spain	9,9	10,1	2,0
Sweden [a]	n.a.	11,5	8,5
United Kingdom	8,1	8,2	1,2
United States [b]	6,7	6,6	-1,5
EU (14) [c]	10,5	10,6	1,6
Average	**10,2**	**10,4**	**2,1**

a Change from 1995 to 2000.
b Average tenure data refer to 1991 instead of 1992. For US and Japan, data refer to 1998 instead of 2000.
c Without Austria.
n. a. not available

Source: Auer Cazes 2002 : 25

With international comparisons of this kind, one must be aware that apparently comparable statistical categories are often being used to measure very different things. Because of the low level of statutory dismissal protection and the decline in trade union power and influence in Great Britain and the USA, a permanent, full-time job in the large *union-free* areas in these countries frequently offers no more protection than a temporary contract, so that ultimately it matters little to employers or employees which kind of contract is concluded. It is hardly surprising, therefore, that, after the far-reaching deregulation of recent decades, there is no debate on the SER in the USA and Great Britain to match that being conducted, for example,

in Germany. In the neo-liberal model, permanent full-time work is decommodified only to a limited extent, if at all.

3 The causes of the change in the SER

The international comparison has already revealed some of the reasons why the SER might be increasing or declining. The traditional sector has been largely absorbed, and here there can be no going back. For this reason, Ulrich Beck's call for *the Brazilianisation of employment forms* in modern societies is merely an attempt to play to the gallery, without any practical relevance (Beck 2000). The following factors are of greater significance: (1) the flexibilisation of product markets, (2) rising participation rates among women, (3) the combining of education/training and work, (4) rising educational levels among the working population, (5) the employment situation and (6) the regulation or deregulation of the labour market.

1. The continuity and predictability of working time in the traditional SER was possible only while product markets were similarly structured. Manufacturing industry was dominated by mass production, which enabled firms to adapt to fluctuations in demand by holding stocks rather than by adjusting working time. In many areas of the service sector, the standard working time was guaranteed by fixed opening hours. These arrangements have changed. In manufacturing industry, mass production shifted long ago to low-wage countries and goods are now produced almost exclusively to order. It is no longer possible to keep parts in stock for the growing number of possible variants; thus stocks can no longer serve as a buffer between market and production and their role has been taken by working time. At the same time, opening hours in many service industries have been extended and hence also the time frame within which customer flows of varying volumes have to be served. In addition, and particularly in knowledge-intensive forms of work, such as software production, there is the pressure of deadlines in project work, which is a consequence of, among other things, the short half-life of innovations. In a generally more flexible economy, firms cannot survive with the old, rigid employment forms. A return to the early industrial forms of hiring and firing offers a solution only in the case of low-level jobs. In other jobs, employers are increasingly dependent on skilled workers, whom they wish to retain even in times of crisis in order not to lose the considerable investment they have made in their know-how. Consequently, they seek to increase internal flexibility. The rise in job tenure, despite more turbulent markets, has been possible as a

result of greater internal flexibility. Employees today are better and, more importantly, more broadly educated and are therefore more versatile. Moreover, flexible working times mean there are considerable reserves of labour that can be drawn on in the event of fluctuations in demand. More and more firms today prefer to dismiss hours of work rather than employees. If internal flexibility of this kind is not possible, firms will centralise competences to a greater degree in order to limit the loss of competences when external adjustments have to be made. This *re-Taylorisation* of work organisation is found in industries with high turnover rates (e.g. call centres or retailing). The future development of the SER depends very much on the dominant form of work organization in a country. If a high-road strategy based on skills, flexible work organization and internal flexibility is chosen, job tenure will remain stable. In a low-road strategy based on low-skill, easily replaceable workers and Taylorist work organization, external flexibility might gain in importance and job tenure will be shorter than in the past.

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

Table 3: ***Employment rates in full-time equivalents 1998, childcare infrastructure, women's pay***

	Total	Men	Women	Difference	Public childcare provision	Women's gross monthly income as % of men's income [2)] (1995)
E15	55.7	70.8	40.7	30.1		74
Belgium	53.7	67.9	39.3	28.6	2.7	84
Denmark	69.9	80.8	58.7	22.1	3	84
Germany	55.2	68.5	41.6	26.9	1.7	74
Greece	56.2	75.8	37.3	38.5	1.3	73
Spain	47.9	65.6	30.6	35.0	1.7	76
France	57.4	69.9	45.4	24.5	2.7	80
Ireland (1997)	54.0	72.5	35.3	37.2	1.7	70
Italy	50.2	68.0	32.8	35.2	1.7	77
Luxembourg	56.2	75.2	36.9	38.3	2.0	84
Netherlands	54.0	72.8	35.0	37.8	1.7	71
Austria	65.0	79.5	50.8	28.7	1	73
Portugal	64.9	77.9	52.5	25.7	1	71
Finland	61.5	68.2	54.7	13.5	3	78
Sweden	62.8	70.0	55.3	14.7	3	84
UK	60.9	77.0	44.4	32.6	1.7	70

