



Flexibility and Working Conditions  
*A Qualitative and Comparative  
Study in Seven EU Member States*



EUROPEAN FOUNDATION  
*for the Improvement of Living and Working Conditions*

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# Flexibility and Working Conditions

## *A Qualitative and Comparative Study in Seven EU Member States*

Anneke Goudswaard  
Matthieu de Nanteuil



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## Foreword

Within the context of profound transformations in work and employment, the European Foundation for the Improvement of Living and Working Conditions has undertaken a qualitative and comparative study concerning the impact of flexibility on working conditions in the European Union. Complementing other quantitative analyses, the report focuses on the differentiated perceptions of working conditions between ‘flexible’ and ‘non-flexible’ workers. The concept of working conditions defined in this report includes both ‘conditions of work’ (practical working environment) and ‘conditions of employment’ (issues such as training, promotion and wages).

Flexibility is shown to be a heterogeneous concept, linking both quantitative/qualitative and external/internal variables. The research then points to three typical situations:

- a ‘cumulative’ situation, where both aspects of working life are perceived as deteriorating for flexible workers;
- a ‘non-cumulative’ one, where differentiation between flexible and core workers is reported in the area of ‘conditions of employment’ only;
- a ‘transversal’ one, where job monotony and/or job intensification are expressed by all workers despite limited improvements due to functional flexibility.

Flexibility raises many new risks and challenges, and its widespread take-up – in a variety of forms – underlines the growing importance of working conditions issues. This report should provide policy makers, economic and social actors and researchers with a useful source of information on flexibility and the health and social effects on workers engaged in this form of

work. In the final section, the report addresses some potential areas for improvement in overall working conditions, pointing to the need for social partners at both national and European level to adopt a holistic approach in this area.

Raymond-Pierre Bodin  
Director

Eric Verborgh  
Deputy-Director

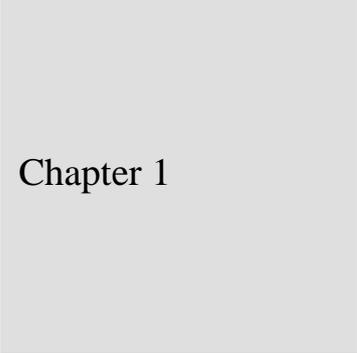


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## Chapter 1



## Introduction

The European Foundation for the Improvement of Living and Working Conditions initiated a research project, based on national case studies, to analyse the impact of employment policies and human resource management on working conditions at corporate level. This research, which started in 1998, stems from the results of the European Survey on Working Conditions (1996). The survey indicated an extension of flexible forms of employment and a strong correlation between these forms of employment and poor working conditions. The present research therefore aims at defining working conditions in a broad sense, and examines their reliance on various forms of flexibility, both external and internal.

The research project consisted of three stages (see Table 1).

1. The establishment of the research framework and provision of a European bibliographical review.
2. The identification and establishment of national case studies and national bibliographical reviews.
3. The compilation of a consolidated report of national case studies.

The present consolidated report is based on national qualitative research carried out in seven different EU Member States by the following research institutes and researchers.

- *Finland*: the Finnish Institute of Occupational Health (FIOH), Department of Psychology (Pekka Huuhtanen and Irja Kandolin).
- *France*: Equipe de Recherche Emploi Socialisation Modernisation (ERESMO), LSCI-CNRS, Paris (Danielle Gerritsen and Dominique Martin); and Département de Sciences Humaines, Université Rennes II (Michel Dupaquier).

- *Germany*: Institut für Sozialwissenschaftliche Forschung – ISF München (Manfred Deiss).
- *Italy*: Fondazione Regionale Pietro Seveso, Milano (Serafino Negrelli and Elena Rapisardi); and Dipartimento di Sociologia e Scienza Politica, Università della Calabria (Vincenzo Fortunato).
- *The Netherlands*: TNO Work & Employment (Anneke Goudswaard, John Klein Hesselink and Eelco Miedema).
- *Spain*: QUIT Studies Group, Department of Sociology, Universidad Autónoma de Barcelona (Ramon de Alos-Moner and Antonio Martin Artiles).
- *The United Kingdom*: Manchester School of Management – UMIST (Damian Grimshaw); and the International Centre for Labour Studies (Kevin Ward), University of Manchester.

Table 1 Organisation of the project

Stages	European component	National component
bibliographical review	European bibliographical review	national bibliographical review
case study research:		
step 1	establishment of a research framework	
step 2		national case studies
step 3	consolidated report of national studies	

Each stage in the progress of the research was presented to and discussed with the members of a dedicated *Coordination Group*, which includes members of the Foundation's Administrative Board and Committee of Experts:

Norbert Altmann, EF Committee of Experts.

Jesus Alvarez Hidalgo, Health, Safety and Hygiene at Work Unit, Directorate-General for Employment and Social Affairs.

Hans Bieneck and Bruno Barth, Ministerialrat Bundesministerium für Arbeit und Sozialordnung, Bonn.

Michel de Gols, Ministère de l'Emploi et du Travail, Bruxelles.

Fiona Murie, Confederacion Sindical de Comisiones Obreras (CCOO).

Enrique Marin Quijada, International Labour Organisation, (ILO).

Oliver Richard, Unice.

Laurent Vogel, Trade Union Technical Bureau (TUTB).

The project was led by Matthieu de Nanteuil and Pascal Paoli, Research Managers at the Foundation, assisted by Sophia MacGoris.

Veronique Verbruggen (TNO), John Klein Hesselink (TNO) and Karolus Kraan (TNO) have contributed to an interim version of the present report and to the European bibliographical review. The final version has been jointly written by Anneke Goudswaard (TNO) and Matthieu de Nanteuil.



## Main findings

- Flexibility emerges as a heterogeneous concept, combining two series of variables: quantitative/qualitative and external/internal. Possible combinations are as follows: subcontracting (external qualitative or productive flexibility); use of different employment statuses (external quantitative or numerical flexibility); working-time flexibility (internal quantitative or temporal flexibility), and flexibility of work organisation (internal qualitative or functional flexibility).
- Flexibility strategies are implemented on a complementary rather than on an exclusive basis. As such, they are not necessarily very coherent.
  - They may be used at one stage and then replaced by others at a later stage.
  - They may be designed differently according to the groups of workers they apply to.
  - They often have an ad hoc basis.
- As for the impact of flexibility on working conditions, the study examines the differentiated perception of working conditions between flexible workers (subcontractors, part-timers, non-permanent workers) and core workers.
- A distinction must thus be made between:
  - *conditions of work* (describing the practical conditions under which people work and cope with a specific technical and organisational environment); and
  - *conditions of employment* (describing the rules and status under which people are employed, trained and paid).
- The establishment of such a distinction leads to the identification of three typical situations:
  - a ‘cumulative’ situation, where both aspects of working life are perceived as deteriorating for flexible workers;
  - a ‘non-cumulative’ one, where differentiation between flexible and core workers is reported in the area of ‘conditions of employment’ only;
  - a ‘transversal’ one, where job monotony and/or job intensification are expressed by all workers despite limited improvements due to functional flexibility.
- Regarding the *cumulative* situation, the research suggests that:
  - subcontracting and numerical flexibility are mentioned as explicit flexibility strategies;
  - unequal access to dedicated OHS training stands as a highly discriminatory factor;
  - core populations are seen as playing a role in transferring difficult conditions of work to peripheral populations.
- Regarding the *non-cumulative* situation, the research suggests that:
  - the absence of differentiation in the area of ‘conditions of work’ is due to the general state of working conditions, the quality of OHS policies and the type of flexibility implemented;
  - the presence of differentiation in the area of ‘conditions of employment’ is due to job insecurity, unequal access to training, lack of career prospects, pay discrepancies and –

although on a different basis – gender segmentation. As such, it is observed that:

- companies have significantly invested in training, but access to training remains highly discriminatory;
  - recourse to flexible workers is very much linked to the reinforcement of the internal division of labour.
- Regarding the *transversal* situation, the research suggests that:
    - this situation holds a particular position, as it inevitably includes the aforementioned situations, while there are also some case studies which do not report specific differentiation in the area of ‘working conditions’;
    - functional flexibility is seen as having positive effects on ‘conditions of work’ (limitation of exposure to risk) and ‘conditions of employment’ (background for specific training/career schemes);
    - the impact of functional flexibility remains limited, as it is not able to compensate for the above-mentioned deterioration, nor for the persistence of job monotony and/or job intensification in the workplace.
  - National industrial relations systems play a major role in this development. The research confirms the notion that the more institutionalised the relationships between government and (or among) the social partners, the more likely are positive compromises to be found at different levels.

*In more general terms, the research suggests that flexibility is unlikely to improve working conditions as a whole. In most cases, external and/or quantitative flexibility appear to be detrimental, although the interpretation of such deterioration is complex: ‘conditions of work’ and ‘conditions of employment’ do not necessarily respond to a cumulative principle and may show highly differentiated situations. Functional flexibility shows limited improvements, but these are unlikely to compensate for the persistence of job monotony and/or job intensification in the workplace. In a more flexible environment, the improvement of working conditions increasingly becomes an issue in its own right.*

Reflection and/or action is suggested in the following areas: improving knowledge on both flexibility practices and the scope for job control in the workplace; setting up OHS evaluation processes within a flexible environment; redesigning access to training for flexible workers, as well as improving training methods and career prospects; utilising work organisation as a way of improving working conditions, and developing more appropriate and stimulating negotiation frameworks, with particular focus on institutionalised cooperation.

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## Chapter 2

## Research aims, questions and methodology

### **Aims of the research**

Following the main trends pointed out by the European Surveys on Working Conditions (Paoli, 1991, 1996), as well as many European studies on employment and flexibility (Boyer, 1986; Pollert, 1988; Treu, 1992; Kaiserburger, 1997; Walsh, 1997; and Dhondt, 1998), this project was set up with the objective of providing a better understanding of the relationship between corporate strategies and working conditions within a flexible environment. As old patterns of employment status and working-time regulations break down under increasing market pressure, the concept of flexibility appears to be the most appropriate for analysing the qualitative effects of employment policies on working conditions at corporate level.

Relationships between these variables are often analysed on a macroeconomic level by weighing competitiveness (the production of goods and services) against the level of unemployment or general health problems (social protection systems). From that perspective, there is no place for an approach which targets working conditions. Corporate strategies are not seen as relevant variables in the development of working conditions, and social regulations do not tackle new emerging problems (stress at work, new working-time patterns, temporary work, etc.).

This project, on the other hand, takes three methodological approaches:

- ⇒ *a qualitative approach*: it gives detailed information on concepts like flexibility, employment policies and working conditions;
- ⇒ *a preventive approach*: it raises the question of social responsibility from the economic actors within a more flexible environment (especially in the fields of health and safety, access to training or participation);

⇒ *a negotiated approach*: it sets up a perspective for social regulation in the areas of flexibility; employment and organisational change, and working conditions.

## Research questions

The main question posed by the project has been formulated as follows: to what extent is it possible, within a flexible environment, to develop corporate policies that do not lead to insecure employment, but which, on the contrary, can preserve social security and improve working conditions; and what is the correct balance (degree and level) of intervention/regulation needed to achieve these goals?

This general concern has been achieved on the basis of intermediate research questions, which have provided good guidelines during the research process. These questions can be summarised under the headings which follow.

- 1) Insight into the combinations of different types of flexibility at corporate level, and company policy on flexibility, human resources and occupational health and safety:
  - What are the company strategies on flexibility? What are the degrees of freedom for management?
  - How do external and internal flexibility combine? What balance, or perhaps what contradictions, can be found between internal and external flexibility?
  - What are the motives for change?
  - What is the relationship between flexibility strategies and human resource management?
  - What preventive measures do companies take in the field of occupational health and safety?
- 2) Insight into the effects of flexibility on working conditions, broadly defined, including such aspects as access to training, participation in the workplace, etc.:
  - What is the impact of flexible employment policies on occupational health and safety? What are the new, upcoming issues in this area?
  - Does the development of internal flexibility allow working conditions to improve through training and multiskilling?
  - To what extent can bad working conditions be seen as a result of external flexibility and precarious employment status; and to what extent are they the result of isolated work, poor access to training, a low level of participation, unequal treatment, no employment prospects and lack of integration?
- 3) Insight into the organisation and/or segregation of the labour market as a result of flexible employment policies:
  - In what way can new temporary or fixed-term positions create new pathways to integration? How do they lead to social cohesion or exclusion?
  - To what extent do temporary labour markets and outsourcing/subcontracting lead to 'transitional labour markets'?

- What is the impact of flexibility on gender and age segregation?
  - What are the factors that make flexibility work for both sides (i.e. fulfilling companies' need for flexibility along with employees' need for job security)?
- 4) Insight into the role of industrial relations systems in the evolution of working conditions:
- How does the collective bargaining process influence the effects of flexibility on working conditions?
  - Within a flexible environment, how can working conditions, in a broad sense, continue to be (or, for new emerging issues, now become) part of the collective bargaining process?
  - What is the role of the social partners in the 'flexibilisation' process at corporate level ?
  - Is there a need for new social regulation? If yes, what can be learned from the research about the appropriate degree/level of regulation (legislation/negotiation initiative; corporate/sectoral level; national/European institutional approach)?

### **Methodology: a qualitative approach based on case studies**

To address such questions (albeit not comprehensively) a qualitative approach is needed, based on case studies. However, this methodology should not be considered on its own. It first of all represents a complementary technique to the already available quantitative surveys; it provides local and precise information, tackles the complexity of often misunderstood phenomena, and allows for a fairly rigorous identification of issues; but it also has clear limitations or drawbacks. One should not read into this report more than it is really entitled by the research to say.

The European Surveys on Working Conditions (Paoli, 1991, 1996) provide us with very appropriate insights into the statistical and long-term relationship between flexibility, employment status and working conditions. However, such macrotrends do not examine what is happening at corporate level, and why. *In other words, statistical data remain unable to shed light on local strategies of workforce allocation.* Therefore, in addition to the survey data, the Foundation has taken the initiative of launching case-study research, in order to give better insight into the impact of corporate policies on working conditions.

This qualitative approach has provided detailed information on concepts such as flexibility, employment policies and working conditions. The interest of such research is to show the local complexity and the role of all those involved (management, workers, unions, representatives). By combining case-study research with insight into the national context, the importance of this context for company policies can also be shown.

From the case studies described some general trends seem to emerge, but at the same time the complexity is shown. This is the main benefit of this research, since it means that the trends that emerge are not necessarily historical, and there is room for negotiation. The methodology has provided us with good illustrations of the complexity of working conditions in relation to flexibility. By describing the similarities and differences between case studies and countries, the project can contribute to a policy of prevention.

The research framework developed in the first phase of the project was used as a tool in all case studies to provide a common basis for comparison between the different countries<sup>1</sup>.

Within these case studies different forms of data collection were recommended (see Table 2), including both ‘hard’ (figures, agreements) data and ‘soft’ (interviews) data, and a balanced view from all the parties involved (employers, management, employees, employee representatives). Although ‘hard’ data was studied, the main focus of the research was qualitative. This approach has proved successful in providing the insights described above, but it also has its limits. Not all questions could be answered – for instance, the direct impact on health has not been assessed.

The information from the case studies was put into perspective with the results of the national bibliography and with national figures. These national figures provide insight as regards the national context, because they form the basis for national legislation. The national case studies were presented in the national reports. This consolidated report gives a summary of the results from these national reports.

Table 2 Different forms of data collection in the national case studies

Corporate level	National level
<ul style="list-style-type: none"> <li>• study of corporate figures (personnel, productivity, absenteeism)</li> <li>• questionnaires</li> <li>• study of strategic documents</li> <li>• interviews with employees and employee representatives</li> <li>• interview with safety and health representative</li> <li>• interview with production management</li> <li>• interview with human resources managers</li> <li>• observations at the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• study of national figures (labour market, sectoral development, demographic)</li> <li>• study of literature</li> <li>• additional interview with policy makers (unions, government, employers’ organisations)</li> </ul>

Table 3 gives an overview of the national case-studies:

- six cases in industry;
- seven cases in private services;
- two cases in public services.

A short summary of each case company can be found in the Annex to this report. It was decided to leave national researchers free to select the most appropriate cases. Some criteria were identified, however, which needed to be considered.

The level of analysis had to be the establishment or the local unit. This had to be linked to three variables: cases with possible comparisons between subsidiaries or establishments within one

<sup>1</sup> Goudswaard, A., Klein Hesselink, D.J., and Kraan, K.O., TNO Work and Employment, *Flexible Employment Policies and Working Conditions: Research Framework*, Hoofddorp, February 1999.



group; cases providing information related to the production system or the industrial sector; cases where several forms of flexibility could be studied at the same time. Some of the case studies were reanalysed for this study.

Table 3 Matrix of the national case studies

Country	Industry	Private Services	Public Services
Germany (D)	automotive supply	food retail	–
Spain (E)	chemicals industry	food retail	–
France (F)	electronics industry	savings bank	–
Italy (I)	automobile industry	retail of ‘cultural’ products	–
Netherlands (NL)	food industry	telecommunications	–
Finland (FIN)	–	public transport	–
United Kingdom (UK)	printing industry	–	bank (call centre) city hospital
		bank	–

## Dynamics of the research: main orientation

With these considerations in mind, the research results are organised as follows.

- First, there is a need to examine *flexibility strategies* as such (see Chapter 3).
  - The research therefore specifies the main characteristics of the EU countries where the research has taken place. Some figures are given with regard to national working populations, unemployment rates and employment distribution. These figures are merely the tip of the iceberg: they highlight some *institutional differences* among EU Member States and provide a good introduction to the subject (see the first section of Chapter 3).
  - Regarding the results themselves, it appears that corporate strategies are the result of *combined rather than exclusive flexible strategies*, mixing internal/external and qualitative/quantitative dimensions. In that sense, the present research raises such questions as the degree of coherence of such combinations, the motives for change and the level of control over the environment (second, third and fourth sections of Chapter 3).
- The analysis of the impact of flexibility on working conditions secondly requires *precise methodological approaches* (see Chapter 4):
  - Despite long-term trends that point to the statistical link between flexible forms of employment and poor working conditions (see European Survey, 1996), it emerged quite clearly as the research was progressing, that a view of working conditions could no longer be restricted to including classical hazards (physical movements, chemical exposure, noise, etc.), even though these hazards are far from disappearing from the social scene. A more adequate overview is made possible, however, *by distinguishing between conditions of work and conditions of employment* (see the first two sections of Chapter 4).

- This distinction then allows the research to point out *different scenarios* occurring at corporate level. Among other things, the national reports emphasise that conditions of work and conditions of employment do not necessarily respond to the same logic when combined with flexibility. The project therefore provides useful qualitative information regarding labour market organisation and access to permanent positions at European level. The bridges which lead to such positions are becoming less numerous and less solid, but the research also examines the conditions under which atypical forms of employment need not be a trap either. More generally, it seems that the frontier between ‘core’ and ‘peripheral’ populations is becoming more and more blurred (Chapter 4, third section).
- Finally, the research makes an attempt to clarify the complex relationship between *industrial relations systems and the impact of flexibility*. Contrary to commonly-held beliefs which point to the erosion of the national level as an adequate level of regulation, national industrial relations systems play a significant role in the area of flexibility and working conditions (see Chapter 5).
  - National legislation and industrial relations systems – as well as current political debate – together build *institutional frameworks*, which have consequences for the relationship between flexibility and working conditions (see the opening section of Chapter 5).
  - The main hypothesis proposed here is that of the ‘*mitigating effect*’: a high level of negotiation enables the social partners to anticipate the downside of flexibility and to develop positive compromises for both employers and employees with regard to working conditions. However, *processes of negotiation* differ a lot from one case study to another. The national reports point to a whole range of social dynamics, and analyse the way in which they interfere in the flexibility debate (Chapter 5, second section).
  - Last but not least, the issue of *direct and indirect participation at work* is raised. As former social regulations face growing difficulties both in including the specific interests of ‘flexible’ employees and in preventing new, emerging issues from developing, there is a need for more reflection in this area (Chapter 5, third section).

The capacity of employers, employees and employee representatives to clarify matters of concern and maintain appropriate social dialogue in order to combine flexible employment policies with better working conditions, is now part of the European debate.



## Chapter 3

# Flexibility strategies at corporate level

The main goal of this chapter is to describe the different flexibility strategies within the observed companies, which means that both the different *forms* of flexibility and the *motives/constraints* for ‘flexibilisation’ will be described.

Within the different national contexts, companies introduce all kinds of flexibility strategies. This is why we will use many examples from the national reports, to give insight into both the common and the different trends in the companies. The research questions addressed in this chapter are: what happens at company level; how do internal and external flexibility combine; what are the motives for change, and what are the constraints felt by the companies?