1. low =1, medium = 2, high = 3. The indicator was constructed on the basis of data from the EU Childcare Network on the provision for children under 3 years, aged 3 to 6 and of school age.
2. Salaries and wages from full-time work, excluding bonuses and premia

Brawais/Pearson correlation coefficient *R*	
	Difference in male-female employment rates
Childcare provision	*-0,647* [1)]
Women's income as % of men's income	*-0,428* [2)]
Male employment rate	*-0,047* [2)]
1) significant at 5% level; 2) not significant	

Source: European Commission 2000; own calculations

As higher education has expanded, so the number of high-school and university students seeking employment has risen. Many industries (call centres, for example) have based their work organisation systems and locational decisions on this specific labour supply. In Germany, the percentage of young people aged between 15 and 29 combining part-time work and education rose between 1987 and 1995 from 15 to 26% (Table 3). Across Europe as a whole, the figure is even higher. Thus as a result of the expansion of the education system and the consequence extension of the *youth phase*[i] of the life course, employment forms are becoming increasingly differentiated, particularly among younger people; temporary and part-time jobs have become *standard*, albeit temporary employment forms that are not the last stops on individual career trajectories. Since it

makes no sense to select the expansion of the education system as an indicator of the crisis in the SER, particularly since career trajectories are likely to be stabilised by the expansion of the education system (see the following point), it would be sensible to base future investigations of the diffusion of the SER on employees aged 25 and over.

Table 4: ***Individuals working part-time while engaged in education or training*** *(as % of the relevant age group, 1987-1995)*

Age	Year	Germany	EU 15
15 - 29	1987	15	22
	1995	26	33
30 - 59	1987	5	2
	1995	4	2
15 - 59	1987	6	8
	1995	8	10

Source: European Commission 2000

4. In today's knowledge society, a good education will increasingly serve as an entry ticket to the labour market. In most countries, the employment rate for highly qualified men and women is significantly higher than that for the less well qualified (Table 4). For the more highly qualified, the influence of educational level on labour market position is now greater than that of gender. Incidentally, this also applies to working time and employment forms. The higher the qualificational level is, the longer average working times and the lower the part-time rate tend to be. Thus as qualificational levels among the working population rise, the demand for permanent, full-time employment also rises. In this respect, the risk to the SER comes from quite another direction. Working times are increasing among highly qualified workers, and a permanent, full-time contract no longer fulfils its classic function of protecting workers against excessive demands (Wagner 2000a).

Table 5: ***Employment rates*for men and women (aged 25 - 54) by educational potential in the EU, 1997***

Country	Low		Intermediate		High	
	M	W	M	W	M	W
Denmark	78.9	62.5	89.3	77.0	93.0	87.9
Germany	73.3	49.8	84.8	68.7	92.4	80.7
France	78.9	56.0	88.4	71.1	90.2	80.9
Sweden	76.0	65.5	81.8	78.8	86.3	87.1
UK	78.3	63.0	86.7	74.0	93.1	85.9
EU 15	79.0	48.0	86.3	68.3	91.2	81.1

*Share of employment in total economically active population aged between 25 and 54
Source: European Commission, 1998

5. The SER is a regulated employment relationship. Only by laying down minimum standards can employment relationships in very different firms and industries and among very different groups of employees acquire the common characteristics required for the development of a societal standard. If central regulations (on working time or dismissal protection, for example) were abolished, then in extreme cases employees would have to negotiate their employment conditions individually. Under such circumstances, only a small proportion would enjoy the same level of protection as under the SER. In some countries, such as Great Britain or the USA, labour market deregulation has been a contributory factor in the wholesale undermining of the SER. However, deregulation of the SER is not the only problem, since excessive regulation, as well as the regulations governing other employment forms, can have similar effects. If the SER is too rigid, firms will have increasing resort to other employment forms, as the example of Spain shows. However, the reason for this use of other employment forms may also be that they are underregulated. If these employment forms give firms unrestricted freedom to take the decisions they wish to take, as is the case, for example, with marginal part-time jobs in Germany, then the regulatory *gap* between the various employment forms can give rise to a powerful *suction effect* pulling standards irresistibly downwards. On the other hand, the more strongly all forms of part-time work are regulated, the more similar they become in all aspects to the SER, with working time remaining then as the only significant difference.
6. Full employment and economic growth formed the background against which the SER came into existence in the 1950s and 60s. High unemployment, on the other hand, together with labour market regulation, has been the most important factor in the dissolution of the SER. As unemployment rises, competition in the labour market increases and employees' bargaining power declines. Firms are able to shift a greater share of market risks on to workers' shoulders and will offer only less well-protected employment forms. Many workers are unable to realise their employment preferences, so that they have to accept involuntary part-time work or temporary employment. However, as unemployment decreases, employers have to compete for labour, which is in shorter supply, and improve employment conditions. Under such circumstances, they will even be happy to resort to standardised employment forms, since these standards limit employees' demands as well, thereby removing disputes over distribution from the everyday life of the workplace. Thus a reduction in unemployment, which is to be expected in the years to come, not least for demographic reasons, may strengthen the SER on a lasting basis.