Information on these questions can also be found in Table 1 in the Annex. In this chapter we will firstly introduce general employment figures referring to the different European Member States, in order to situate every case study in its own national context. Then, the changes in the environment of the companies will be described, as they were found in the case studies. Finally, the analysis will focus on the different forms of flexibility at company level, with some special attention devoted to company motives and constraints, which give a better understanding of the flexibility debate.

### **‘Flexibilisation’ and employment figures in Europe**

As unemployment rates become more and more diverse in the European Union, there is a common trend towards a growing proportion of part-time and non-permanent jobs, leading to the erosion of the full-time permanent standard. This trend goes hand-in-hand with the unceasing growth of services within the overall employment structure, as the following tables show.

Table 4 Unemployment rates in the EU, according to the latest available data

	EU 15	B	DK	D	EL	E	FR	IRL	I	L	NL	A	P	FIN	S	UK
1993 (%)	10.7	8.9	10.1	7.9	8.6	22.8	11.7	15.6	10.3	2.7	6.6	4	5.7	17.5	9.5	10.4
1996 (%)	10.9	9.8	6.9	8.8	9.6	22.1	12.4	11.6	12	3.3	6.3	4.4	7.3	15.4	10	8.2
1999 (%)	8.8	8.7	4.1	9		15	10.4	5.8			3.2	4.2	4.4	9.9	6.6	

(Source: Eurostat, 1996/1999, end December)

Table 5 Overall population with full-time permanent contracts

	EU 15	B	DK	D	EL	E	FR	IRL	I	L	NL	A	P	FIN	S	UK
Total (%)	74	80	69	73	87	63	75	83	88	91	58	79	84	76	66	70
M (%)	85	93	80	86	89	67	85	91	92	97	79	89	87	82	83	86
F (%)	59	62	56	57	85	56	62	74	82	80	28	65	81	70	49	52

(Source: Eurostat, 1996)

Table 6 Proportion of services in the overall employment structure

	EU 15	B	DK	D	EL	E	FR	IRL	I	L	NL	A	P	FIN	S	UK
1986 (%)	58	65	65	55	45	52	61	54	56	66	67		45			64
1996 (%)	65	70	70	62	57	62	69	61	61	74	73	62	57	65	71	71

(Source: Eurostat, 1986/1996)

Table 7 Employment status in the EU (static and dynamic distribution)

Country	Static distribution at the time of the interviews		Dynamic distribution (less than one year in the job at the time of the interviews)	
	Permanent (%)	Non-permanent (including fixed-term and temporary agency work) (%)	Permanent (%)	Non-permanent (including fixed-term and temporary agency work) (%)
EU	84.8	15.2	56.8	43.2
B	87	13	71.1	28.9
DK	84	16	61.1	38.9
D*	90	10	42.7	57.3
EL	82	18	47.5	52.5
E	60	40	11.4	88.6
FR	78	22	52.8	48.2
IRL	86	14	67.4	32.6
I	89	11	69.2	30.8
L	91	9	68.4	31.6
NL	82	18	41.5	58.5
A	91	9	86	14
P	84	16	49.2	50.8
FIN	83	17	44.2	65.8
S	88	12	48.7	51.3
UK	91	9	79.1	20.9

(Source: European Foundation for the Improvement of Living and Working Conditions, 1996)

\* Former West Germany only



Table 8 Distribution of full-time/part-time work in the EU

Country	Full-time (%)	Part-time (%)	With involuntary part-time (%)
EU	83	17	20
B	84	16	27
DK	78	22	15
D	83	17	12
EL	96	4	67
E	92	8	27
FR	83	17	42
IRL	87	13	30
I	93	7	45
L	92	8	6
NL	62	38	5
A	86	14	11
P	95	5	41
FIN	89	11	43
S	75	25	25
UK	75	25	10

(Source: Eurostat, 1996)

## A changing environment and changing organisations

The case studies describe some influential developments in the environment of the companies and within the companies themselves which give rise to various flexibility strategies.

### A changing environment

All the national reports mention growing competition; the increasing importance of globalisation; the intensification of work processes and a decrease in the 'time-to-market' of the goods produced. This holds very strongly for the automobile industry. In both the Italian and German case studies there has been a move to 'just-in-time' production within a large network of (subcontracted) companies. The Italian report describes an automobile factory which gets its parts from 22 suppliers in the area. The German report describes a network of suppliers in the automotive sector.

In the Italian case study, international competition from Japanese car manufacturers has given rise to a completely new organisational model with a strong emphasis on qualitative flexibility.

'In the early 1990s the company, like all European car manufacturers, had to change in order to survive the competitive challenge presented by Japanese car manufacturers and their lean production methods. In particular, it became increasingly clear that competitive edge would depend on flexibility, that is, the ability to manage the corporate system under conditions of extreme and permanent uncertainty.

Starting from the idea that flexibility is something much broader than the mere adaptability of production to fluctuations in demand that can be achieved through automation, and is a dimension which must be part and parcel of the company as a whole, including strategies and management, the company created a total quality system aimed at responding to this need for overall flexibility.

All this stimulated and triggered the start of a transformation process which has led to the reorganisation of the employee's role and, subsequently, plant organisation in line with criteria that can be applied to any production structure, regardless of the level of process technology used. Changes have had to be extensive and radical, involving production methods and working arrangement as well as labour relations.'

The company launched a new organisational concept, the *Integrated Factory* (IF).

'The basic concept of this new plant organisational model is "integration", with the emphasis on internal (functional) flexibility, coordination and improvement as automation ceases to be the sole driving force of productivity. Within the IF structure, organisational, labour relations and HRM practices are the key constituents of the company's competitive performance. The case company renewed its method of operating by concentrating on a simpler, innovative and integrated organisation whose strength lies in core competence and horizontal structures. The result is an organisational model based on process management with a reduction in the number of hierarchical levels (from 7 to 5), more delegation of responsibilities and greater involvement of people at all levels in the company.'

The German report looks into the entire network of companies in the automotive supply industry. The companies in this case study are confronted with the same competitive environment as in the Italian case. However, since they are suppliers, they are much more dependent and feel the pressure within the chain of suppliers, as reflected in their strategies.

'Highly flexible sequences are essential in dealing with these demands: this begins with the outsourcing of sub-processes and subcontracting to flexibly producing sub-suppliers, and to the setting up of pre-assembly facilities directly at the final assembly plants, while also comprising flexible human resource policies and personnel deployment policies in own-company locations and plants. In other words, a considerable share of flexibility is generated on levels over and beyond individual companies and locations. Therefore, in order to research the type and effects of flexibility strategies, it is not sufficient to merely investigate individual companies.'

Globalisation is a central feature of the food industry as well. The Dutch case study in the food industry is a good example of this environmental change and of the dependence of the company on international markets and economies.

'Despite its strong position in the market, the company experienced a serious setback during the economic crisis in Russia and East Asia in the second half of 1998. These regions are major production and selling areas of the company, and the company was forced to take measures to counteract the economic disaster and consequent trade reduction. All activities of the personnel employed via the temporary employment agency were stopped. Another factory of the company in the Netherlands was hit still more seriously and 50% of the personnel were dismissed, including a large part of the employees with a permanent labour contract. At present the former markets are recovering and the company has found new markets too. Personnel from the temporary employment agency is being taken on again: 15 in May 1999 and 22 some weeks later – far less, to be sure, than the average of 100 agency workers employed by the company in the good days (about 15% of the personnel). The case shows the way in which a company can handle cycles in personnel need in bad times. Agency work was clearly used as buffer to counteract market problems in relation to labour contract obligations.'



Having experienced the crises in Russia and East Asia, this company uses temporary labour as a safeguard against such eventualities in the future. The management has lost its grip on the predictability of the market. In the next case also, in the French electronics industry, the company has problems in creating a long-term policy. The report illustrates these rapid changes and the short-term responses of management.

‘The French electronics company makes a unique product, which is very sensitive to a hyper-competitive market. The factory has gradually increased in power since its creation in 1990. But the market cannot be taken for granted. Sales forecasts stretch from a fortnight to six months. Besides this, the factory is sensitive to supply deadlines and market prospects are in general reduced to two months. It applies a personnel strategy based on large staff fluctuations marked by a resource of 50% temporary workers, who are hired on temporary contracts. The company is seeking coherence between operational flexibility, time flexibility (extension of working hours and matching changes in workload) and staff fluctuations.’

Besides these industries, the research was carried out in several companies in private services. Here also the reports speak of increasing competition and internalisation of the market. One of the case studies involved the telecommunications industry: the Italian report describes the development from a monopolistic situation into a much more competitive environment.

‘The case company is a recently formed company operating in an expanding and nowadays highly competitive market. During these latter years the company has undergone very considerable expansion and has had to equip itself to meet the continually evolving demands of the market and its clientele, in some instances in a race against time set by external factors.’

The strong growth of the mobile telephony sector has had the effect of creating employment in customer care services. The entry of new competitors, in addition to fostering an overall increase, is already creating a phenomenon of employment ‘flow’ between the operators, particularly in the case of the more specialised occupations.

The company is currently the national and European market leader in mobile telephony. As well as consolidating its own position in the national market, TIM is continuing the expansion of international activity in line with the Group’s strategies, including, for example, interests in Austria, France, Greece, the Czech Republic, the Serb Republic, Spain, the Ukraine, Argentina, Bolivia, Brazil, China and India.’

Research was carried out in three cases in the retail trade. Here also competition is strong, leading to a strongly quantitative type of flexibility, as part of a company strategy based on lowering prices by reducing labour costs. This is shown in the Spanish report on a food retail company.

‘The strategy of flexibility in this kind of commercial activity in large centres is based, in all sectors, on quantitative flexibility achieved by means of temporary contracts and part-time contracts, as well as by a particular workforce profile generally constituted by young women with a low level of education; with tasks lacking in content, unskilled and quickly learned, and defined by a work organisation of bureaucratic Taylorist character. There is no internal mobility nor polyvalence, only quantitative flexibility.’

The German report highlights the fact that strong competition on prices and stagnation on sales, combined with a backlog in new technologies, leads to a technological and organisational policy of rationalisation of labour-intensive processes.

‘In view of the low automation and technology level to date, the utilisation of information technologies for the improvement of internal and supra-company information flows and logistics sequences is advancing at a rapid pace. Technical and organisation changes are concentrating especially on the incremental rationalisation of labour-intensive sequences in the warehouses and outlets. This has decided effects on the employment and working situation of the workforces. The companies and outlets are challenged by tremendous – often daily and seasonal – fluctuations in work volume. Therefore flexibility in personnel deployment is a crucial requirement. Accordingly, part-time work has been a rising trend in the food retail sector for many years. The share of part-time workers in the sector of the retail branch with the emphasis on food products accounts for 60% of all employees according to the 1997 annual abstract of statistics.’

The French retailing case study concerns the sale of ‘cultural’ products. The culture in this company has long been inspired by the special place of this type of product within the retail trade. However, with the emergence of new competitors, the company imitates their highly flexible employment strategies.

‘Following this increasing competition, the company started questioning the social model which was characteristic of the company at the beginning, going from a negotiated flexibility, often optional, to an all-out imposed flexibility. With the opening of the Champs Elysées store in December 1997, this model of flexibility began to take form, borrowed from one of the competitors. This Champs Elysées store, situated right next to this competitor, is open seven days a week until midnight. According to the managing director the aim was to “..brush the dust off the image; develop the spread of innovation and creation. An updating of technical products and even future products. An anticipation of young talents when it comes to books and CD’s.” ’

In order to impose flexible working hours, enabling competition with the competitor, the PPR group did not need to negotiate, the Champs Elysées store being a new structure, the legal functioning of which remains unknown even to the unions.’

Strong competition (be it global or local), rapidly changing markets and the increasing impact of customer demands lead to different flexibility strategies. At company level these developments lead to an increase in productivity, pace of work, workload and working to tight deadlines or just-in-time methods. Where technical capital reaches a high level, industries tend to use time flexibility, e.g. shiftwork, as a way to make maximum use of their equipment; on the other hand, companies in the private services are more and more confronted with customer demands that lead to extended opening hours and time flexibility. The impact of such changes on conditions of work and conditions of employment will be discussed later (Chapter 4).

### **New technology and changing organisations**

In the banking sector, the increase in global financial flows, the growing interdependence of economies, the development of new products and services and the need to be competitive in line with customer demands, go hand-in-hand with the development of new information and communications technology. These changes have had a massive impact on company structure as a whole: new working-time patterns, extended opening hours and changes in the content and division of work and in the qualifications structure. The UK report elaborates on sector-specific factors.

‘During the last twenty years the UK banking sector has been subject to a set of pressures, ranging from the deregulatory policies of the Conservative government during the 1980s to the impact of fast-changing global-wide technologies. The main sector-specific factors that impact directly on the banking case-study organisation are five-fold.

In 1979 the then UK Conservative government embarked on a programme of *financial deregulation*. They removed exchange controls and then, in 1980, abandoned the so-called ‘Corset’, the traditional means of controlling domestic credit supply. In 1986 they introduced both the Financial Services Act and the Building Societies Act, which constituted a radical restructuring of the financial services sector. Second, there was a massive reduction in employment in the banking sector at the beginning of the 1990s. Third, there has been an increase in global financial flows – both in volume and in the speed with which money can be moved from one place, or one account, to another. Fourth, there have been a number of *new technologies* introduced in the banking sector. The final factor driving change in banking has been a *widespread corporate restructuring*, implemented to a varying extent across different banking organisations. The restructuring is characterised by: the closure of bank branches; the functional outsourcing to specialist organisations (such as computer software firms); the transfer of tasks or services to purpose-built call centres; the separation of job tasks on the basis of type and skill requirement; and pressure from non-banking sectors, such as retail, which have introduced financial services.’

The Spanish banking case study demonstrates the same restructuring in the sector due to new technologies. This leads to ‘requalification’. As the report shows:

‘Savings banks in Spain have implemented profound technological and organisational innovation. In the last decade, the introduction of new technology has helped in profoundly modifying work organisation and the profile of human resources qualifications. The automation of administrative processes has meant a simplification of tasks. There has been a tendency to eliminate the lower qualifications: clerks. Instead, the need for intermediate and high qualifications has increased.’

Technological developments and changes in qualifications in call centres lead on the one hand to more polyvalence; on the other to more part-time work. Although the technological changes are the same as in the other case studies, the Finnish case is a bit different, since it is a public and not a private bank.

‘The case study focused on internal quantitative and qualitative flexibility strategies in the call centres of a nationwide banking group in Finland. The first part of the case describes an experiment with 6.5 hours of working time per day, including Saturdays and Sundays. The second part deals with motives and experiences regarding the implementation of team-based work organisation.

Flexibility as the strategy for a concern aims, at a general level, to guarantee services at times when customers are active both in the domestic and global market (money exchange, stock exchange). At the business level, the aims are more concrete. The pilot phase showed that work in the telephone bank, being at its start the most sophisticated and expensive system in the Nordic countries, proved to be strenuous. A survey in 1995 had also shown that, of the employees in the different business units, those working in the telephone bank experienced the most stress.

Given the limited scope for choice, two basic schemes were considered to reduce workload. Firstly, working time on strenuous tasks could be limited. Secondly, it might be possible to balance workload by having employees work at other, less demanding tasks for part of the working day.’

In this case the public sector is the context in which the experiment was carried out. The other Finnish case study, in a public hospital, describes the national context for the public services.

‘Due to the economic recession in the first half of the 1990s, there have been marked cuts in the budgets of the public sector, the biggest savings focusing on personnel expenditure. Accordingly, 10% of the jobs were lost in the first half of the 1990s in the municipal sector, but in the second half the figures began slowly to increase again, as the number of part-time employees began to increase. The cuts in personnel have meant changes in work policies, increased insecurity, a heavier workload for those remaining, and accordingly, an increased number of cases of fatigue and burnout. The negative consequences of the recession were more evident in the municipal sector than in the private or state sectors.

Problems of unemployment, ageing, and burnout among personnel in the municipal sector have appeared, and therefore, in 1996, the Ministry of Health and Social Affairs, together with the Ministry of Labour, started to develop projects to improve the situation by decreasing the problematic time pressure and strain of healthcare work, and improving work quality. One of these projects was a two-year intervention concerning working time arrangements in 20 municipalities (from the total of 452). Employment subsidies were granted when a municipality, through an agreement with the employees, reduced the working hours of its employees, and, at the same time, employed an unemployed job seeker.’

This example shows the importance of national employment policies for company strategies. We come back to this contextual variable later in the report.

One of the other sectors where new technologies lead to changes in organisational structure and in the qualifications of the workforce is in the UK printing industry. However, as the UK report states, labour relations in this industry are of more importance than the technology.

‘Flexibility policies are predominantly driven by two pressures for change: the need to respond to changing technologies and the extended operating times of newspaper printing. But more important seems to be the apparent need (as stated by managers) to break down long-standing job demarcations between occupational groups previously regulated by trade unions.

Traditionally, there was a strong, union-regulated, demarcation of job tasks and wage rates between craft workers and craft assistants. With the aim of multiskilling groups of printers and printer assistants, and, arguably, to wrest control over job demarcation and pay rates from the union, the company managers merged the two groups.’

In the Spanish report, too, the researcher speaks of ‘discipline and domination’ as a motive for subcontracting in the case study in the chemicals industry. This example also sheds light on another possible role of new technologies, that is, as an aspect of occupational health and safety management.

‘This case allows us to observe how new technologies and computers can contribute to the improvement of working conditions, safety in the production process and environmental protection. Although technology is not determinant on its own, the improvement of safety in installations is also due to the intervention of the social partners in the area, pressures from environmental movements, neighbours’ associations, environmental controls introduced by local institutions and the recent legislation on environment.’

As a result of new technologies some major changes are occurring in the area of job qualifications. Some companies see this in terms of a need for training measures and



multiskilling; others as a need to employ temporary staff (an interchangeable workforce with changing qualifications). The fact that these companies seek different answers means that technological developments cannot be seen as a determinative factor. In Chapter 4 we will discuss changes in employment structures, and the impact of this on conditions of employment, in more detail.

## Flexibility strategies: a combination of variables

As we have already seen in the previous paragraph, companies seek different answers to their changing environment. Some of these answers can be defined as the '*flexibilisation*' of labour. We have seen policies of outsourcing through the use of subcontracting, the hire of temporary labour, the development of shiftwork, the use of short-term and/or part-time contracts, as well as trends to increase the polyvalence of the workforce. These forms of '*flexibilisation*' are not always isolated, but can be found in combination with each other or as a development in time

In the research framework developed for this study, we aimed at investigating all forms of '*flexibilisation*' in the case studies. Martinez-Lucio and Blyton (1994) define flexibility as the 'freedom to vary or adjust the quantity and quality of the labour input in response to changes in demand'. They identify four types of flexibility: functional or task flexibility, numerical flexibility, temporal flexibility and wage or financial flexibility. In their definition, *functional flexibility* is 'generally used to refer to the adaptability of skilled employees to utilise a broader range of skills', while *task flexibility* relates more to 'semiskilled and unskilled workers performing a wider range of tasks'. *Numerical flexibility* is generally used to denote management's ability to vary the amount of labour in response to changes in demand (achieved, for example, by the use of short-term contracts or 'hire and fire' policies, and by 'externalising' work via the use of subcontractors). *Temporal flexibility* involves varying patterns of working hours to reflect variation in demand. *Wage or financial flexibility* involves, among other things, 'a shift from uniform and standardised pay structures towards more individualised systems incorporating a greater element of variability, reflective of performance'.

With this definition, they actually follow the definition proposed by Atkinson (1984), who identifies three types of flexibility: functional flexibility, numerical flexibility and financial flexibility. Functional flexibility, he says, is sought so that 'employees can be redeployed quickly and smoothly between activities and tasks'. Numerical flexibility is sought so that 'headcount can be quickly and easily increased or decreased in line with even short-term changes in the level of demand for labour'. Atkinson makes a distinction between a 'core' of the company, where the emphasis is on functional flexibility; and a 'periphery', driven by a numerical perspective. 'Moving to the periphery, numerical flexibility becomes more important. As the market grows, the periphery expands.' He describes several peripheral groups, with the 'externalised' tasks in the outer ring of his model.

In this research, however, we will follow De Haan *et al* (1995) as they succeed in bringing different flexibility approaches together (except for financial flexibility). De Haan *et al* make a

distinction between the flexible use of internal personnel (*internal flexibility*) and the outsourcing of tasks to temporary agencies or subcontractors (*external flexibility*). They further distinguish between *quantitative flexibility*, which is the variation in the quantity of labour through working-time patterns or the hiring of temporary or short-term personnel, and *qualitative flexibility*, which includes functional flexibility: the hiring of specialists for specialised tasks, or subcontracting to other (specialised) companies.

The matrix which follows was discussed and agreed upon by the researchers. This matrix was used as a common framework in all the case studies. The national researchers looked at all four types of flexibility in the cases under study, but were aware of the analytical use of this division. In practice, different forms are not always easily put into any one of the categories; they intersect with one another, as we will see in the following descriptions. Furthermore, the terms and definitions used appear to differ between countries. One example of this is the use of part-time work.

A complete summary of the concepts of flexibility and different terms used in the case studies can be found in the Annex.

The case studies show that companies develop different types of flexibility on a complementary basis. There is no example of an exclusive strategy within the sample. Companies use different variables simultaneously and in that sense flexibility appears as a combination of flexible strategies, whatever the country, the sector or the company.

Table 9 Matrix with different forms of flexibility

Forms of flexibility	Quantitative flexibility	Qualitative flexibility
External flexibility	Employment status: <ul style="list-style-type: none"> <li>• permanent contracts</li> <li>• fixed-term contracts</li> <li>• temporary agency contracts</li> <li>• seasonal work</li> <li>• work on demand/call</li> </ul> <i>numerical flexibility and/or contract flexibility</i>	Production system: <ul style="list-style-type: none"> <li>• subcontracting</li> <li>• outsourcing</li> <li>• self employed</li> </ul> <i>productive and/or geographical flexibility</i>
Internal flexibility	Working time: <ul style="list-style-type: none"> <li>• reduction of working hours</li> <li>• overtime/part-time work</li> <li>• night and shiftwork</li> <li>• weekend work</li> <li>• compressed working week</li> <li>• varying working hours</li> <li>• irregular/unpredictable working times</li> </ul> <i>temporal flexibility</i>	Work organisation: <ul style="list-style-type: none"> <li>• job enrichment/job rotation</li> <li>• teamwork/autonomous work</li> <li>• multitasking, multiskilling</li> <li>• project groups</li> <li>• responsibility of workers over:                             <ul style="list-style-type: none"> <li>planning, budget, innovation, technology</li> </ul> </li> </ul> <i>functional flexibility</i>



Table 10 at the end of this chapter shows that nine out of fifteen cases use all four types of flexibility. All case companies use at least two of the four types.

### Flexibility in the production system

This approach, also known as ‘productive and/or geographical flexibility’, mixes both external and qualitative variables.

In twelve out of fifteen case studies, subcontracting is part of the company strategy on flexibility. In some cases a very large part of the production process is outsourced to subcontractors, such as in the case study in the automobile industry. In others, only some, non-strategic tasks such as catering (non technical), cleaning or security are outsourced.

In the automobile industry, the entire organisational model is based on a closely linked network of suppliers to the car manufacturer. The Italian report describes an automobile factory.

‘Suppliers are in direct contact (via a teleprocessing system) with the plant, which requests in real time what is needed for production, using a pull, not push, system. This means that in order to provide what is needed for final assembly, the order starts from the end of the process and moves back towards the beginning, accepting only those components which are strictly necessary on the basis of short-term production planning.’

The German report describes the network of suppliers to car manufacturers, and the pressure put on suppliers further down the line, which leads to outsourcing policies by these suppliers as well.

‘In the companies surveyed in the automotive sector the focus was on outsourcing measures and the employment of temporary workers. In spite of their contribution to short-term handling of unpredicted order volume peaks, both external flexibility concepts are geared to primarily securing longer-term flexibility; in this way, supplier firms will be able to ensure the flexible provision of cost-efficient manufactured systems and modules, as demanded by automobile manufacturers, and hold their own in worldwide competition.’

For this reason the cable manufacturer has in the meantime relocated up to four-fifth of the former production volume to lower-cost foreign locations. The company remains the system supplier responsible for providing the entire wiring harness and cables and is responsible to the automobile manufacturer for the high quality and flexible delivery by the sub-supplier.’

This report describes the entire chain of subcontractors in the automotive supply industry. In other case studies, the main focus is on the ‘mother’ company, and the situation in the subcontracting companies are not as explicitly described. The conclusion on the importance of subcontracting and its impact on flexibility and working conditions in the German report has implications for future research: *the indirect effects of subcontracting on SMEs need to be considered.*

In the Spanish chemicals industry case study also, the amount of outsourcing is enormous. As the Spanish report describes it, the staff in the chemical plant has been reduced by automation

and subcontracting. The report describes the organisation as a 'core' company with two rings of subcontractors: the first relating to specialist tasks, the second to non-strategic tasks.

'The organisation of the workforce can be represented by three concentric rings. In the first ring (a), 'core', employees are managed under the concept of internal flexibility, consisting of mobility, availability and the polyvalence of the workforce. In the 'core' we find skilled employees with access to continuing training. In the second ring (b), we find employees from internal subcontracts performing skilled tasks such as maintenance and industrial services; and in the third peripheral ring (c), we find the less skilled employees performing service tasks for the staff (catering, cleaning, etc.).'

Unlike previous examples, the other case studies in industry only make use of some subcontractors, either for specialised tasks (as in the case of the UK printing industry), or for non-strategic tasks such as cleaning, catering, security and gardening (as in the cases of the Dutch food industry and the French electronics industry). While the latter two case studies speak of cleaning as a non-strategic task, the UK report refers to it as a specialised task. In this case, it concerns the cleaning of the machines.

'Printco has recently made use of one particular policy of 'external qualitative flexibility' namely, subcontracting. In the past, all printing presses were cleaned by printing assistants and cleaning staff employed by Printco. Now the work is carried out by cleaners from an external cleaning firm. However, since the firm has no specialist experience in the printing industry, Printco workers are relied upon to explain how the machinery is to be cleaned. Other areas subcontracted to external firms include security and general office cleaning, as well as nursing services which provide on-site cover in cases of accidents or sickness.'

Both the French and Dutch reports describe the 'externalisation' of work to temporary agencies as a form of 'flexibilisation' of the production process. In both Dutch cases (in the food industry and in transport) the use of temporary work slowly changes from being a quantitative form of flexibility to a more qualitative form. *The distinction between the two becomes blurred with the introduction of the new law on intermediary labour: the temporary agency in both Dutch case studies provide the workers with a fixed-term contract and then hires them out to different companies.*

Not only in industry but also in the banking sector, subcontracting has become an important 'flexibilisation' strategy. As the Spanish report says:

'There is a strong externalisation process and subcontracting of tasks which were previously performed in Central Services, such as phone banking, the sale of insurance, computer services, maintenance of computer software and hardware, performance of back-up tasks, pay-list making, revision of customers' complaints, card making, mailing classification and delivery, etc., as well as other maintenance, cleaning and vigilance tasks. The number of externalised jobs is estimated to be 700, if we add up all the employment in the different subcontracted companies.'

In the UK banking case study, the outsourcing of previously internal tasks is part of a corporate strategy:

'Faced with recessionary conditions, increased competition and a rapid pace of technical change, Bankco struggled to remain competitive during the late 1980s and early 1990s. One of its responses

was to outsource a number of its functions in order to reduce ‘paper work’ and costs where, due to its relatively small size, managers saw it as having few economies of scale. Managers also claim that outsourcing of tasks facilitated the transformation of Bankco into an organisation that could deliver “indirect banking and direct contact” (Executive Director, Bankco), underpinned by a belief that in the future banking would be delivered by telephone.’

Such tasks are not ‘externalised’ in the Finnish banking case study; this occurs only with some *non-strategic tasks* (catering, post, cleaning, transportation, security and OHS services) at company level.

In the retail trade, the ‘externalisation’ of labour does not seem to have had such an impact. In at least two out of three cases, there is no evidence of any sort of subcontracting (the French and Spanish retailing case studies). The German report examines the move towards more subcontracting in two specific sectors. In food retailing, it looks at warehouses and supermarkets:

‘In the warehouses, especially in the fleet area, there is a trend to assign transport companies as sub-contractors with deliveries to the outlets, and these sub-contractors now account for up to one-third of the transport volume. The individual branch operations differ in this respect, whereby the fleet also relies on part-time drivers available on demand who comprised up to 10% of the drivers in one case. This subcontracting is understood more as flexibility potential for covering peak work periods, however, in the event of rising cost pressure it can also serve as an option for formulating a latent threat to outsource a larger volume of the fleet in future.

The supermarkets and outlets have also made little use of subcontracting so far. The utilisation of external shelf-filling crews is ubiquitous: these crews offer the outlets significant cost-related and work organisational advantages. With their help, delivered goods can be flexibly and economically placed on the shelves, often by third party companies and outside of shop opening hours, so that the frequently understaffed supermarket personnel, who are often under time pressure, are freed from additionally performing these tasks.’

### **Flexibility of employment status**

This approach, also described as numerical flexibility, combines both external and quantitative variables.

As with the previous type of ‘flexibilisation’, twelve out of fifteen case studies show several types of non-permanent contracts as part of their ‘flexibilisation’ policy. This type of flexibility can range from the use of a *limited amount* of fixed-term or on-the-job training contracts as an entry point for young employees (as in the Italian car manufacturing company), to the *structural use* of workers through temporary agencies, with up to 30% non-permanent workers (as in the French case study in the electronics industry). Five out of fifteen case-study companies make structural use of workers through temporary employment agencies.

In Table 10 at the end of this chapter the limited or structural use of fixed-term or permanent employment is summarised for all the case studies. Here, we present the different case studies. As we will see, the use of non-permanent contracts differ between cases, but also vary widely in time within any one company. In some cases there seems to be a shift between flexibility of

employment status and other types of flexibility, such as subcontracting (as in the Spanish banking case) or part-time employment (as in the German retailing case).

Some of the case studies describe the relationship between *the process of subcontracting and the use of temporary employment*. The German case study describes the pressure put on subcontractors which leads to the use of temporary employment further down the line.

‘Basically speaking, the general pressure on supplier flexibility in the production networks is becoming most evident. In all three cases under investigation, company policy is geared to undertaking everything possible to meet the demands and requirements of the automotive industry, whether in final assembly plants or as system suppliers. In product development as well as in manufacturing and logistics, the aim is to be able to provide the required services and supplier parts as short-term and cost-efficiently as possible, with the help of the necessary flexible personnel policies. In achieving these objectives the dependent companies are considerably restricted by the guidelines defined by their corporate headquarters. Their personnel policies are restricted in the form of demands for employment freezes and staff reductions, longer working hours without additional compensation, etc., on which local management has no influence. Such corporate headquarter demands are exclusively determined by short-term economic and managerial concepts and pose an obstacle to companies’ medium-term investments in personnel and employee qualifications.’

The German report goes on to describe the focus on outsourcing and the employment of temporary workers, and gives the example of one of the suppliers, the cable manufacturer which has subcontracted a large part of the production volume. The report also says:

‘In the actual areas of cable production the utilisation of *temporary workers* has created the possibility of adjusting capacity over the medium term according to fluctuating client orders without having to make any changes in the core workforce. At the same time it was possible to meet the central corporate demand for an employment freeze.’

The Italian case study in the automobile industry describes the car manufacturer at the top of the line. This company makes no use of temporary employment, but uses a network of subcontractors to respond quickly and flexibly to the market (JIT). It does, however, make use of some sort of flexible employment by hiring young workers with ‘work/training’ contracts.

‘All of the employees were hired 18 months before the plant opened with ‘work/training’ contracts (*contratti di formazione lavoro, CFL*), which took advantage of the national law providing incentives for young people on this basis. They were selected according to their formal qualifications and abilities and were given training before starting their jobs. All young workers hired by the plant have completed special learning courses (lasting 1-25 months).’

In the Italian automobile company, the focus lies on qualitative flexibility through subcontracting and teamwork, rather than on quantitative flexibility. This is one of the reasons why the entry of non-permanent workers is embedded in an extensive training scheme.

In the UK printing industry case study, temporary contracts are also used as an entry point. Here, however, this is not part of a training strategy, but is used only as a recruitment strategy:

‘At Printco a form of ‘external quantitative flexibility’ is achieved through the use of a temporary employment agency to fill low-skilled cleaning and production jobs. Interviews with Heads of

Departments reveal evidence of agency workers being screened by managers for future employment at Printco. As such, the agency provides a flexible and cheap source of recruitment, which apparently meets the demand for a new low-skilled post of production assistant.'

The Spanish chemicals company makes no use of temporary work at all, because of an agreement with the unions. This company creates its flexibility by subcontracting. In this case, unlike the German example, this means no job insecurity for the subcontractors.

'Subcontracting is the main expression of flexibility in the employment policy of the chemical plant. But in this case, it does not mean precariousness. The subcontracting policy is not due to labour costs, and in many cases, the external labour costs of some subcontracted companies are as high as in the company itself, or even more. Possibly the reason for the subcontracting policy is another one: domination, subordination and labour discipline, which is afterwards perversely reproduced.....between permanent workers in the central company and the subcontracted workers by a relationship....of domination and subordination.

A distinctive feature of the subcontracting policy is the fact that it is performed with professional companies, with specialist personnel, often qualified. Subcontracts are not made with temporary employment agencies.'

The Spanish banking case study shows the fluctuation in the use of temporary work over time.

'Temporary contracting in the Savings Bank fluctuates throughout the year according to need: for relief staff in holidays periods; Saturday working, and an increase in activity at concrete periods of the year. In 1991, temporary contracts were 1,959 and represented 14% of the total of 13,257 jobs. Two years later, temporary contracting accounted for 1,539 employees (12%), and staffing reached 12,541 jobs in 1993. Up to 1995, we can calculate at 15%-20% the variation in the volume of temporary contracts. But from that date on, temporary contracts decrease, for two reasons: one, because a subcontracting process starts, and also, because the company agrees with the unions to modify the policy on youth contracting.'

In this case study, we also see the possible move from one type of external 'flexibilisation' (temporary work) to another (subcontracting).

The Spanish retailing case study shows a company run by highly Tayloristic methods, with a history of 'precariousness' or job insecurity. Here we see seasonal fluctuations in the use of temporary workers, but also changes over the years due to shifts in policies and changes in the environment (the *AIEE* in this case – the 'Interconfederal Agreement for Job Security'). The report speaks of over 20% temporary contracts in some periods. There is a tendency towards permanent employment in order to improve motivation and increase productivity.

'But from the *AIEE* (1997) onwards, there is a change in the contracting policy. There is a tendency to transform temporary contracts into permanent in order to improve motivation and the involvement of employees, and to improve productivity and the company's own image; but also, because transforming the contracts has indirect benefits in the reductions in social security contributions which derive from the *AIEE*. Today, 87% of staff have open-ended contracts and 15% of these have part-time open-ended contracts, whereas 13% are temporary. As already mentioned, the managerial objective in the medium term is to limit temporary contracting to 5% as a safety margin.'

In the UK banking case study, *an agreement with the trade union underlies the transformation of temporary contracts into permanent contracts:*

‘During the 1990s, Bankco relied increasingly on agency work as a form of ‘external quantitative flexibility’. At their peak, in 1998, agency workers numbered 314 and constituted 8.5% of Bankco’s workforce. Agency workers tended to be recruited into a small number of Bankco’s call centres and were over-represented at the bottom of the job ladder. This trend has since been reversed with the signing of a new partnership agreement with the banking trade union in 1999. As part of the agreement, the majority of agency workers are guaranteed a transfer onto permanent contracts with the bank.’

The next case study, in the French electronics industry, shows a *persisting high use of temporary workers over time*. The report highlights the different attitude of management towards the ‘core’ population and the temporary workers.

‘For the management, temporary work has to be distinguished from ‘insecure’ work and separated from harmful and derogatory connotations. Temporary work is wanted by the young and corresponds to an expansion in economic activity. The average profile of a temporary worker, we are told, is of a 20-year-old coming from studying, or sometimes waiting to continue, who wishes to earn money fast to get his/her own place. Later, apparently, the contract of determined length is offered, depending on need. However, the management point out that there is no question of going below the limit of 30% temporary workers.’

In both French case studies, attention is paid to the different employment statuses made possible by the French legal/contractual system: full-time and part-time permanent contracts (CDI); full-time and part-time fixed-term contracts (CDD), and ‘*interims*’ (temporary workers) hired from temporary agency services.

‘In the retail company, one finds the typical work statuses of the private sector. The norm here is CDI, and the gap is mainly between CDI (secure employment, but open to redundancy) and CDD (increasing in number from one period to another, particularly at the Champs Elysées branch). This gap is doubled by the distinction between full and part-time; whereas the part-time CDI has been negotiated, the most recent tendency at the Champs Elysées store is to hire CDDs, preferably part-time. Flexibility rests on the CDD on the whole, especially the part-time CDDs.’

In the electronics company, the same distinction is found, except that there are hardly any part-timers (this is a management policy which handicaps certain people, like young mothers, who sometimes prefer part-time work). But the gap is between, on the one hand, the CDIs working full-time who do not risk redundancy (during a period of growth), and on the other, the CDDs (where the contract is not automatically renewed), and finally the *interims* (employed by an temporary agency), a group who have no job security from one fortnight to the next.’

In the French retail company the question of negotiated versus imposed flexibility, and the relationship between fixed-term or temporary contracts and part-time work, is raised. The German retail industry case study also shows the connection between flexible employment status and part-time work. Here, the companies investigated do not ‘need’ to hire temporary personnel, since they use so-called ‘marginal’ part-time contracts.

‘The utilisation of temporary workers provided by temporary agencies is marginal in the German food retail case. Even limited employment contracts are rarely opted for; they may be the rule in new hiring,



but less for flexibility reasons and more from the standpoint of personnel selection. Many of the marginal part-time contracts offer the possibility of termination at short notice. (Marginal part-time workers in Germany = workers with less than 15 hours weekly and up to DM630 per month). Although personnel policies are oriented to exploiting the flexibility afforded by part-time work, marginal part-time work and outsourcing, they are also geared to maintaining a certain continuity in the workforce and avoiding unduly high fluctuation rates. This is the reason why fixed-term contracts are not opted for.'

In the case of the Italian telecommunications company also, a relationship between temporary and part-time work is seen, that is, the shift from temporary to part-time work is discussed.

'The number of employees in this area (customer services) has increased continuously over the past four years, but according to company forecasts the entry of other competitors and the gradual stabilisation of the sector will mean that this rising trend will be checked and possibly decline. The company's need for a numerically flexible workforce is subject to two determining factors: the variability of demand and a functional 'ceiling'. For this reason, the use of temporary work in this area is in accordance with the agreement of 11 March 1999, which fixes an upper limit of 11% of the permanent workforce, which has been forecast for the specific period. Here too, the need to meet the requirements imposed by traffic flow patterns dictates the conversion of temporary contracts into permanent part-time employment.'

The question of the use of part-time work will be described in more detail later in this section as a type of working-time flexibility. Returning to examples of companies that use temporary work on a permanent basis, we can discuss both Dutch case studies. These companies use temporary work as a buffer in response to both short-term (seasonal) and long-term (macroeconomic) fluctuations in the market. However, there has been a shift in the employment status of some temporary workers. Thanks to Dutch national legislation, it is possible to have a permanent or fixed-term contract with the temporary agency. This development blurs the distinction between quantitative and qualitative external flexibility. It is described in the case study in the food industry.

'The Dutch company in the food industry hires agency workers as a buffer, to prevent problems with redundancy in the future. The company designed a completely new production process that would lead to a total change of the type of personnel needed. Agency workers in the production locations started to work in the complex production system and the autonomous task groups of the production departments. To avoid continuous training and education of short-term hired personnel with temporary agency contracts, workers were employed on a more permanent basis. The advantages of the shift from untrained agency workers to well trained and qualified agency workers became clear when the agency workers were hired for long periods, and in fact worked in the company in the same way as the employees with a permanent labour contract. To keep these agency workers employed in these jobs, the agency started to negotiate with the company about offering them a fixed-term contract with the agency. In periods of low personnel need these agency workers could then be re-placed in other companies by the agency.'

The Dutch transport company also makes structural use of the services of temporary agencies.

'The shortage of personnel that was consciously created by the transport company during the last seven years was filled by hiring personnel from temporary employment agencies. The policy is to fulfil about 10% of personnel needs by means of agency personnel, and this percentage is also the upper limit. It has been learned from other sectors that the work situation grows unstable and difficult to manage if too

much agency personnel is hired. Half of the current agency personnel have temporary agency contracts; the other half have fixed-term labour contracts with the agency. At this moment the company has contracted four agency offices, including the interviewed agency.'

The two Finnish case studies differ from the others because they describe *public services* (a public bank and a public hospital), and the strategies of these organisations are very much linked to national developments and government policy. In the bank, there is no usage of any kind of flexible employment. In the hospital case study, new employees were hired for a duration of two years, the period of the experiment described. In this case, this fixed-term contract can be seen as a step towards permanent employment.