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

4 Approaches to a new, flexible SER

The old SER was intended to achieve the following goals: (1) protection of employees against economic and social risks, (2) reduction of social inequality and (3) increase in economic efficiency. These objectives have been achieved to a large extent. Social inequalities in the developed European welfare states have been reduced, employees are well protected against the major economic and social risks and economies have been able to develop modern forms of work organization within the framework laid down through the SER. The old objectives are still current, but two further goals have to be added to them. Firstly, paid work and family life must be reconciled and, secondly, the aim must be not simply to protect employees against the vagaries of the market but also to satisfy the aspirations of a generally better educated workforce in its search for the greater freedom of choice all the surveys show employees want. This would also include the more active training and retraining measures aimed at improving employability.

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

1. *Development of the public childcare infrastructure for children under 3 and for those of school age (all-day schooling)*: extension of the childcare system must take priority over financial transfers that support of economic inactivity among women (e.g. childraiser's allowance) and also over any increase in child benefit. Only if the social infrastructures are reliable do mothers and fathers have genuine freedom to choose how to organise their labour supply.

2. *Promotion of internal flexibility in flexible work organisation systems*: flexible working times over the life course lead to increased employee turnover.[ii] At the same time, firms are operating in more turbulent markets. These increased demands for flexibility can be met only by developing decentralised forms of work organisation. Any attempt to combine business efficiency with increased time sovereignty for employees inevitably raises the question of work organisation. There are now numerous examples of innovative forms of work organisation that show that such a synthesis can be made to work successfully (Lehndorff 2001). Employees must adopt a more flexible attitude than in the classic SER towards both working time and their sphere of deployment.
3. *Social protection must facilitate mobility*: in the knowledge society, there is a risk, even with short career breaks, that skills and qualifications will become obsolete. Thus social protection can no longer be confined to transfers for those experiencing difficulties in achieving labour market integration, as it was in the past; rather, as the quid pro quo for the establishment of more flexible forms of work organisation, it must improve opportunities for lifelong learning.
4. *Increased opportunities for choosing working hours*: the rigid full-time standard seriously restricted individual choice of working hours. Surveys of employees' working time preferences across Europe (Bielinksi, Bosch, Wagner 2002) show that most employees would prefer a weekly working time within the 25 to 38-hour range. In most countries, however, individual preferences still founder on the rigid division between full-time and part-time work, which absolutely must be relaxed. More men, reluctant to shift to part-time work with its attendant discriminations but more than willing to contemplate a few hours' reduction in their working time or blocks of free time distributed over several years, would then be likely to reduce their working hours. In this way, it would be possible to share out the volume of paid work, not only among women but also between the sexes.
5. *Derived entitlements to social security should be replaced by individual rights*: independent social protection for women will have to be built up primarily through continuous economic activity. When women are economically active in their own right, then some derived rights, such as widow pensions, would be claimed less and less and could probably be abolished. Equal treatment for different lifestyles and the ending of tax subsidies for married couples without children (the *splitting* system for married couples) will help to encourage women to enter the labour market and hence build up their own social security entitlements.

What might an SER capable of fulfilling such a complex list of objectives look like? The Scandinavian model demonstrates one possible way forward. Its starting assumption is a certain degree of flexibility in patterns of labour market behaviour, in which working time is freely chosen in the individual stages of the working life. Full-time work for both partners can be combined with paid and unpaid career breaks and periods of part-time work, depending on individual situations and needs. During career breaks, only socially *recognised* activities, such as child raising or further training, are paid for, while the realisation of other individual preferences remains unpaid. The choices open to employees with children are extended by a highly developed childcare system. Workers who have opted for such flexible patterns of labour market behaviour are protected from poverty in old age by minimum pensions. Moreover, a narrowing of the gender pay gap (Table 2) reduces the negative incentives for a redistribution of paid work between men and women. At the same time as changes were being made to the traditional family model, the Scandinavian countries also invested more than other countries in the development and diffusion of new forms of decentralized work organization and the introduction of semi-autonomous work groups[iii].

Table 6: ***Distribution of two-adult households with at least one earner*** *(in %, 1997)*

	Male sole breadwinners	Both full-time	Man f-t/ women p-t	Others
West Germany	33.7	30.2	24.2	11.9
East Germany	25.4	45.2	14	15.4
Netherlands	34.6	13.4	37.6	14.5
Spain	59.2	25.3	5.1	10.4
UK	21.4	33.8	31.6	13.2
Finland	23.2	48	6.4	22.4

Source: Labour Force Survey/special analysis

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[i] The average age of labour market entry in West Germany rose from 20.2 in 1975 to 24.0 in 1995 (Rheinberg/Hummel 1999: 40).

[ii] The turnover attributable to the parental leave arrangements in Norway – a country with a modernised SER – is around 2% per year (Bosch 1997).

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