'The city hospital working time project was actually a counter project of the one-sided flexibility policy carried out in the middle of the 1990s when, because of economic recession, the number of personnel was reduced and substitutes were not hired. This kind of employment policy had resulted in an increased workload, and it had had effects on the well-being of the personnel. According to the health manager, the project in the city hospital, with 365 employees working in hospital wards, was based on the voluntary participation of the employees. In March 1997 the hospital enquired about the willingness of employees to shorten their working time to part-time for two years, without (any real) monetary compensation. Of the 285 permanent healthcare workers, only 10 were willing to shorten their hours from the usual 115 hours in a 3-week period to 90 hours. In addition, 25 temporary workers (mostly with a couple of years experience on short contracts with the hospital) were willing to participate in the experiment.'

### Working time flexibility

This approach, also known as 'temporal flexibility', mixes both internal and quantitative variables. *All the case studies in the research include one sort or another of flexible working time.* In all industries, as well as in all services in the sample, the companies use either different shifts, or work at night or during the weekends. Ten out of fifteen companies have part-time workers. In addition, there are other working-time measures: the use of overtime, compressed working weeks, variable working hours and broken services. Table 10 at the end of this chapter summarises the use of shifts, weekend/night work, part-time work and other forms of flexible working time for all case studies. Here, we will describe the different working-time patterns in more detail.

Firstly, we highlight *the use of shiftwork in highly automated industries* such as the automobile industry or the chemicals industry. These industries usually work 'around the clock' to make optimal use of their expensive equipment, or they have automated processes which result in a major loss when stopped. The case study in the automobile industry in Italy mentions one solution that was found to compensate for loss when the line is stopped. At the set-up of the plant an agreement was made which included working hours.

'The agreement introduced a scheme based on three daily eight-hour shifts, six days a week (with reductions and flexibility at the end of each shift). For the individual employee this scheme is applied over two consecutive weeks, and during the third week he works only three days.

There are two main innovations from this standpoint. First, working times may be redefined every three years, even in the absence of major technological or product changes. Second, although the workflow

on production lines may be halted in order to prevent or resolve quality problems, the production lost because of such line stoppages has to be made up during the shift concerned.'

In the case study in the chemicals industry in Spain also, production workers work around the clock in three shifts. The report, however, does not describe this type of flexibility in more detail, for two reasons. The number of workplaces in direct production has decreased because of automation, and the flexibility strategy of this company is mainly focused on qualitative flexibility (subcontracting and polyvalence). Shiftwork in this round-the-clock process appears to be taken for granted.

The Dutch case study in the food industry – also a highly automated industry – shows that employees here do not take night work for granted. This example shows the change in working-time patterns and shiftwork through the introduction of the 36-hour working week.

'The collectively agreed working week in the food company in the Netherlands is 36 hours. Because of increased production needs, the two-shift system was replaced by a three-shift system at the end of 1997, which gave some problems with employees not willing to work at night. Finally three groups of part-time workers, mostly women in the packaging sites, work 5½ hours in the morning, 5½ in the afternoon or 5½ in the evening, covering about the same working-time periods as the workers in the former two-shift system. All three groups: morning, afternoon, and evening, work 27½ hours per week.'

In this case part-time workers are organised in a shift pattern to make optimal use of the equipment. We will see this use of part-time workers also in later examples, in services.

As described above, the Italian automobile company mainly focuses on *qualitative flexibility*, while the German supplier to car manufacturers focuses mainly on *quantitative flexibility*. This latter industry is much more labour-intensive and has a policy of keeping companies lean. The example describes the extension of operating hours in the industry in order to respond flexibly to the needs of the car manufacturers, and the use of part-time shifts and overtime as an additional safeguard.

'However, the flexibility potential afforded by part-time shifts and overtime....not only serves to cope with short-term demand and production fluctuations. Similar to the utilisation of temporary workers, overtime...also forms a basis for medium-term survival in a flexible environment, especially in supplier companies who have cut their staff to extremely lean levels. By reducing overtime....they are able to respond to seasonal or longer declines in incoming orders without...additional personnel policy flexibilisation measures such as staff cut-backs or substituting full-time employees with part-time workers. Therefore in a number of individual areas in the companies under survey, annual working hour accounts have been introduced so as to enable better planning and management of overtime...'

In the electronics industry case study in France, the company uses weekend work to make maximum use of expensive equipment, on the one hand. On the other hand, working time flexibility in combination with temporary labour allows the company to respond to highly divergent workloads. As we have seen before, the company had difficulties in predicting these workloads for more than a few months in advance.

‘The electronics industry company practices a large range of flexibility measures in the area of work schedules. The 2/8 shift is general; some work 3/8 or in teams at the weekend. The resort to these forms of working depends on the workload. The management reckon that the choice of work schedules is a matter of consultation: first of all asking for volunteers for the 3/8, and, if there are not enough of them (often among the senior staff), ‘we may impose it’. Regarding weekend teams (necessary in order to pay for expensive materials), these are imposed by the management with the initiative coming from the electronic-card section, forming an operational nucleus completed by *interims*.’

The last case study in industry – the UK printing company – also shows *working-time arrangements responding to the demands of the market*. In this case, however, these demands are not as unpredictable. As in the electronics company in the previous example, the working-time schedule is imposed, not voluntary. The workers are randomly organised into day or night shifts.

‘Working time arrangements at Printco reflect the demands of the market for newspapers, a commodity with an extremely short shelf life. As such, working-time schedules are organised around the receipt of news pages faxed to the plate-making department and the final production of newspapers for delivery to shops. Given the wide range of different newspapers printed at Printco, to meet a demand for evening as well as early morning newspaper customers, this translates as a complex pattern of working-time arrangements for staff. The plant operates six days and seven nights per week. Staff are separated onto either a regular day shift or a night shift. All staff receive monthly salaries, with all unsocial hours and shift payments consolidated as part of the basic wage, and no additional payment for overtime hours or night work.’

In the banking sector, much has changed in working hours because of the previously described new technologies; new demands of clients, and globalisation. The UK banking case study is probably the most notable example of this trend.

‘Over the last decade, Bankco has rearranged working time from a 9 a.m.-5 p.m. schedule to a 24-hour system. This move, which the organisation refers to as a shift to ‘anytime, anywhere’ banking, has taken a number of different forms and has been driven by a combination of factors.

First, by moving to a largely telephone-based banking system, where services are provided outside standard working hours, Bankco chose to introduce new shift patterns. Secondly, by centralising certain tasks and outsourcing others, Bankco changed the geographical distribution of functions. Certain functions were concentrated within particular workplaces, aiding the move towards extended working hours. Thirdly, with the move to call centre banking, managers were keen to encourage a new work culture where the delivery of services would be qualitatively different to the work performed under a standard working-time arrangement. Accompanying the apparent focus on ‘culture’, however, was a policy of reducing wage premiums for unsocial hours, with new employees recruited on contracts which did not differentiate between weekend work and Monday-to-Friday working.’

However, the tide has turned in this company as a result of a so-called *Service Centre Review* (SCR). As the report goes on:

‘Again, as with other Bankco flexibility policies described, the strategy of 24-hour operations has changed in form over recent months as a result of the SCR. Core hours in the Personal Banking Division, where major changes in work organisation have taken place, remain at 8 a.m.-6 p.m., Monday to Friday. Only a small proportion of staff work outside these hours, and, as a result of the SCR, are now entitled to a wage premium ranging from 25% to 40% of the basic hourly rate. In addition, managers argue that 24-hour banking is not appropriate in all cases of service delivery.’

In the Spanish bank, the trend towards 24-hour banking has not yet begun. However, there is a debate on working-time flexibility in the banking sector in Spain.



‘This (working hours flexibility) is a recent (and conflictive) debate throughout the financial sector. The...debate is on substituting Saturday opening during the period May-September with opening daily in the afternoon all year round. At present, savings banks are open on Thursday afternoons, and close on Saturday. The demand for opening in the afternoon comes from the ‘Users and Consumers’ Organisation’, and from the two managers’ organisations in the sector, the ‘Spanish Association of Private Banking’ (AEB), and ACARL.

Today, the large banks and savings banks have what is known as ‘particular working time’ for some offices situated in commercial centres.....which allows them to open restrictively in the afternoons. Also, there are two pioneering agreements on this. The first is from the *Caja Madrid*, by means of which the afternoon opening of 20 offices is agreed upon in exchange for the creation of 60 jobs. The other pact, in *Deutsche Bank*, is...with the CCOO union. This pact agrees to opening until 5.00 pm every afternoon, and closing on Saturdays.’

In the Finnish report, an experiment with shorter working days was described. The Finnish bank, like the hospital, introduced these shorter working days in order to reduce the workload for the workers. In the bank – the call centre – the following working-time arrangements were in use:

- 7 hrs. 15 mins. in two shifts: 7 a.m.-9 p.m. (weekdays), and 10 a.m.-6 p.m. (Saturdays).
- 7 hrs. 15 mins. on a day shift only: a service team works the traditional day shift, 9 a.m.–4.45 p.m., and offers services to branches within the company.
- 6 hrs. 30 mins in two shifts, including Sundays.

This shorter working day did also give the bank the option of extending opening hours and making more effective use of workstations.

‘Simultaneously, more effective use of computer systems and workstations became possible. In the 7-hour, 15-minute schedule between 7 a.m. and 9 p.m. (14 hours of service time), most of the employees work during normal hours. Everyone needs her or his own workstation. Therefore, during the morning and evening hours, many workstations were not being used. The new schedule offered the possibility of gaining more efficiency and effectiveness without extra investment in equipment by having employees work in pairs using the same workstation for a total of 13 hours per week-day. The opening and closing of the workstations take a long period of time, which could be used for effective customer service.’

The customer services division of the telecoms company in Italy extended opening hours to seven days a week, 24 hours a day, in response to customer demands.

In the Dutch public transport company, the customers lay down the basis for the working-time patterns of the bus-drivers:

‘Working as a bus-driver means working in the early morning, the evening, and at the weekends. Besides this, there is a winter and a summer schedule, because in summer there are fewer passengers. Furthermore, during peak hours more personnel is needed. Three tours of duty are defined by the bus company: regular duty (early/day/late), interrupted duty, and variable duty (Saturdays, Sundays and public holidays). This is why the collective agreement contains rules to regulate how often bus-drivers can work at inconvenient hours. The number of times per period, working in the morning, the evening, on Saturdays, on Sundays, on public holidays, during daytime and on interrupted duty is limited in the collective agreement. Besides this, there are also part-time schedules and special part-time duties for employees not completely recovered from illness or disability. Every day and week, bus-drivers have a different tour of duty. The exact duty times are announced one week in advance. Agency bus-drivers employed temporarily differ in this respect from agency workers with a fixed-term labour contract. The latter know the general roster, the temporary workers do not.’

The last sector described in the case studies is the retail trade. All types of working-time patterns are implemented in this sector, ranging from shiftwork and irregular working hours to part-time work. *Irregular working hours are often combined with part-time work and temporary agency contracts.*

The German report describes the use of different working-time models in the warehouses, and the use of (marginal) part-time work in the food retail companies' outlets.

'The flexibility strategies in the branches and outlets of the food retail sector concentrate on creating internal quantitative flexibility by working hour and shift models, as well as an appropriate structure of employment relationships.

In the warehouses this entails primarily the development and organisation of different shiftwork and working hour models in order to meet the respective flexibility requirements arising in supplying the markets with items from the dry food range and so-called fresh goods (such as fruit, vegetables and milk products) according to the respective delivery priorities.

In the outlets, internal flexibility is primarily generated by the structure consisting of a few full-time employees and a major share of part-time workers and marginal part-time workers. Over three-quarters of employees in the supermarkets are part-time workers; marginal part-time workers account for half of these. In addition, employees are obligated to put in regular overtime work and basically perform a share of work on demand, an aspect that is explicitly agreed in the employment contracts of the sales staff in the supermarkets. These overtime hours are frequently offset against free time or wage compensation only after extended periods of time.'

In contrast with the other two Spanish case studies (in the chemicals industry and the bank), where the focus was on qualitative flexibility, the main strategy of the Spanish food retail company is quantitative flexibility (temporary work and part-time work). In this company, where 70% of the staff is female, 38% of the cashiers work part-time.

'With regard to the working day, we have to distinguish between the different ways – complex ones – of managing the working hours. Cashiers are the ones with a higher proportion of part-time contracts; they work on Fridays and Saturdays, or even with 'hours' contracts only, with a minimum of 12 hours a week and a maximum (supposed) of 77% of the hours established in the collective agreement (around 1,794 hours per year). Then there is another group, 30% of the cashiers, who have irregular working hours: every month their working hours change according to the expected activity.'

This is also the case for the French 'cultural' products retailing case study.

'The majority of part-time work in French retailing is imposed rather than optional: reduced working hours and salary; long travel distances; a time-gap in the working day; evening work, Saturdays, and sometimes Sundays. This breaking up of the working day and hours is justified by employers as necessary for business in order to satisfy customer demands. Within this sector, where imposed part-time work is usual, the notion of flexibility is often combined with unusual work contracts (temporary or limited contracts).'

### **Flexibility in the organisation of work**

This last approach, also known as 'functional flexibility', mixes both internal and qualitative variables. In twelve out of fifteen case studies, examples of this type of flexibility are found.



Only the three companies in the retail trade have *no* functional flexibility. As defined at the beginning of this chapter, functional flexibility is aimed at making it possible for employees to be redeployed ‘quickly and smoothly between activities and tasks’ (Atkinson, 1984).

Several examples of the introduction of semi-autonomous task groups or teamwork have been found in this research. In such cases, the employees usually carry out all tasks in the context of the team. In this type of organisation, teams are at least responsible for the planning of their work, and they may have total responsibility for the quality of the products/services. This usually goes hand in hand with a training programme for the employees.

Other examples of functional flexibility include *job rotation or task combination*: the organisation is not built on the concept of teamwork, but employees change tasks during the day, week or over a longer period. The focus is also on a variation in workload and the adaptation of the workforce to this. Such measures are not necessarily accompanied by training activities.

Other examples of functional flexibility focus less on work organisation than on the *employees themselves*. This is the case when companies introduce job rotation, job enrichment or multiskilling activities to create career prospects or to break with job monotony. When the aims of such multiskilling activities shift to longer-term personnel development, one might question whether the term ‘functional flexibility’ still applies – or whether ‘global human resource management’ might not be more appropriate, given that flexibility is no longer the main aim.

The first example where the *entire organisational model is based on the concept of teamwork* is in the case study in the Italian automobile industry. Here, the teams have total responsibility for the quality of their products.

‘The core of the Integrated Factory is represented by UTEs (Elementary Technological Units) which replace, in the new model, the role played by traditional teams. UTEs do not perform standardised tasks on work-pieces, but produce a technologically complete output. This may take the form of homogeneous processes such as chassis assembly, spraying and door assembly, or a well-defined product such as a gearbox, engine block or dashboard, whose quality is certified before passing it on to the next UTE.

The UTEs are integrated with one another according to a supplier/customer logic. Each operates the machinery and/or systems necessary for the various processes it has to perform and must guarantee their complete execution, since each UTE is responsible for flow quality and process optimisation (in terms of prevention, improvement and efficiency). According to the managers, this change has led to a review of much of the formerly consolidated working culture in terms of responsibilities, working methods, individual contribution and supervision.’

This company also uses subcontracting as a main flexibility strategy; this is a common feature of the industry. The German report describes the pressure that can be put on subcontractors, leading to a focus on quantitative flexibility in the subcontractor organisations, in contrast with the car manufacturers. However, the German report also describes the attempts of individual companies to develop some kind of qualitative flexibility, against the tide and the strategy of their corporate headquarters.

‘This trend is partially countered by attempts made at individual company level to utilise the remaining latitudes for the implementation of measures to enhance longer-term functional flexibility. In all case-study companies, a minimum of further vocational training activities accessible to the majority of the workforce were practised; experiments with new forms of work organisation were also conducted in order to build up a certain degree of operational flexibility for the major share of the workforce.’

The Dutch food industry case study also uses teamwork as an organisational model. However, this system is thwarted by the automation process.

‘The packaging division, in which about 200 workers are employed, worked under an autonomous task group system. This means that every employee or agency worker in these groups is trained to work in all functions. This training is regularly done by superiors, but specialised courses are also hired from outside the company. The qualification system is made sufficiently broad so that qualified workers from one production line can take over the tasks of other production lines. Completely qualified workers, then, can be employed everywhere in the division. Employees decide by themselves who works on preparation, production or guiding tasks.

In the last year, however, variation in tasks has become much less, because the automation of the production process is now complete. Although the work in the automated processes has become more complex, it is also more one-dimensional, because it requires mainly attending tasks and only sometimes small corrective tasks when something goes wrong. Contact with colleagues has become less frequent as well.’

Teamwork or work in semi-autonomous task groups does not exist in industrial sectors alone. The Finnish hospital and banking case studies also suggest some kind of teamwork. The work in the Finnish bank is organised on a team basis, with teams responsible for specific client segments.

‘Instead of competing with products, competition in banks is based on diversified service processes. The work organisation of call centres is based on teams, each offering service to specific customer groups. Each call centre can organise its own daily routines as long as it meets the customer service standards of the concern. According to the local manager of one call centre, the teams...have the main responsibility of guaranteeing qualified customer service. In principle, teams...have enough autonomy to organise daily staffing, guided by certain principles.’

The company struggles, however, to find the right balance between work organisation, working-time patterns, the use of technology and the skills required of the personnel.

‘The employees have different skill categories (loans, investments and payment). At the moment, the call centres are struggling between two main principles for organising their work. The combination of customer-segmented teams with the basic skills needed to handle different products (payment transactions, loans, investments) has proved to be more difficult than expected. The employees in each team have two possible working-time schedules. Furthermore, current technology does not allow as flexible and precise a routing of customer calls as expected. The capacity of the computers is also limited. Therefore customers too often have to wait, and the best experts are not always available on the phone. A balance between customer segments, on one hand, and the available skills of the operators, on the other, is difficult, especially during rush hours and weekends.’

A trend towards multiskilled personnel is highlighted in the UK banking case study. In this case, the focus was not primarily on the organisation of the work, but on the employees: to improve career paths and reduce monotonous work.

‘Surveys of the Bankco workforce conducted in early 1998 revealed that two of their main concerns were *the absence of a transparent career path* at the lower end of the job ladder and the *monotonous nature of work*. The corporate response was to encourage a multiskilling of work. Managers emphasised the opportunities for horizontal mobility between different jobs across different divisions, as a means both to enhance job variety and to establish the basis for career development through multiskilling. As part of the SCR, four new levels were created within the two workplaces.’

The banking call centres show a trend towards multiskilled personnel who can answer a range of different calls. This appears in the Italian telecoms company as well. Here we see a trend towards job enrichment and the ‘professionalisation’ of individual employees. In this case, no training is provided; training is carried out on the job.

‘The need to offer the customer a quick and accurate service is leading TIM to adopt what is called ‘one call/one solution’. This means that on the occasion of each call the customer is able to talk to an operator capable of providing an exhaustive answer on a variety of topics. This ‘one call/one solution’ initiative will therefore lead to an increase in the number of employees with specific and detailed knowledge. It may be said that the need to improve the quality of the answer provided by the customer care service will result in a form of professional development for the operator concerned. Given the nature of the knowledge that has to be acquired, there is no provision for a special training course, but reliance on on-the-job training (learning by doing).’

We have already looked at changes in the banking sector which lead to changes in tasks and qualifications. The Spanish report also shows how these changes call for more multiskilled employees. The example of the Spanish bank highlights both professional and geographical mobility.

‘The automation of processes has meant a drop in the administration profile in labour qualifications. The counterweight has meant giving more importance to qualifications with a commercial and management profile, a situation which is also closely related to the commercial policy of the entity: more direct attention to the customer, a policy of resources captivation, product placing, financial advice, properties management and personalised advice.’

This new tendency also means introducing new flexibility principles in the work organisation: polyvalence and internal and geographical mobility. Polyvalence and rotation in jobs is especially necessary in small offices for customer service; whereas geographical mobility is a requirement according to variations in the work volume in the territorial network of offices.’

This concept of geographical mobility is also mentioned in the Dutch report, in the public transport company. In this case, it concerns the regions where the bus-drivers are allocated.

‘To adapt bus-drivers to a flexible attitude they are not always (and in the beginning are preferably not) employed in the region where they live. This prepares them for working in different regions from the beginning. Starting in their own region makes shifts to other regions much more difficult. This also is an aspect of functional flexibility, because the bus-drivers can be employed on more routes in other regions. These routes have to be learned, and so a learning aspect is included in this form of functional flexibility.’

In the French electronics company case study, the respondents did not define functional flexibility as such. The company does, however, have some tools and aims related to this concept. The most important tool is training; another is the creation of multiskilled workers through ‘polyvalence’.

‘Polyvalence, mainly aiming to extend tasks, is a policy which is systematically applied in the workshops. The aim is to get around absences and teach people different jobs, avoiding routine and creating more fully integrated teams. Some point out tensions within certain teams due to the fact that certain operators do not fully master the job or the rhythm required. The management underline that depending on the workshop, polyvalence fits everything from apprenticeships to two, six or nine different posts. An additional reason, verified by the operators, is that there is a strong demand for polyvalence by the operators themselves in order to break the routine of this Tayloristic work.’

In the chemicals company in Spain, as in the banking sector, tasks and qualifications have changed because of new technologies. This leads to greater autonomy in tasks and to the need for multiskilled workers. Internal mobility and polyvalence are part of the ‘Application Pact for the Chemicals General Agreement’. This includes training schemes.

‘In short, new technologies like electronics and applied computing have been substantially altering the workers’ functions. They are qualitative transformations affecting training and professional requirements for workers, as well as performance and availability conditions. However, the work organisation which has been developing from the mid-Eighties means greater ‘horizontalisation’ of the flowchart: a reduction in the hierarchical stages, greater lateral communication, more autonomy and increased participation requirements for workers, and less manual work. In other words, we are facing a new organisational scenario which means an enlargement of professional competencies by the worker, especially in the aspects related to polyvalence, varied functions and internal mobility. Definitively inferred from this is the need for continuing training, both in professional subjects and even in safety.’

Yet another example of job combination and teamwork is found in the UK printing industry case study. In this case, the company has combined tasks that were previously performed by strictly separated groups of workers. This combination of tasks did not go without resistance from the printers.

‘Multiskilling is encouraged at Printco, through practices of both job combination and teamwork. Traditionally, there was a strong, union regulated demarcation of job tasks and wage rates between craft workers and craft assistants.

With the aim of multiskilling groups of printers and printer assistants, and, arguably, to wrest control over job demarcation and pay rates from the unions, Printco managers merged the two groups. Technological change was not a driving force for change. The presses still have two separate control desks. However, both groups of workers are now expected to be interchangeable across the different operations. Printer assistants were offered training to meet the new job requirements, and printers were offered a lump-sum (non-consolidated) payment. The newly defined printers are organised in teams, with one team per printing press.’

No examples of functional flexibility are found in the retail companies. For instance, the Spanish case study shows neither internal mobility nor polyvalence; it seems to stick to quantitative flexibility, as cited before.

‘In effect, tasks are defined and established from prescriptive rules called the ‘System of Personal Development’ (SPD), which specify in detail the functions for each job. The jobs of the cashiers, who are one-third of the staff, are static and established. They also have other complementary rules called SBAG (*Greeting, Good Morning, Goodbye, Thank you*), whose purpose is establishing and making homogeneous the relationship with customers.’



The French report mentions the fact that temporary agency workers are put to work at different tasks, but we would not describe this as a form of functional flexibility. The temporary workers themselves say that ‘jumping from one department to another hinders the development of a proper skilled profession’.

With the exception of the retail companies, all sectors point to a significant move towards more multiskilled personnel, and broader tasks and functions, with higher demands on employees. On the other hand, employees are not always given the corresponding amount of job control to cope with this trend. *In more concrete terms, they do not always receive the appropriate training in this rapidly changing context.* (However, work in semi-autonomous task groups may ease the mismatch situation.) Combined with the already-mentioned intensification of work, this observation leads to an on-going high level of exposure to risk in the workplace, as will be shown in Chapter 4.

## Company motives and constraints

### Reasons for ‘flexibilisation’

Several motives for ‘flexibilisation’ have already been quoted in the aforementioned examples; this section attempts to summarise the arguments.

The motives behind *external flexibility* will be examined first. In general terms, the reasons for both subcontracting and the use of non-permanent labour appear very similar. Both are part of a cost reduction strategy by means of a transfer of risks and costs to other employment situations. Secondly, the motives behind *working-time flexibility* will be discussed. This strategy combines the desire to meet customer needs with that of reducing production costs by means of tight staffing or part-time work. In some cases, however, working-time flexibility can also be driven by employee needs. Thirdly, the motives behind *functional flexibility* will be set out in greater detail. In this last type of flexibility, motives are usually a combination of meeting the needs of the company (high quality and productivity) *and* the needs of employees (autonomy at work, learning abilities).

Regarding *external flexibility* – subcontracting and the use of non-permanent labour contracts – most reports come back to the already-mentioned changes in the environment: increased competition and growing market uncertainties are described explicitly as a motive for outsourcing in the UK bank, the Spanish food retail company, the Dutch food industry company and the French electronics industry case study.

As we have seen, the French company in the electronics industry is no longer able to predict the market more than a few months in advance, which leads to the use of a temporary labour safety margin of 30% minimum. The Dutch company in the food industry also uses temporary workers as a buffer since the drop in the market due to the recession in Russia and East Asia. The Italian automobile factory sees competition from the Japanese industry, with its lean production methods, as a reason for subcontracting. In this way, the risk can be ‘externalised’. The Italian report says:

‘The company’s decision to use external suppliers, i.e. subcontracting, as opposed to vertical integration, is based on three fundamental reasons:

- avoiding the massive capital investment needed to produce a wide range of components in large quantities;
- reducing the risk of maintaining unused production capacity during non-profitable periods;
- taking advantage of the lower wage levels in small firms.’

In all these examples, the main motive for outsourcing is the transfer of the risks to other employment situations, either to subcontractors (as in the Italian, German, and British case studies) or to temporary workers (as in the Dutch and French case studies). This has been highlighted in the example above, and also very clearly in the case of the German automotive supply industry. The companies in this industry combine both types of external ‘flexibilisation’. The Italian car manufacturer (at the top of the network) combines subcontracting with internal qualitative flexibility.

The solution to a strongly competitive environment can be found in a company strategy that focuses on high quality and innovation. It can also be found in strong price competition, achieved through a reduction of labour and other costs. As we have seen in the case study companies, those who focus on cost reduction rely heavily on an external type of ‘flexibilisation’, either by keeping the amount of permanent labour contracts low, or by transferring investment in expensive equipment to subcontractors. This has been found in the case of the UK bank and in the German automobile supplier.

Another motive mentioned in relation to external ‘flexibilisation’ is the use of flexible contracts to avoid national legislative regulations or employment codes on redundancy procedures, which are perceived by employers as too rigid or inflexible. This is mainly the case in France, as highlighted in the ‘cultural’ products retail case study. The German report stresses that the retail companies do not ‘need’ to use temporary contracts for this purpose, since marginal part-time contracts also provide the opportunity for termination at short notice.

Some of the motives behind ‘externalisation’ strategies (external flexibility) can also be found in the case of *working time flexibility*. This is particularly the case with cost reduction strategies, as well as with the avoidance of the ‘rigid’ rules that accompany the use of full-time permanent contracts. As the French retailing case study shows, the use of part-timers can be seen as a strategy for reducing labour costs.

‘The company’s motives lay in the avoidance of rigid employment rules, the availability of an overabundant workforce, and a strong cost reduction strategy.

- Special daily and weekly hours, evening and Sunday work are justified on the basis of customer demands and longer opening hours.
- Resorting to part-time work is justified by the high level of charges in France, especially due to social security charges.
- Increasing resort to temporary and fixed-term contracts is justified by the inflexibility of employment codes and the different redundancy procedures in France. Temporary contracts therefore serve as a form of ‘prehiring’, which can later be turned into permanent contracts if the employee is satisfactory.’



Similar motives are seen in the German retailing case study. Here, marginal part-time contracts are used since they provide the opportunity of termination at short notice. On the other hand, companies try to maximise the use of expensive equipment and materials by means of weekend work, as in the French electronics company, or by combining part-time contracts, as in the Finnish bank. In the latter, an extension of opening hours and maximal use of workstations was achieved by combining two part-timers.

The above example in the French retail trade also highlights the role of the client as a justification for working-time flexibility. Companies have always used time flexibility in order to respond to fluctuations in the daily, weekly or seasonal workloads caused by changing customer needs. The case of the public transport company highlights these fluctuations.

‘Another reason for adopting a flexible personnel strategy is the fluctuating need for personnel during the year. On the whole the following annual personnel needs can be defined:

- January to May: average personnel needs, slightly under the number of bus-drivers employed;
- May to July: very high personnel needs, because many bus-drivers are on holiday;
- July to September: low personnel needs, because of the summer season with few passengers;
- September to October: high personnel needs, because a number of bus-drivers are still on holiday;
- October to January: average personnel needs, slightly above the number of bus-drivers employed.’

What draws our attention in all the national reports is the increasing importance of the customer in company strategy. In the current strong competitive environment, companies seem to be even more willing to meet the needs of the customer and to extend opening hours, with very tight staffing to cope with the growing workloads. This is most obvious in the banking sector, but also in retailing and in public transport. The strategy of the UK bank is to create banking ‘anytime, anywhere’, leading to longer opening hours. The Finnish bank also features this strategy of ‘service when customers are active’.

In the Finnish case studies, another reason for time flexibility is mentioned: the desire to improve working conditions. The Finnish bank experienced a growing workload and stress, which led to an experiment with part-time work. This kind of experiment is encouraged by the Finnish government (the bank is a public bank). This example shows that working-time flexibility is not always driven by customer demand, but can also be a response to workers’ needs, especially in the case of voluntary part-time work<sup>2</sup>. A summary of the aims of the working-time experiment in the Finnish bank shows, however, that there are at the least some mixed motives:

‘Summary of the aims of the working time experimentation:

- Availability of basic banking services to all customers, at all times and places (e.g., loan to cover the purchase of a residence on a Sunday).
- Longer operating times for workstations (CTI system).
- Reduction of stress (according to a company-wide survey in 1995, conducted by the Finnish Institute of Occupational Health, the stress level was at its highest in the telephone bank).

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<sup>2</sup> A type of work that we have not discussed in this report is voluntary part-time work - such as we see for instance in the Netherlands - which is not part of companies’ ‘flexibilisation’ strategy, but meets the need of employees to combine work and home care tasks. In this type of part-time work there is no evidence of job insecurity; contracts are on a permanent basis and the part-time employees are not used flexibly to fill in when workloads peak.

- Better quality of services.
- Increased profit by more active selling.
- Better balance between work and leisure time.
- Stronger commitment to the organisation.

Finally, we examine the motives behind *functional flexibility*. This too shows a mix of motives relating to companies' and employees' interests. The description of the Integrated Firm in the Italian case study in the automobile industry stresses the interests of the company. The main aim of this model is to cope with the strong competition from Japanese firms, with their lean production methods. The organisational model aims at decreasing the 'time-to-market' process, increasing efficiency and productivity, and guaranteeing the high quality of the products (TQM). The report mentions that this model will mean more autonomy and more training for employees, but it also mentions the counter-effects on employees in the form of an increased pace of work.

The Dutch report on the food industry, on the other hand, stresses employees' interests in the introduction of teamwork. But here also we see a combination of motives:

'The concept of autonomous task groups became popular in the Netherlands when it was discovered that a high degree of divided labour was negatively related to the production and absenteeism level of the organisation. It was argued that production and well-being would increase if employees were not assigned simple tasks only, but could participate in preparation, production and organising, thus making a complete product within a unit. This model was adapted in the case company too. A training programme was worked out for employees to perform all tasks in the units. When the autonomous task groups were fully functioning, the workers from the temporary employment agencies had to adapt to the rules of the task groups too. The training programme for the agency workers also made it economically attractive to hire agency workers on a more permanent basis.'

In this Dutch case, we see that the external personnel benefits from the internal qualitative flexibility, as they get more training and more steady work contracts from the agency.

The Finnish banking case study stresses a combination of motives for introducing teamwork, among which are increasing productivity and a higher quality of service, but also the reduction of stress. As we have seen previously, this company is struggling to have all its aims realised.

In the other case studies, functional flexibility is not introduced in the form of teamwork, but in the form of multiskilling, job enrichment or job rotation. Some of the motives, however, are the same. The introduction of functional flexibility in order to improve the quality of products or processes can be seen in the UK banking case study, where employees are expected to respond to a range of different calls from clients; and in the Italian telecoms company, where employees are expected to become better specialists.

'The quality of the service hinges on the coverage of a broad time-span, and the effectiveness of response (both response times and information). Quality management therefore has to tackle several crucial aspects:

- the need to cover lengthy time brackets during which traffic peaks occur at certain hours of the day, accompanied by the need to find ways of coping with the fluidity of demand, which precludes any definite, long-term calculation of the number of employees required;

- the need to be capable of answering customer enquiries with very fast response times on a wide variety of topics.

The company has adopted various forms of flexibility in order to overcome these problems. The time coverage is directly linked to forms of internal quantitative flexibility, and the effectiveness of the service to forms of internal qualitative flexibility.'

Internal quantitative flexibility in this case means a working week of 38 hours 20 minutes, or 37 hours 30 minutes, and tends to beget 'job enrichment'.

The Dutch public transport case study shows how the combination of different tasks and functions performed by the bus-drivers can help to fill in time between shifts. In this case functional flexibility leads to a steadier workload.

Many of the reports describe the motives for functional flexibility in the context of *the company's human resource management*. As functional flexibility has been defined as the ability to quickly redeploy personnel, the aim of human resource management could be to employ personnel in the middle and longer-term, in order to guarantee their 'employability'. In this sense, strategies in favour of multiskilling are designed to pursue longer-term aims and are therefore accompanied by training activities. In the case of the UK bank, the main focus of the functional flexibility strategy lay in the creation of career-paths and the breaking with monotony in the work.

Finally, some reports mention an additional management motive for 'flexibilisation': *the will to increase management's 'power' over the workforce*. We have seen two examples of this strategy in relation to the outsourcing of labour. In the case study in the Spanish chemical plant, management's motives for subcontracting are described in terms of an intention to 'discipline and dominate'. In this case, subcontractors are more associated with small enterprises and weaker union representation. This does not necessarily mean job insecurity, as subcontractors are highly qualified and recruited on a permanent basis. In the French electronics industry case study, a similar motive is mentioned with regard to the use of temporary workers, who are perceived to be 'easier to handle'.

*'Interims (temporary staff) are expensive, but this is accepted by the electronics case study company in France. The advantages for the management lay in a workforce that is easy to renew. It is easy to make people accept constraints and to 'eliminate potential unmanageable elements'; it allows for changes of operation and adjusting to the rhythm of automation.'*

In the UK case study in the printing industry, the strategy of functional flexibility is described in terms of a management wish to break down long-existing job demarcations. In Chapter 5 we will go deeper into the relationship between 'flexibilisation' and the industrial relations system.

The diversity of motives as well as the simultaneity of flexibility strategies seem to indicate that the latter *do not necessarily reach a high degree of coherence when implemented*. For instance, some companies are prepared to outsource some of their jobs but may also reclaim the outsourced jobs if this strategy proves inefficient. In other words, flexibility strategies do not

appear irreversible, as the example of the UK bank shows.

‘At the UK Bank, the major pressures driving change are: the need to reduce costs, to extend opening hours, the introduction of new technologies and increased competition. One of its responses was to outsource a number of its functions in order to reduce ‘paperwork’ and costs. The decision to outsource activities reflects new strategies to restructure internal divisions. The decision is not, however, irreversible, as is illustrated by the case of the ‘fraud operations team’, which was outsourced and then reincorporated as part of a restructured Debt Management division. The aim was to integrate the different components of the debt chain, of which fraud formed an important link.’

This observation demonstrates that, despite structural trends, there is still room for negotiation on the type of combination which companies should set up. This issue will be discussed in Chapter 5.

### **External constraints**

As already mentioned above, flexibility strategies are being developed on a complementary rather than on an exclusive basis. There is no particular model or pattern of flexibility within the European Union. Most companies use several interconnected variables. However, these combinations are being implemented under a set of constraints which vary from one country to another. As a consequence of the already described environment in which companies operate, *combinations of flexible strategies are being developed under greater pressure or constraints than in the past.*

Some of these constraints are part of a globalisation process that has taken place in many industries. In this sense, local flexible strategies can be seen as part of *global and financial strategies*. In the banking sector, this is very much evident with the globalisation of financial flows, the growing interdependence of economies and the widespread corporate restructuring which goes beyond the level of the individual company. But this is also valid in the automobile industry, where global strategies penetrate all individual companies.

The increasing pressure or change in the world of *new technologies* also appears to be a factor in terms of constraints. The banking sector is a good example of that. The introduction of Automatic Telling Machines has involved a complete redefinition of both work organisation and qualifications. This can be seen in all three case studies. In the chemicals industry, too, automation has led to changes in work organisation and qualifications.

Above all, the importance of the national context is emphasised in all reports. We will discuss the role of the national industrial relations systems and national legislation further in Chapter 5, but here we must already conclude that *national legal frameworks or contractual obligations* are at the forefront of the constraints under which flexible strategies are being implemented. The banking sector again provides a good illustration. Although the changes outside and inside the companies are very similar, the ways in which flexible strategies are worked out differ at company level. This can be highlighted by the development of working-time flexibility in all three cases: in the UK bank, the strategy is banking ‘anytime, anywhere’, which results in extended opening hours and working-time flexibility; in the Spanish example, this is still being



discussed between the social partners; while the Finnish bank presents a working-time experiment with part-time work.

Although we do see similar external constraints, it appears that each country tends to set up an institutional framework, driven by a highly coherent approach. Germany shows a high level of regulation in areas such as overtime, self-employment and the status of temporary workers: *flexibility strategies are to be interpreted as 'cost transfer' strategies within a highly regulated system.* Spanish law, on the other hand, has started to break down the permanent contract reference since the mid-1980s. This has led to a huge use of non-permanent contracts and *has increased job insecurity at national level.* It is only since 1997, when the Interconfederal Agreement on Job Security (AIEE) was agreed upon, that the tide has changed somewhat. This is very much reflected in the Spanish food retailing case study:

'The Spanish case study in the food retail trade is of special interest because it reflects the change of tendency imprinted by the AIEE (The Interconfederal Agreement on Job Security) in 1997. The food retail industry policy has gradually been reducing the rate of temporary employment. In 1996, temporary contracts represented a minimum of 23% of total employment, reaching very high rates in periods of peak activity. Today, the rate represents only 13% of staff. The aim of the human resources policy is to reach 95% permanent employment next year, and to have only 5% of temporary employees as a safety measure against uncertainty and variations in the market.'

A similar trend can be observed in the United Kingdom, where social regulations or barriers are significantly weaker than in the past.

'Changes to the external context, or the UK employment system, range from the persistent growth of atypical forms of work to the introduction of new forms of labour market regulation, such as minimum wage and working-time legislation. Compared to other EU Member States, unemployment in the UK has declined to relatively low levels during the 1990s, but has been accompanied by a widening of wage inequality and a growth in the proportion of the workforce in part-time and temporary work, reflecting the important role of part-time and temporary low-paying jobs as a motor of job creation.'

Contractual requirements still play a major role in the definition of flexible strategies. In Italy, flexibility appears very clearly to be the result of a compromise between the social partners at national or industry level, even if local implementation is highly dependent on corporate policies. Both Italian case studies reflect this national context.

'In Italy flexibility strategies are developed within the framework of collaboration and social pacts, which were initiated by the Tripartite Central Agreement of 23 July 1993, continued with the 'Employment Pact' of September 1996 and renewed with the 'Christmas Pact' of December 1998 (Social Pact for Development and Employment).

The new national law made it possible for the automobile factory to hire all new employees for the plant on 'work/training' contracts.

In the Italian telecommunications company, following a National Collective Agreement (November 1997), a telework experiment was launched. There were some interesting criteria for taking part in the project:

- voluntary participation;
- the employees concerned had to have accumulated long enough experience of work to be able to operate autonomously;
- their home had to be located within the geographical area over which they operate.

Employees doing telework retain the same opportunities as other employees for career development and attendance at training courses. A labour relations display site was opened up on the company intranet to enable the teleworkers to access union and company information.'

It is in the Netherlands that the involvement of the social partners ranks highest as regards the development of flexibility. This involvement is considered a necessary stage in the evolution of the legal framework (see the new Dutch legislation on temporary work) or in the implementation of flexibility at corporate level. Both Dutch case studies show the involvement of the temporary agency in the observed companies.

'Within the Dutch Transportation Company (and the sector) a specialised division of one of the largest temporary employment agencies is active. Some of the workers (250 out of 1,200 agency workers) have a permanent labour contract with the agency; another 150 are employed by means of fixed-term labour contracts with the agency. The rest work on the basis of temporary agency contracts. In the Netherlands the new collective labour agreement of temporary employment agencies stipulates a phased system obliging temporary employment agencies to offer their personnel a fixed-term contract within eighteen months and a permanent labour contract within three years.'

Both Dutch case studies show a move from temporary to more permanent contracts, and it should be noted that in marked contrast with the French case studies, *temporary workers are included in training activities*. Both French cases studies show a high rate of atypical forms of work (part-time or non-permanent jobs, most of the time mixed) and strict differentiation between the various employment statuses, *symptomatic of a highly divided labour market*.

Not just because they belong to the public sector, both Finnish case studies reflect Finnish government policy, which aims at improving the quality of work and which began in 1996 after a period of budget cuts in the early 1990s.

'Due to the economic recession in the first half of the 1990s, there have been marked cuts in the budgets of the Finnish public sector, especially in the municipal sector, the biggest savings focusing on personnel expenditure. The cuts in personnel have meant changes in work policies, increased insecurity, a heavier workload for those remaining, and accordingly, an increased number of cases of fatigue and burnout. In 1996, the Ministry of Health and Social Affairs, together with the Ministry of Labour, started to develop projects to improve the situation by decreasing the problematic time pressure and strain of healthcare work and improving work quality. One of these projects was a 2-year intervention concerning working time arrangements. Employment subsidies were granted when a municipality, through an agreement with the employees, reduced the working hours of its employees and, at the same time, employed an unemployed job seeker.

The case study city was not included in the national experiment, but, in the spring of 1997, it decided nevertheless to give a grant to the city hospital to undergo a similar experiment. Two forms of flexibility were combined, namely, the shortening of working hours (part-time work) and employment of new personnel (fixed-term contracts for two years). In the implementation process flexibility often also met the demands of individual employees because it was based on voluntary participation. The temporary workers, however, felt they had to participate in order to keep a job.'



In Chapter 5, national contexts as well as national industrial relations systems will be examined in greater detail in order to explore the impact of national negotiation processes on the relationship between flexibility and working conditions.

## **Key points**

Flexibility emerges as a heterogeneous concept, mixing two series of variables: quantitative/qualitative and external/internal. When looking at the possible combinations between these variables, flexibility strategies comprise the following: subcontracting ('external qualitative'); use of different employment statuses ('external quantitative'); working-time flexibility ('internal quantitative'), and flexibility of work organisation ('internal qualitative'). Referring to specific dimensions of flexibility, such strategies are usually denominated as 'productive', 'numerical', 'temporal' and 'functional' strategies (see Table 9).

Taking these combinations into account, the case studies reveal that flexibility strategies are implemented on a complementary rather than on an exclusive basis. They often occur simultaneously, driven by different motives. As such, they are not necessarily very coherent. Certain flexibility strategies may be used at one stage and then replaced by others; they may be designed differently according to the groups of workers they apply to, and they often have an ad hoc basis. Neither do they necessarily respond to a cumulative principle: subcontracting may be dedicated to permanent and highly qualified workers, while non-permanent contracts may be widely used for core, non-subcontracted activities.

Strategies of subcontracting are found in three-fourths of our sample (12 out of the 15 case studies), and four of these companies have exclusively 'externalised' non-strategic tasks. A slight majority of eight case studies has undertaken a wider approach, subcontracting strategic tasks or even entire processes. This latter form of subcontracting is found in all countries, both in industry (the printing, automobile, electronics and chemicals industries) and in services (banking and retail services). The motives for subcontracting are mainly driven by a transfer of labour costs and risks to other employment situations, followed by the definition of new fields of expertise. In the subcontracting of strategic tasks we see the degree of interdependence between companies to be clearly on the increase. In this context, flexibility strategies tend to shift from a qualitative approach at the top of the production chain to a highly quantitative approach further down the line. Against the tide, local companies tend to create some kind of qualitative flexibility.

The same proportion of case studies (12 out of 15) shows an extensive use of non-permanent contracts, varying from the use of 'work/training' contracts for recruiting new employees (the Italian automobile industry case study) to the structural use of temporary workers, sometimes up to 30% of the current employed population (in the French electronics industry case study, for example). This structural orientation towards numerical flexibility, revealed in several case studies, can be interpreted as an attempt to create internal 'lean' organisations with the support of new employment statuses. However, the number of non-permanent workers fluctuates significantly over time.

- Short-term fluctuations are mainly due to work content and market influences (e.g. seasonal demands).

- Fluctuations in the mid-term may result from a shift towards other flexible strategies, such as subcontracting (the Spanish banking industry) or the use of part-time contracts (the telecoms company in Italy).
- Fluctuations in the longer-term can be caused by collective bargaining or by government legislation, which are aimed at reducing the overall number of non-permanent contracts.

The sample as a whole includes different types of working-time flexibility, such as shiftwork, night or weekend work, and part-time contracts. The reasons for shiftwork in industry (24 hours a day, sometimes seven days a week) are not new: shiftwork is used in order to avoid the shutdown of the production process and/or to make maximum use of expensive equipment and means of production. However, nowadays market fluctuations interfere a lot more than in the past, so that shiftwork results from global ‘temporal’ strategies which target both tight staffing and short-term market fluctuations. The evolution of working-time patterns in the services sector is mainly driven by extended opening hours to meet customer demand. This is particularly the case in the banking sector – regardless of the country – where the focus is on the quality of service as well as some development in the direction of job enrichment. In retailing, all possible measures are used to match the workforce to market requirements: irregular working hours, shiftwork and part-time work, usually combined with non-permanent employment. Above all, the case studies show a clear breakdown of former working-time patterns, with an increase in time irregularity and unpredictability. They also show a lack of compensation by means of bonuses.

Functional flexibility can be defined as an internal strategy designed to quickly redeploy personnel to different tasks. This can be achieved by teamwork (eight case studies), where the team is responsible for some planning or budgetary tasks, and employees can fulfil most functions within the context of the team. In some cases, teamwork is the pillar of a whole new organisational model, although this kind of situation may be closely related to specific numerical strategies and dedicated labour contracts. Functional flexibility can also be achieved through multiskilling, job rotation or job enrichment. This is encountered in most of the case studies (11 out of 15), with the exception of those covering the retailing industry. Two different trends can be observed as regards functional flexibility.

- On the one hand, functional flexibility may be seen as an opportunity to combine employers’ needs (productivity, quality, etc.) and the needs of employees (improved job content, increased responsibility, etc.).
- On the other hand, teamwork or multiskilling may be accompanied by job intensification or job monotony, as will be shown later.

Apart from the diversification of the forms of flexibility and the motives behind ‘flexibilisation’, corporate strategies are implemented under a number of external constraints, such as:

- the interdependency of markets and companies, especially in the case of subcontracting;
- client-oriented strategies;
- technological change; and
- the national frameworks (including national labour markets, negotiation processes and legislation).

Table 10 Different types of flexibility

Country	Activity	Main issues																
		Flexibility of production system	integrated chain of sub-contractors	specialist tasks	non-strategic tasks only	Flexibility of employment status	limited fixed term as entry port	limited temporary	fixed term, seasonal	structural temporary	Flexibility of working time	shiftwork	weekend/night work	part-time	other forms	Flexibility of work organisation	teamwork	multi-skilling
Germany	Automotive supply	YES	YES	NO	NO	YES	NO	NO	NO	YES	YES	YES	YES	YES	YES	YES	YES	YES
	Food retail	YES	NO	YES	NO	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES	NO	NO	NO
Spain	Chemicals	NO		NO	NO	YES	NO	YES	YES	YES	YES	NO	YES	YES	YES	NO	YES	YES
	Food retail	NO		NO	NO	YES	NO	YES	YES	YES	NO	YES	YES	YES	NO	NO	NO	NO
	Banking	YES		NO	YES	YES	NO	YES	NO	NO	YES	YES	NO	NO	YES	YES	YES	YES
France	Retail of 'cultural' products	NO	NO	NO	NO	YES	NO	NO	YES	YES	YES	NO	YES	YES	NO	NO	NO	NO
	Electronics	YES	NO	YES	NO	YES	NO	NO	YES	NO	YES	YES	YES	NO	NO	YES	NO	YES
Italy	Automobile industry	YES	YES	NO	NO	YES	YES	NO	NO	NO	YES	YES	YES	NO	NO	YES	YES	YES
	Telecommunications	YES	NO	YES	NO	YES	YES	YES	NO	NO	YES	YES	YES	YES	YES	YES	NO	YES
Netherlands	Food industry	YES	NO	NO	YES	YES	YES	YES	NO	NO	YES	YES	YES	YES	YES	YES	YES	YES
	Public transport	YES	NO	NO	YES	YES	YES	YES	NO	NO	YES	YES	YES	YES	YES	YES	NO	YES
Finland	Banking (call centre)	YES	NO	NO	YES	NO	NO	NO	NO	NO	YES	YES	YES	YES	NO	YES	YES	YES
	City hospital	NO	NO	NO	NO	YES	YES	NO	NO	NO	YES	YES	YES	YES	NO	YES	YES	NO
UK	Printing	YES	NO	YES	NO	YES	NO	YES	NO	NO	YES	YES	YES	YES	NO	YES	YES	YES
	Banking	YES	NO	YES	NO	YES	NO	YES	NO	NO	YES	YES	YES	YES	YES	YES	NO	YES



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## Chapter 4

# The impact of flexibility on conditions of work and conditions of employment

This chapter aims to answer the main questions raised at the beginning of the report. These questions do not call for binary answers: they rather depict a complex landscape in the area of working conditions which is sometimes difficult to apprehend. In this sense, what is often described as ‘the flexible firm’ (Lorenz, 1992), is far from being homogeneous, without complexity, ambiguity or contradiction.

When considering the concrete conditions and status under which people still work and will work in the near future, it seems that the breakdown of what used to be described as the ‘Taylorist-Fordist’ model has not yet really been achieved. Thus, the hypothesis of a new, common flexible model is currently facing highly distinct variables, such as national characteristics, production systems, flexible strategies and social impact. As P. Thomson *et al* (1995) say:

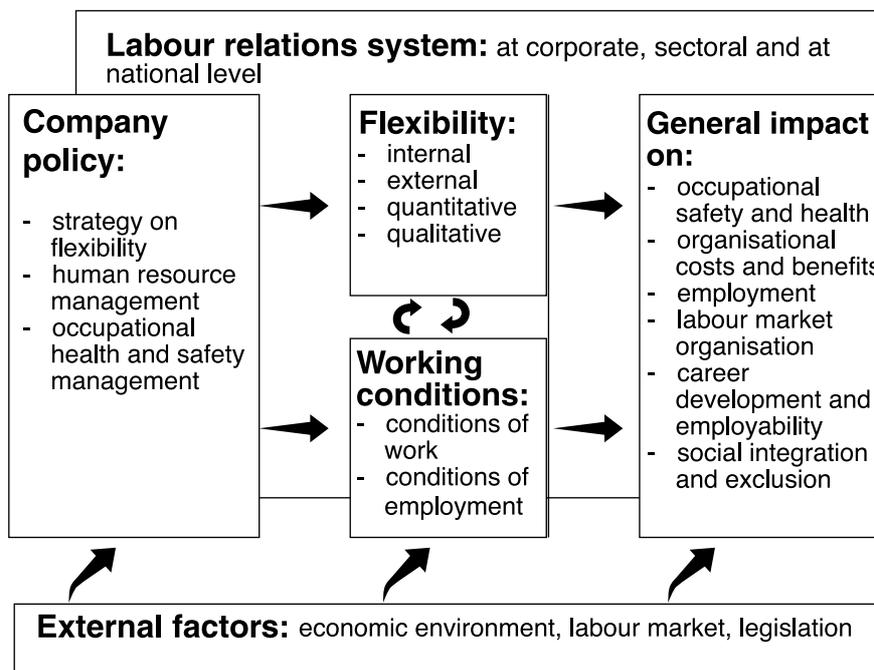
‘This research, plus other contributions which emphasise the control and work intensification costs of new production systems, set important limitations to the grand claims of paradigm break theorists, and we would agree that there is no necessary congruence between markets, technologies and particular forms of work design. (...) Good research should enable us to unpack the theory and practice of new forms of production. Given that the implications of such changes ‘have been quite varied, reflecting in part the local peculiarities of production and the specific relations between the workers and the management’ (Elger and Fairbrother, 1992), we must find ways of demonstrating different configurations of labour utilisation and the institutional factors shaping them.’

It is clear, moreover, that flexibility policies raise and/or reinforce matters of concern for the workforce which need to be situated in local economic and social contexts and examined in greater detail. This chapter stands as a contribution to this process.

## Conditions of work versus conditions of employment: the research framework

The sensitive methodological question of ‘generalisation’ has already been tackled (see Chapter 2). However, the basis for a minimal European comparison of several case studies is clearly needed in order to give a heuristic efficiency to the research. Because of this, the Foundation took the initiative of launching the research project with the support of an initial framework, as shown in Figure 1.

Figure 1 Research framework



This diagram was created by TNO Work and Employment as a starting point for the research, and was regularly submitted for discussion to the national researchers. The Coordination Group agreed on the framework, which focuses on two main combinations:

1. As flexibility appears to be one of the most appropriate concepts for describing corporate management practices in the face of an ever-changing environment, it is important to assess the impact of such corporate practices in the area of working conditions. In fact, it is very unlikely that flexibility strategies do not largely influence a number of aspects of day-to-day working life, and living conditions in general. One might even argue that this often-neglected feature of the modern economic system is one of the few key transformations in current European society.
2. Nonetheless, it is equally important to emphasise that this impact should not be confined to a narrow view, e.g. suggesting that flexibility strategies inevitably lead to better or poorer



working conditions, whatever the meaning of such concepts. As the research progressed, it became clearer to all national researchers that the ‘working conditions’ concept had to be examined in greater detail, and that it could provide an ‘umbrella’ for very different situations. In particular, researchers observed that *conditions of work* (describing the practical conditions under which people work and cope with a specific technical and organisational environment) and *conditions of employment* (describing the rules and status under which people are employed, trained and paid) were not necessarily moving in the same direction when combined with flexibility. In other words, the distinction between those sub-concepts could represent a very relevant starting point for examining the kind of ‘compromise’ that organisations and people were achieving in both domains (Dhondt, 1998). This distinction is detailed in Table 11.

Table 11 The two dimensions of the ‘working conditions’ concept

Conditions of work	Conditions of employment
<ul style="list-style-type: none"> <li>• musculoskeletal job demands: position, loads, repetitive movements</li> <li>• physical exposure: vibrations, noise, temperature</li> <li>• chemical and biological exposure</li> <li>• psychosocial job demands (work organisation and work content):                             <ul style="list-style-type: none"> <li>job demands (job intensity, pace of work, monotonous work)</li> <li>job control (autonomy, support)</li> </ul> </li> <li>• emotional job demands: violence, discrimination, harassment</li> </ul>	<ul style="list-style-type: none"> <li>• job security: employment status and/or prospects</li> <li>• access to training and qualification</li> <li>• career prospects</li> <li>• duration of time and control over working time</li> <li>• level of workers’ direct/indirect participation</li> <li>• flexible vs. fixed payment</li> </ul>

This distinction does not merely allow a more precise analysis of what is actually taking place in European companies. It also gives meaning to the question of how work is perceived nowadays, since the ‘Taylorist-Fordist’ model grew on the basis of a clear definition of what ‘good’ and/or ‘poor’ working conditions meant. This framework helps to bring qualitative information to the European economic and social debate which the disappearance of former conceptual borders makes difficult to obtain and assess.

### Statistical trends in working conditions: results and limitations

The database provided by the 1996 European Survey on Working Conditions (Paoli, 1996) provides long-term information about the transformation of current working situations and the emergence of new issues for the workforce. In particular, it highlights the statistical relationship between atypical forms of employment (fixed-term and temporary agency contracts); poor working conditions, and more specifically, poor occupational health effects (Letourneux, 1998; Benavides and Benach, 1999). Even if flexible employment cannot be seen as directly disimproving working conditions, it nevertheless emerges in all EU Member States as an aggravating factor for those concerned. Its implications in the area of occupational health and safety are now established.

On a more general basis, the lessons that can be drawn from the European survey, as well as from other Foundation contributions to the subject, can be summarised as follows.

- While working conditions may differ widely between Member States; sectors of activity; occupational categories and employment status, the survey highlighted three main trends:
  - work is largely dominated by external constraints (the client rather than the machine);
  - the pace of work has increased sharply during the last decade (more workers exposed to work at high speed and tighter deadlines);
  - health problems (back pain; muscular pains in arms or legs; stress) are most often connected with poor working conditions.
- As work intensity increases in all Member States, two phenomena related to working time can be identified: round-the-clock working hours, with the extended practice of weekend work, on the one hand; irregular and less predictable working-time patterns on the other. While the EU level of autonomy at work is on the increase, it still cannot compensate for these structural trends (Dhondt, 1998). In other words, many workers are still exposed to high-speed working and tighter deadlines, and still declare a lack of autonomy over their work, leading to the development of a ‘high-stress’ jobs’ category, with a higher level of health complaints<sup>1</sup>.
- These trends result from different job profiles and work organisation patterns, but employment status is generally an aggravating factor. In-depth analyses show how employees under atypical contracts often have to cope with the downside of flexibility in the workplace. As V. Letourneux (1998) says: ‘The relationship observed between employment status and working conditions is primarily due to the fact that jobs involving difficult working conditions are occupied more by workers on precarious contracts of employment.’
- With regard to health problems, workers under atypical contracts are more likely to report fatigue, backache and muscular pains (mainly due to painful positions and repetitive work), but tend to be less subjected to stress and psychosocial health problems (as a result of lower levels of exposure to work at high speed).

Employment status has a specific and differential impact on occupational health. As Benavides and Benach (1999) say:

‘Even if working conditions are the main explanatory variable for differences in health outcomes between permanent and non-permanent workers, associations between types of employment status and health outcomes almost always persist after adjustment for individual working conditions. This finding suggests that different types of employment status have an independent effect on the health-related outcomes studied with regard to working conditions.’

These results are summarised in Table 12.

<sup>1</sup> As opposed to other categories (‘passive’, ‘active’ or ‘low-stress jobs’) ‘high-stress jobs’ are mainly to be found in the transport, catering and metal manufacturing sectors, and affect primarily skilled blue-collar and young workers.



Table 12 Working conditions and health complaints, by employment status

Working conditions and/or health complaints	Employment Status		
	Permanent contracts (%)	Fixed-term contracts (%)	Temporary agency contracts (%)
<i>Working conditions:</i>			
• Painful positions	41	52	57
• Repetitive movements	55	64	66
• Noise	29	31	38
• Inhalation of fumes and dangerous substances	23	29	31
<i>Work content:</i>			
• Monotonous work	60	50	45
• Repetitive tasks	36	43	46
• Task rotation	59	55	51
• Work at high speed	54	58	53
<i>Health complaints:</i>			
• Stress	28	22	24
• Fatigue	18	23	22
• Muscular pains	15	20	21
• Backache	29	29	31

(Source: European Foundation for the Improvement of Living and Working Connditions, 1996)

Occupational health is not the only issue that matters. Statistical data also show a gap with regard to access to training and participation in the workplace. Safeguards such as information, co-working or trade union support are very seldom used to mitigate against this situation (Paoli, 1996). Figures 2 and 3 illustrate these trends.

Figure 2 Employment status and access to in-house training (% of workers)

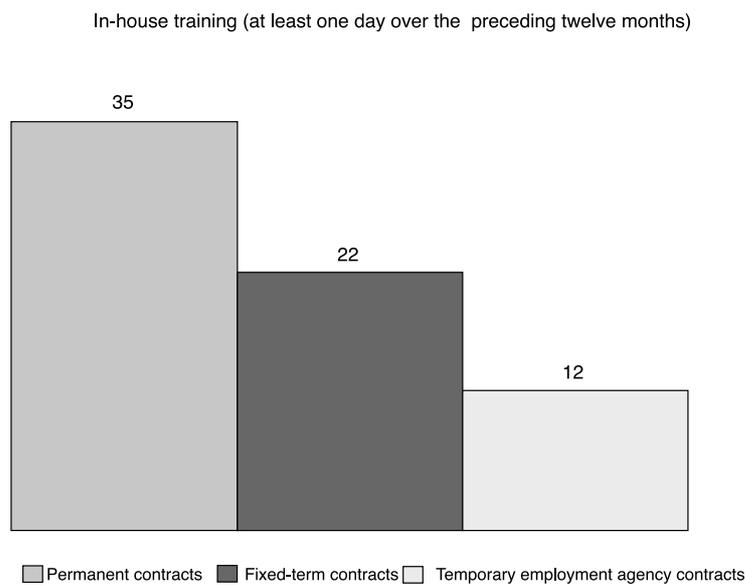
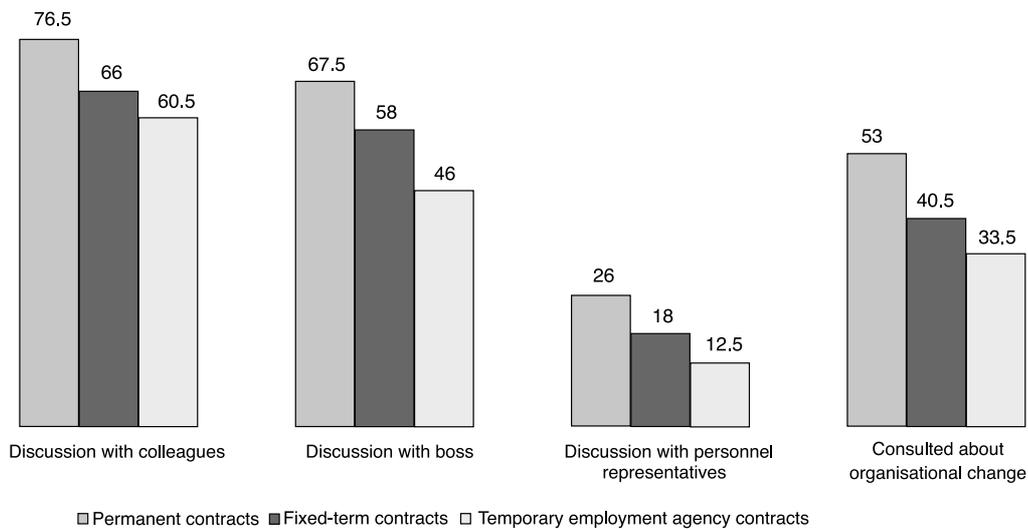


Figure 3 Employment status and participation in the workplace (% of workers)



These results show the background to which the kind of qualitative research undertaken here refers.

While the European Survey is a determinative tool, however, in the analysis of working conditions, it also has limitations.

- Generally speaking, it points to the role played by corporate policies in the development of working conditions at European and national levels – but it does not say how and why the workforce is allocated in this way. *It sheds little light on strategies of workforce allocation in the companies.*
- Secondly, what employees feel – i.e. according to their own *subjective view* – about their changing working conditions is not easy to gauge.
- Thirdly, it does not really explain, although it contributes to, *the coexistence of ambiguous movements within the general sphere of working conditions*. This ambiguity is far from being marginal: many case studies focus on opposing trends within the same companies – mixing, for example, ‘job insecurity’ with ‘satisfying working conditions’; ‘job enrichment’ and ‘work intensification’, etc.

Given such qualitative aspects of the question, the present research focuses on what may be seen as local complexity. The analysis is carried out, therefore, emphasising corporate ‘scenarios’. These scenarios have been observed by the researchers in the different countries and/or sectors. *They focus on the different perceptions of working conditions (including conditions of work and conditions of employment) expressed by workers facing flexible working situations, as compared with workers in other, regular working situations.* Flexible workers here include subcontractors,



part-timers and non-permanent workers. There is still an open question about the frequency and the likeliness of such scenarios occurring at a more general level. They nevertheless provide useful information on some of the reasons why company policies, in choosing this or that direction, have an impact on working conditions.

*Scenario 1* analyses the impact of flexibility strategies in the area of exposure to risk and occupational health and safety. Beyond general statements on exposure to risk in a flexible context, it sheds some light on the relationship between specific flexibility strategies (subcontracting, modification of working-time patterns, use of non-permanent jobs) and conditions of work. Within this scenario, the latter clearly appear as a differentiating factor among the workforce, though this differentiation does not concern a majority of the case studies. In other words, this scenario reveals a situation whereby both conditions of work and conditions of employment are perceived as deteriorating.

This development would not be possible, however, without long-term transformation in the area of the division of labour. Many case studies point out that the call for flexible workers (subcontractors, part-timers, non-permanent contracts) often goes hand-in-hand with various initiatives in the division of labour. In *Scenario 2*, conditions of work are not perceived as a deteriorating variable, while the differentiation among the workforce is mainly driven by an increasing gap in conditions of employment. This mainly concerns such matters as job insecurity, access to training, career prospects, pay differentials and gender segmentation.

*Scenario 3* examines a series of issues which the so-called ‘core’ population is currently facing through qualitative initiatives such as job enrichment, teamwork, multiskilling, etc. Some case studies reveal persistent barriers between ‘core’ and ‘peripheral’ working populations with regard to working conditions. Nonetheless, the growing number of issues common to both populations facing flexibility demands suggests the increasing breakdown of such barriers. The study here points out that job monotony and job intensification are still cited by core workers, and, *de facto*, by all working populations, despite functional flexibility developments. As such, it seems there is no longer any definite and/or linear evolution in the field of working conditions, thus raising the issue of appropriate analysis and tools for assembling reliable information on the subject.

## **Workforce allocation strategies: three complementary scenarios**

### **Scenario 1: Exposure to risk and occupational health issues within a flexible context**

This section looks at conditions of work within a flexible context, with specific focus on the relationship between flexibility and occupational health and safety. As we will see, Scenario 1 can be described as ‘cumulative’, since it describes situations whereby both conditions of work and conditions of employment are perceived as deteriorating. However, the research makes clear that these issues can be addressed only if a clear distinction is made between general exposure to risk within a flexible context, with specific effects on health complaints; and a differentiation

among the workforce because of conditions of work. This distinction is validated in our sample, as the research material underlines a trend. On the one hand, *the level of exposure to risk remains significantly high for a majority of the case studies*, even though there appear to be changes regarding the nature of those risks, which now mix both on-going physiological and new psychosocial factors. On the other hand, *differentiation within the area of conditions of work appears in a smaller number of case studies*, whether this results from dedicated OHS policies, or from similar working environments for both flexible and non-flexible workers. Generally speaking, flexible workers include subcontractors, part-timers and non-permanent workers.

With this in mind, the present scenario looks firstly at situations that show significant exposure to risk but do not lead to specific differentiation among the workforce in the area of conditions of work. It then examines how subcontracting specifically affects conditions of work, through what might be described as a ‘transfer strategy’. Finally, it identifies situations where non-permanent workers are clearly subject to poorer conditions of work than permanent workers.

In summary, it emerges from our qualitative sample that conditions of work do not represent a differentiated area for a majority of the case studies; where differentiation *does* exist, it mostly results from differences in employment status. This conclusion remains a qualitative one, and does not preclude any general quantitative representation. It may, however, justify more quantitative research in the area, at both European and national levels.

#### **Exposure to risk within a flexible environment**

The following examples are presented in detail, as they reveal substantial change in the nature of risk at work, which now combines both on-going physiological and new psychosocial factors. However, this does not lead to any specific differentiation within the area of conditions of work as they also indicate significant OHS policies and no major differences due to employment status or time patterns.

The idea that new occupational health problems may result from a mix of both physical and psychosocial constraints is very much in line with the observations made in the Italian automobile company. Contrary to widespread beliefs which may suggest that manual work has disappeared in manufacturing companies, the Italian report shows that the development of automation has not eliminated all physical tasks. The latter are still exposed to hazards; they lead to health complaints such as allergies, bronchial infections and skin problems.

‘Although automation and new technologies have significantly reduced risks in most areas within the plant, such as assembly and some automated areas of spraying, there are still UTEs, such as in the operational spraying unit, where the majority of tasks are still performed manually and are characterised by high risks related to noise and the high concentration of dust in the air. In addition, the use in some areas of chemical substances such as PVC represents another source of risk for employees. The result is that some of them are affected by allergies, bronchial infections and skin problems. Increased safety measures such as helmets, special gloves and protective clothing are at the top of the employees’ list of demands.’

Despite the increasing effectiveness of OHS measures, and some progress in ergonomics, ‘operational managers and team leaders confirm that traditional problems still exist’. As in the



German automotive supply industry case study, this problem seems to be specifically concentrated at the start of the assembly line.

‘Although the operational unit manager interviewed stressed the high safety level and the effectiveness of preventive measures, the operational welding unit also presents some risks. Despite the fact that welding operations are carried out using automated tools, dangerous fumes spread in the extraction ventilators in these areas might produce the risks of illnesses.

In spite of the fact that automation and new technologies have improved ergonomics in the operational assembly unit, and consequently, the way in which employees perform their tasks on the production line, interviews with line workers, operational managers and team leaders confirmed, at different levels, that traditional problems (mainly muscular pains in the legs and arms, and back pain) still exist, particularly in some UTEs such as those at the start of the production line, in which the car body has to be assembled. Some of the tasks still have to be performed bent inside the car or standing up for most of the time.’

In addition, the research reports a mix of ‘traditional’ and new risks, mostly related to the pressure and intensity of work.

‘As regards health and safety, it emerges from the research that traditional risks related to jobs performed in non-automated areas (where exposure to toxic substances is higher than in highly automated areas) are combined with new risks and problems in terms of both stress and accidents in the workplace, mainly related to the increased pressure and intensity of the rhythm of work.’

Time constraints appear to be a determining factor.

‘Time constraints, together with stress, often lead employees to perform the various tasks without paying sufficient attention to safety. This is true both of line workers and of qualified personnel such as CPIs and maintenance workers who have to intervene in the event of line breakdowns.’

The impact of night work on conditions of work is emphasised.

‘Shiftwork, and in particular night shifts, appear to have a very considerable impact on working conditions. Many of the employees interviewed (especially women) complained about the shift system operated by the company and the working hours, which have profound effects on their private life.’

The report also insists on the social effects of night work, either within (cooperation between the workers) or without (leisure and social activities) the company.

‘The continual change imposed by the rotating system of three eight-hours shifts has a twofold effect. First, it prevents employees from having a normal social life outside the plant. Before working at the plant, most employees played sports, visited the cinema with friends, went to the theatre and spent time with the family; the new pattern of work organisation has changed their habits completely and forced them to give up their former social and leisure activities. Second, it has negative effects on the physical level. For example, after two consecutive night shifts many employees have difficulty in getting to sleep because of the two weeks spent working during the night (22.00-05.45 hours).’

In fact, accidents in the workplace seem to relate to the increased intensification of work.

‘As far as accidents are concerned, most are directly related to the increased intensity of work which is a feature of Fiat’s new organisational model. Unlike other Fiat plants (e.g. Mirafiori, Termini Imerese

and Rivalta), the traditional time measurement system called MTM (Method Time Measurement), which is widely used in many Italian companies, has been replaced by a new one called TMC-2 (Time of Movement Connected), which in practice reduces the time allotted to different operations by 20%, by increasing the speed of the line. Furthermore, under the June 1993 agreement, in the event of line breakdowns the production lost must be made up within the same shift by accelerating the line speed by 10% (employees mentioned speed increases of up to 20%). Another controversial aspect is the scheduling of breaks, which have been increased from one to two (40 minutes in total) but are often scheduled to coincide with technical stoppages or the start of the new shift when the line is receiving technical attention.'

However, the local social partners have recently signed an agreement on the subject.

'With the January 1996 agreement between management and unions, an additional attempt was made to prevent health and safety problems through the formation of a special committee, at company level, with responsibility regarding safety, the work environment and accident prevention. In accordance with national law (Legislative Decree No. 626 of 19 September 1994 on safety in the workplace), employees have their own safety representative, elected from the shopfloor union body (RSU). Within the committee, made up of 14 members, employees have the majority, with eight representatives, six of them from the RSU and elected directly by employees (including non-union members), and the other two appointed at union initiative. On the management side, the human resources manager, labour relations manager and operational unit managers take part in the work of the committee. It is mainly responsible for defining information programmes in order to increase employees' awareness in the matter of prevention, organising training courses for employee safety representatives and monitoring Commission action on safety, the work environment and accident prevention.'

In conclusion, the Italian report focuses on the gap between substantial investment in machinery and a more stressful organisational model, which 'still has some negative effects on working conditions'.

The Dutch manufacturing case study reveals similar developments, though not for the same workers. Looking at working conditions, two contradictory situations emerge: in the production itself, there has been a dramatic change from manual labour to a highly automated processing environment; while on the other hand, the 'packaging sites' still face traditional physical risks leading to 'bad posture, carrying loads and repetitive movements'. The main effect of these on-going problems is the level of absenteeism, which has recently gone up after years of improvement.

'The absenteeism level dropped from almost 12% in 1991 to 6.5% in 1995. During that period the spell frequency stayed at the average of 1.5 per year. For the packaging site, absenteeism rose again by about 5% to 12%-13% in the years 1995-1998. Disability in workers also dropped in the years 1991-1995; this is partly related to the sick leave level during those years. Recently the disability figures also rose.'

This increase is mainly due to the reinforcing effect of psychosocial problems caused by the difficulty of combining family and work.

'At the time of the interview, a survey on well-being was conducted to get insight into possible causes. Combining work with private care obligations is difficult, mainly affecting the women. Forty percent of the absenteeism in this group is caused by psychosocial problems. Agency workers mention very low absenteeism percentages. They seldom stay home because of illness, mostly because they are afraid of losing their jobs.'



However, a policy of job rotation and multiskilling has allowed the risk to reduce significantly.

‘In the company, health problems are not related to working as an agency worker. Also the number of accidents and mistakes do not differ between agency and company workers. Working in task groups is related to fewer health complaints in general, and thus holds for both agency and company workers.’

Surprisingly, here the atypical contracts (be they part-time or temporary agency contracts) play a positive role with regard to this issue, insofar as they reduce the global amount of exposure to risk. In this company, employment status does not lead to poorer conditions of work: workers under atypical contracts seem to do the exactly the same job as the permanent workers – and are subject to difficult conditions of work for less time.

‘To avoid negative consequences, workers are instructed to change their working positions regularly and to carry loads only by means of machines. This policy has greatly reduced physical complaints. One other important factor in reducing the workload is working part-time or on a temporary basis. For these part-time employees, the work effort is not as intense as for full-time employees. For part-time employees, the double workload from combining work and care obligations, however, is strenuous, and does in fact lead to high absenteeism.’

In this case study, temporary agencies undertook their own preventive measures.

‘The agency has adopted a preventive approach to avoiding problems with the agency workers in relation to working circumstances and work strain. This is a general approach applied not only in this company but also in all the other organisations under contract. In the company, all agency workers receive an oral and written explanation of the different safety rules and working-time schedules. The agency also provides the agency workers with company clothing. At the in-house office of the agency on the company’s premises, agency workers are invited to drop by in case of difficulties, and for questions and advice. The local office manager also initiates evaluation interviews with the agency workers, to keep a close eye on the situation.’

The Dutch case study emphasises the mix of physical and psychosocial risks in the workplace within the same company. However, this mixture does not burden the same workers. Those working on the production site no longer seem to have to cope with traditional risks; whereas those in the packaging site still face on-going traditional risks. In this context, the determining factor in exposure to difficult conditions of work lies less in the employment status (which can even lead to a certain improvement in the area) and more in the nature of the production phase (where highly automated phases can be followed by still very manual ones).

A third example is provided by the German food retailing case study. Once again, heavy manual work remains a key dimension of the current working environment, added to by mental stress resulting from significant and unpredictable fluctuations in the workload.

‘The working conditions are characterised by rising performance pressure mediated via performance-linked pay schemes and increasing rationalisation pressure, as well as unattractive working hours. Hard manual labour is in evidence in the packaging and labelling area and the outgoing goods sections of the warehouses, as well as in the supermarkets due to the high share of physical logistics tasks that have risen sharply in the past years (filling and rearranging shelves). Mental stress is caused by the high and unpredictable fluctuations in the workload and the extent of uncertainty attributable to organisational changes and... very tight staffing levels.’

The ‘flexibilisation’ of working-time (‘internal quantitative flexibility’) is one of the most used flexibility strategies in the industry.

‘Personnel policies at branch and outlet level remain primarily limited to the task of ensuring adequately flexible personnel deployment by appropriate recruitment and the design of employment structures and respective employment contracts. Immediate personnel deployment planning is performed on-site by the department and market managers. Accordingly, the flexibility strategies in the branches and outlets concentrate on creating internal quantitative flexibility according to working hours and shift models, as well as an appropriate structure of employment relationships.’

As in the Italian case study, fluctuations observed in the workloads, as well as the addition of psychosocial factors to ‘classical’ physical exposure seem strongly shaped by *working hours unpredictability*, affecting primarily women.

‘It is more an issue that internal flexibility policies generally result in rendering unpredictable the allocation or position and the duration of working hours, while the extent and timing of overtime, and additional shifts, amount to additional strain. Especially in the supermarkets and outlets, it is mainly female employees who bear the main burden, given that women account for a major share of the part-time and marginal part-time workers. Moreover, it is the group of marginal part-time employees who are most frequently assigned to the less favourable working hours, to work on demand and to Saturday and evening working hours.’

However, this case study reflects a fairly high level of OHS policies throughout the industry, even if they seem mainly driven by accident prevention rather than by global human resource strategies.

‘In a relatively independent manner, company headquarters and the outlets practice a systematic occupational safety and health protection policy, that is less part of human resource management and far more an independent corporate policy for the prevention of occupational accidents and illness, thereby avoiding the costs arising for the company in this context.’

As a consequence, it emerges that the level of OHS practices implemented in this company mitigates against discrimination among the workforce as regards conditions of work. In fact, OHS measures are fairly equally distributed between part-time and full-time workers, who are both considered part of the ‘core’ workforce.

### **Subcontracting**

The emergence of specific differentiation in conditions of work at first appears to be very much related to an overall subcontracting strategy. However, it appears that subcontracting does not lead to homogeneous situations. Quite the opposite is the case: the case studies indicate significant progress in health and safety practice and no direct links with other variables (e.g. differences in employment status).

The Spanish chemical plant typically belongs to Scenario 1, as most of the risky tasks and chemical exposure are progressively diverted to employees working under subcontracting contracts. The level of subcontracting is very high, and comprises many different jobs.



‘The staff in the chemical plant has been reduced as a result of automation – the substitution of direct employment by automatic processes which save manpower – and also, as a result of subcontracting of maintenance tasks to other companies.

The employment structure has been modified as a result of automation, so that direct employment increasingly reduces and...the rate of indirect employment increases. According to the data from the company, at present 42% of employment in the industrial plant is indirect or of services. This kind of employment is associated with tasks of control...and middle management structure.

In production, 24% of employment is of middle managers, who gradually have to assume some production tasks as well as tasks of control, vigilance and supervision, due to the reduction in direct employment. To a certain extent, the number of managers appears to be disproportionate to the number of workers.

The employment structure is completed by a further 50% of indirect and external employees who do not take part in production and who perform such tasks as vigilance, door service, office boy, security, administration, laboratory work, maintenance, general store work...cooking, gardening, launderette and staff transport, and who work in a single shift. The tendency is for the volume of indirect employment to grow whereas direct employment decreases as a result of automation.

The areas of subcontracting are diverse. Subcontracting includes administration services (13% of these jobs are subcontracted); staff services, i.e. cooking, gardening, launderette, staff transport, etc. (88%), and industrial services. Industrial services are to be understood as ‘services provided in the installations and in the manufacturing process, such as maintenance, laboratory services, security, support and storage.’ A distinction is made between industrial services in core jobs (22% subcontracted) and in those requiring only ‘intermediate qualifications’ (58%).

The first subgroup of these subcontracts is made up of ‘urgent services’ which are essential, since not doing them would mean a stoppage in the installations and a subsequent production loss. In consequence, it is part of the ‘core’, of the ‘intelligence’ in control....of the manufacturing process, and, because this is a sensitive and strategic area for the chemical plant, subcontracts are less than in other areas.

Practically one out of every four people providing these skilled industry services is from a subcontracted company. In percentage terms, this means that only 22% of strategic, qualified employment is allocated to subcontracts, which is logical, in terms of ensuring control of the chemical plant.

The second group is made up of companies providing ‘non-urgent industrial services’. The personnel work a central shift..... and they do not intervene in installations. Consequently, they require an intermediate-level professional skill or qualification. These subcontracts provide such services as computer maintenance, air conditioning, lagging, brickwork, plumbing, carpentry, scaffolding, painting, pipeline maintenance, gardening, environmental services, quality services, storage, mechanical construction and (‘Amra’) electricity. In total, there are 75 workers on subcontracts, whereas workers from the central company itself performing the same tasks number 54. That is to say, these are services of a lesser strategic value, and they are therefore partly outsourced.

With regard to direct industrial (‘core’) services, where working conditions present a high level of risk, one may observe that subcontracting affects only a minority of jobs (22%). This also represents only a third (30%) of the total subcontracting population.

The chemical plant has made considerable progress in the area of working conditions. According to the researchers, this is due essentially to computerisation and technological innovation. This development has allowed the company to reduce stoppages and failures and to centralise control boards and preventive maintenance, enhancing global safety.

‘Working conditions have improved in the case of the chemical plant thanks to computer and technological innovation which has favoured the introduction of new safety mechanisms in the installations. Today, the replacement of pneumatic adjustment devices and valves tends to be computer-controlled. Before, there were more stoppages and breaks in the process owing to failures and revisions. At present, thanks to electronics, spills are detected at source, increasing safety in the installations.’

The centralised and computerised regulation of the process has gone from manual – every two or three days – to automatic – every two minutes – which means not only safety, but also higher performance and important time savings. Computerisation has ultimately contributed to the centralisation of the control boards, which has led to the centralisation of the preventive maintenance service and to global safety.’

However, despite this progress, the level of risk remains very high. ‘Classical’ hazards include toxicity, and chemical exposure in particular.

‘Toxic and dangerous products are chlorine, hydrogen, vinyl chloride and PVC, as well as other intermediate products such as caustic soda, hypochlorite and CLH. But also, in the chemical plant, other highly toxic products such as lead and mercury, among others, are used in some manufacturing processes. In short, these are toxic and inflammable elements of high risk; even more so if we consider that many of these materials are circulating in large quantities of fluids submitted to high pressures and high temperatures.’

The external environment of the company is also affected.

‘It is especially dangerous to produce and store chlorine. The possible leaks may result in toxic clouds, with serious repercussions for human inhalation. It is also dangerous to handle mercury and lead, which can generate cancer and lead-poisoning respectively.’

It should not be alleged, however, that safety measures are not important. Quite the opposite is the case: safety measures have also benefited from technological innovation, and show considerable improvement.

‘For the Martorell chemical plant, concern for safety measures and improvements in working conditions became important in the mid-Eighties, but pressure from unions and neighbourhood associations led to a process of technological innovation. The company initiated a policy of major investment, consolidating lines, modifying others and introducing new technologies. First, between 1986 and 1990 new technologies related to environmental monitoring were introduced: that is, ‘de-mercurisation’ systems, a system of distributed control, telemonitoring of the station and optimisation of liquid effluents. Secondly, between 1990-1994 a process of modernisation of the installations has been noted, by means of replacing the pneumatic control devices of valves by computerised controls.’

This last modernisation has meant substituting the manual regulation of circuit control valves in chemical processes by automatic adjustment devices, controlled electronically. At present, this safety vigilance is achieved by computerised control, which detects any leak or disturbance in the valves. The exposure time of workers to toxic products has been reduced; there has also been a decrease in leaks, and control of fumes.’



Progress in safety appears to be the result of a combination of factors and pressures, and as such, seems to be one of the most essential issues addressed by the company in recent years.

However, this major development does not have an equal impact on all working populations. What emerges here is that subcontracting strategies create a duality in the area of 'working conditions'. Even if 'core' subcontracted jobs account for only a minority of both the internal production population and the subcontracting population, these workers potentially face a higher degree of exposure to hazard, risk and poorer conditions of work. This is mainly due to the transfer of hazard and risk exposure from internal to subcontracted positions. The situation is recognised by the Workers' Committee:

'The workers in direct production are the ones who are exposed to a higher risk, especially subcontracted workers, who perform the most risky tasks.'

Subcontracting implies a duality in working conditions: on the one hand, in-house staff, whose conditions of workplace health are regulated and controlled by means of union activity itself in the Workers' Committee; and on the other hand, 'external' workers who are more exposed to the risks of toxic substances, polluted fumes and other dangers, such as scaffolding. The risk, pointed out by the Workers' Committee, is that if there is no action, the company itself will end up using subcontracts as a way of 'dumping' in order to lower the working conditions of all workers.'

The report raises an important point, however. The transfer of hazard and risk exposure to the industrial subcontracting population is not just based on a decision taken by the employer. The internal employees do play a role, as they are often involved in the transfer. For them, this transfer is a sort of 'defensive strategy', i.e. a way to protect themselves against the perceived level of risk. This situation is explicitly recognised by the Workers' Committee:

'The Workers' Committee also recognises, in self-criticism, that the problem lies also in the attitude of in-house workers themselves: one of marginal treatment, a lack of interest and the transfer of risky tasks to external subcontracted workers.'

This strategy is highly significant: it provides evidence on the current level of risk workers have to face in industry – and how they cope with it – within a more flexible environment. Although safety measures have been taken for years now, exposure to risk is constantly perceived as very dangerous by those who are familiar with it. The fear of danger leads to a strategy of 'transfer of classical hazards' to those (even if they are few) employed under subcontracting contracts, with no-one explicitly responsible for tackling or ending the situation.

This may be exacerbated by the fact, as mentioned above, that safety measures have now become incorporated into the production process itself, thanks to computerisation and technological innovation. In this sense, the gap between internal and external populations with regard to exposure to risks may broaden, if external populations are excluded from specific training measures. *Clearly, training is a central issue with regard to health and safety preventive action.*

On the other hand, it can be observed that the external ‘core’ population is made up not of low-skilled workers, but of qualified ones.

‘A distinctive feature of the subcontracting policy is the fact that it is performed with professional companies, with specialist, often qualified personnel.’

While this may limit exposure to failures and risks caused by misunderstandings of the industrial processes, it also shows that the transfer of classical hazards to subcontracted workers is not necessarily restricted to those with a low level of qualifications. The Spanish case study emphasises that under certain circumstances and in certain industrial sectors, ‘*Scenario 1*’ may affect a minority, highly qualified population, albeit very intensively. The report also mentions the reasons for subcontracting: these are not necessarily to do with labour costs, but rather with ‘discipline’ and ‘domination’. This reinforces what has already been stated regarding the conditions which favour (and the internal employees’ role in) the transfer of hazards and risk to an external population: that this is made possible as long as the latter appears less protected and more consenting.

‘Perhaps the reason for the subcontracting policy is another one: domination, subordination and labour discipline; which is afterwards perversely reproduced between permanent workers in the central company and the subcontracted workers by means of a relationship of domination and subordination.’

Finally, complexity also appears in the issue of employment status. Contrary to popular belief (widespread even within the company) *the subcontracting population working in the ‘core’ industrial area is not employed on a non-permanent basis, but on a permanent one*. When subcontracting is used for highly specific and strategic jobs – as here – it seems that employment status has a less significant role in the determination of the level of conditions of work than subcontracting itself. As the Spanish report says:

‘Subcontracts are not made with temporary employment agencies, as is sometimes widely believed in a vague way by the workers themselves, or in the trades unions.

Subcontracting is the main expression of flexibility in the employment policy of the chemical plant. But in this case, it does not mean insecurity. The subcontracting policy is not because of labour costs, and in many cases, the external labour costs of some subcontracted companies are as high or even higher than in the company itself.’

Still, this case study illustrates *the complexity of the health-related effects of flexibility*. Clear indications are unlikely to emerge, with no obvious target group facing the entire downside of subcontracting. In fact, the opposite is the case: OHS preventive measures *are* being put in place, even if not sufficiently; the workers facing the highest risks are well qualified, account for a minority of the observed working population (at plant level) and do not work under atypical employment contracts; and last but not least, responsibility for the worsening of their working conditions (at present and in the immediate future) is shared by internal employees and the employer.



Another highly significant case study is provided by the German automotive supplier. This describes the existing conditions of work as subject to high temperature fluctuations, noise and painful positions. Consequently, health complaints include fatigue, headache and nervous conditions.

‘In terms of physical workplace stress factors, workers are subject to unfavourable temperature fluctuations and noise as well as onerous working positions (standing for prolonged periods, repetitive movements, overhead work). Accordingly, health complaints primarily related to the neck and shoulder regions, as well as to fatigue, headaches, and nervousness, were registered at the wire harness supply company.’

Significantly, as in the previous Spanish case study, health and safety measures are undertaken by the company so that these conditions of work should not appear to differentiate between different groups of employees within the same company:

‘At individual company level in automotive supply firms, immediate connections between corporate flexibility policies and working conditions are barely noticeable. With the exception of a few individual aspects, working conditions are not regarded as problematic given the consistent adherence to occupational safety and health protection measures.’

As already mentioned, full-time and part-time workers in the supplier firms are equally affected by the familiar set of health problems (spinal complaints, accident risks, etc.) as well as by the new health risks caused by performance pressure and hectic work operations. In the various companies surveyed, flexibility strategies resulted in problems that barely differed according to employee status, with the exception of managerial and administrative personnel who are less exposed to concrete risks stemming from the work environment and the work processes.’

However, the impact of subcontracting on conditions of work is clearly emphasised.

‘Corporate flexibilisation policies may engender far more problematic effects for the working conditions of employees in outsourcing or subcontracting companies. These persons are usually working under considerably less favorable employment conditions (no collective bargaining, no employee interest representation, lower health protection regulations, etc.); they are obliged to flexibly meet the orders placed by supplier companies, and are faced with higher employment risks when incoming orders decline.’

These conditions of work are currently subject to increasing overall pressure, because of the subcontracting production system which implies constant fluctuations in customer orders, as well as tightly scheduled orders. This pressure combines work intensity and time unpredictability; it primarily affects workers in the production start-up phase.

‘The actual, concrete working conditions are decidedly characterised by high performance intensity as well as extreme time pressure and unpredictability at work, given the fluctuating supply orders placed by customers.’

Two aspects – both related to time – appear as especially stressful: *overtime*, since it involves exposure to ergonomic and mental strain for longer periods; and *time discontinuity* due to variations in customer orders, which means that workers have to handle large work volumes very rapidly and/or constantly interrupt their previous activity.

‘These stressful working conditions are further increased by certain flexibility strategies, as employees are exposed to these ergonomic and mental strains for longer periods of time, and therefore to a greater degree, given the required amount of overtime work. Special stress factors such as the rapid, schedule-controlled handling of large work volumes; unpredictable interruptions in work sequences, and short-term changes in working hours are also caused by the use of internal flexibility, and are lastly induced by the discontinuous nature of incoming customer orders. All members of the manufacturing personnel are equally affected by these burdens and forms of stress.’

It appears quite clearly here that stress at work does not replace but combines with what may be seen as disappearing manual work or physical painful positions. The report explicitly mentions that exposure to risk is mainly due to an informal combination of factors in working conditions, including both physiological and psychosocial variables. Existing difficult conditions of work are nowadays occurring in a constantly changing, irregular and unpredictable time environment, thus deteriorating the overall work situation.

This environment is characteristic of subcontracting companies, whose margin for manoeuvre remains very low, faced with customer requirements. In other words, subcontracting strategies contribute to worsening conditions of work insofar as they add stress to existing difficult conditions, and reduce the potential of job control for those concerned. When OHS measures are adopted (which they undoubtedly are), they are not necessarily able to tackle this complex set of factors which is not easy to grasp.

A very interesting observation, however, lies with the fact *that differentiation attributable to the overall subcontracting position does not interact with other sources of differentiation, caused by employment status for example*. As in the Spanish case study, employment status seems not to be a determining factor in the development of working conditions within the subcontracting working population. As already noted, temporary workers appear to be equally subject to general working conditions, which here include ‘burden’, ‘workload’ and ‘stress’, with irregular and unpredictable schedules.

‘Accordingly, the personnel policies in the companies surveyed show no indications of differentiation between the core and peripheral workforce. This also applies to the temporary workers, who have partially been deployed for up to one year, in terms of their usual work burdens and stress. However, temporary workers – just like newly hired staff who hold limited-duration contracts – are more burdened by flexible personnel deployment policies, as they are under far greater obligation to prove their willingness to work flexibly and their capacity to cope with stress, in spite of their insecure employment status and poorer pay. This is due to the selection factor and their chances of being taken into the core workforce at a later date.’<sup>2</sup>

<sup>2</sup> The German case studies in fact reflect some nuances on which this Consolidated Report may have difficulty commenting. Unlike the other case studies, which have focused on the plant, the German case studies are sector-based (the food retail and automotive supply industries). In both, the general tendency seems to be that *differentiation in conditions of work is mainly driven by subcontracting strategies, not by differences in employment status or time patterns*. However, for practical reasons, it has been decided that the automotive supply industry would more or less reflect a general subcontracting position, thus insisting on the impact of subcontracting on conditions of work; whereas conclusions not related to subcontracting have been applied to the food retailing industry, since a whole section of this industry is not in a subcontracting position.



### Employment status

Another set of case studies, however, point to what may represent a *direct correlation between employment status and working conditions*. For those working in a more flexible environment, the transfer of classical hazards and/or the addition of psychosocial ones appear, in the following examples, as a result of workforce allocation strategies within the same company. It should be noted in both cases that subcontracting is very unlikely to be mentioned as a company strategy.

Returning to the combination of physical and psychosocial risks, the case study involving a Dutch public bus company emphasises that ‘physical strain’ is increased as a result of the intensity of the work as a whole. A good illustration of this lies with bus-drivers’ relationship with passengers and customers: the physical strain caused by the need to turn around to address passengers is somewhat worsened by the heaviness of the traffic; the risk of passengers being late, and their consequent increasing aggressiveness towards the driver. In this case, the relationship between physical and psychosocial constraints in a highly intensified environment is clearly emphasised.

‘Two kinds of working conditions play an important role in the company: physical and psychological strain. Physical strain is caused by back and shoulder problems related to sitting in a driver’s chair all day, turning the steering wheel and turning around to inform the passengers. Before, drivers were advised to grip the upper rim when turning the wheel. This is no longer considered correct and although drivers are now cautioned against doing so, the strain resulting from having applied this technique for many years, and the resulting back complaints, are still a problem for the organisation.

Another problem is that in the course of a working day bus-drivers operate different vehicles and do not always adjust the driving position. Psychological strain is related to driving in increasingly busy daily traffic; rush-hour runs; negotiating modern speed ramps (encountered maybe 40 times during a single run, the resultant delay not calculated in the timetables); road repair activities unknown to the bus company; the many questions and remarks of passengers (often critical because the bus is late); passengers without a ticket, and the growing aggressiveness of bus passengers and others involved in traffic.’

The specific impact of employment status on conditions of work may be seen in the difficulties encountered by temporary agency workers in obtaining equipment of good quality. The ‘core’ working population plays a significant role in this.

‘Bus-drivers complain about the vehicles. Diesel engines have a long life, and the buses are made of high-quality materials. Some of the buses are very old...and still have no technical problems. The ergonomic problem is even worse for lorry-drivers employed by temporary employment agencies. Bus-drivers change runs and buses during the day, so all of them, agency and company bus-drivers, have an equal chance of getting old or new buses. Agency lorry-drivers, however, are always the last ones in the pecking order. Permanent personnel have already appropriated the best and newest vehicles, so the agency personnel get the old lorries with bad cabins and poor driving seats. This makes them vulnerable to physical complaints related to bad posture.’

The case study in a Spanish food retail company indicates a *highly divided employment structure*, with a significant level of involuntary part-timers and temporary contracts. Globally speaking, job insecurity or ‘precariousness’ (here: non-permanent contracts) has almost become the norm.

‘The human resources policy is based on ‘temporariness’, part-time contracts, working-time flexibility and ‘precariousness’. The latter had reached such a point that until recently the very fact of gaining permanent employment had become synonymous with ‘promotion’.’

This is primarily due to annual staff fluctuations, which depend on the nature of the industrial activity. Faced with this phenomenon, the company has shown a willingness to move part of the non-permanent population into permanent positions.

‘But the staff volume changes over the year according to specific sales campaigns, the Christmas campaign being the main one. As a result, temporary contracting (quantitative flexibility) may vary considerably. Temporary contracts were at least in 1996 slightly more than 20% in low season. But since the AIEE (1997), there has been a change in the contracting policy: there is a tendency to turn temporary contracts into permanent ones in order to improve motivation and the involvement of employees, and to improve productivity and the self-image of the company. Changing the contracts also results in indirect subsidies by means of reductions in social security contributions deriving from the AIEE.’

This means that temporary contracts now account for 13% of the workforce.

‘Today, staff with open-ended contracts represent 87% of the workforce; of which 15% have part-time open-ended contracts, whereas 13% are temporary. As already mentioned, the managerial objective in the medium-term is to limit temporary contracting to 5%, as a safety margin.

The statistical division between permanent and non-permanent workers does not fully reflect the reality of job insecurity in this sector. Precariousness here also includes the requirement for ‘permanent availability’, made even broader by working-time unpredictability:

‘The employment conditions are also precarious. The ‘availability’ condition is a requirement which appears in the predisposition to do ‘more’ than required, to extend working hours to finish a working day, replacing products for the shelf re-stockers or closing the cash balance sheet for cashiers. In this sense, working-time flexibility and irregular distribution of the weekly working hours is a peculiar characteristic of the sector...’

The existing situation with regard to conditions of work highlights repetitive tasks and painful positions, with an intense pace of work and very few breaks. Consequently, health complaints refer to backaches, tendon sores and musculoskeletal changes.

‘The cashiers’ tasks are repetitive, with a posture overload. Many cashiers work in a demanding posture, seated or standing, at a rapid pace and with few breaks. They suffer from tendon sores and other muscular pressures, because in a working day they move considerable weights. The posts have an ergonomic seat with lower backing. There are also suggestions on changing posture every 20 minutes: they should stand for five minutes. The cashiers’ job is the hardest; sometimes they carry a load from the conveyor belt to the tray where they pick up the customers’ goods.’

The OHS policy undertaken by the company focuses on risk prevention by means of an ergonomics-based approach. Specific courses have been designed in order to help workers to reduce their exposure to risk. These courses are part of the employment contract, but are less likely to be offered to non-permanent workers, who do not have the same work experience in any case. This also applies to fire drill.

‘There is a policy of risk prevention through ergonomics courses which employees attend when they are contracted. Also, twice a year, there are mock evacuations of customers and employees in the face of possible fire risks. It has been observed that the more secure the job of the staff is, the faster the evacuations are made, because employees know the instructions better and have had training. That is to say, job security reduces risk and improves accident prevention.’

This observation probably represents one of the major lessons to come out of this qualitative research. The Spanish report also comments on the irregularity of working hours and the level of casual employment, two factors that may work against access to regular health and safety training and/or the accumulation of work experience.

‘On the other hand, with regard to the working day, we must distinguish between the different, complex ways of managing working hours. Cashiers have a higher proportion of part-time contracts; they work on Fridays and Saturdays, or even on the basis of hourly contracts only, with a minimum of 12 hours a week and a supposed maximum of 77% of the hours established in the collective agreement (around 1,794 hours per year). Then there is another group: 30% of the cashiers, who have irregular working hours – every month, their working hours change according to the expected level of activity.’

The higher exposure to risk caused by reduced access to dedicated training courses, and also to general health and safety measures, puts one of the main conclusions of the 1996 European Survey into more detailed perspective. In fact, it is possible that the statistical relationship between employment status and poorer working conditions may not be a *direct* outcome of workforce allocation, *but rather an indirect one*. The problem may be not alone the allocation of non-permanent workers to poorer working situations, but the weakening of corporate OHS protective measures for this section of the working population, leading to a higher exposure to risk.

The British printing industry case study also emphasises worrying developments in both conditions of work and conditions of employment, and links the intensification of work, division of labour and career prospects. The British report indicates a two-way relationship between flexibility and working conditions.

‘There is a two-way relationship between flexibility policies and working conditions, with, in some cases, flexibility policies implemented in response to adverse conditions and, in others, policies creating or reinforcing the observed conditions.’

However, conditions of employment seem to represent the domain most influenced by the kind of flexibility undertaken in the observed company:

‘In this section, the evidence is assessed against the general question whether there is a set of internal and external conditions against which policies of ‘qualitative’ and ‘quantitative’ flexibility generate sustainable improvements in conditions of work and conditions of employment. For example, is there a set of internal and external conditions under which new working-time arrangements, or revised training programmes, might impact positively on changes in the intensity of work or career prospects of workers? The main focus of analysis is on conditions of employment (such as level of skill, pay, control over working time and job security), reflecting the aims of the original empirical research. Wherever possible, however, evidence of changes in conditions of work is presented (in particular, issues of work intensity and job control).’

The trend here towards an increasing workload is partly due to the nature of the industry and partly due to what the workers feel to be a deliberate understaffing policy.

‘The nature of the industry demands a high intensity of work to meet daily deadlines for the printed newspaper. Printers and plate-makers tend to identify themselves as people who can think quickly and react effectively to problems that occur in the production process. Nevertheless, the stress associated with the high level of work intensity is evident.

However, the level of work intensity is not only a function of the peculiar nature of the industry. Different groups of staff argued that there was a deliberate management policy of understaffing over the last three or so years, leading to a noticeable increase in workload.’

This policy, whereby the workload is constantly on the increase whatever the precise reason, would not be understandable, however, without reference to some *major changes in the area of the division of labour*. The evolution of the printing industry may be characterised by the erosion of traditional crafts and the emergence of new ‘production assistant’ jobs. This trend has different impacts on jobs and qualifications, especially with regard to the deskilling/reskilling issue. At first glance, the former traditional crafts (engravers, compositors, copyreaders and stereotypers) have suffered deeply from the technological change, with some older workers being quick to identify a deskilling trend. On the other hand, printers seem to have enhanced their skills, and benefit from the change, since a major training investment has been undertaken for this group.

‘The advance of technology abolished the role of some major traditional craft workers, such as engravers, compositors, copyreaders and stereotypers. In interviews, older workers were quick to identify a deskilling trend in the industry as a whole.

Among printers, however, there is less evidence of deskilling. In fact, printers appear to have generally enhanced their skills, since operation of the giant printing presses requires greater knowledge of computer-aided production systems, as well as traditional mechanical skills in operating the machinery (Production Manager). Indeed, the new apprenticeship for printers reflects the maintenance of skills among printers, with investment in a four-year training programme which combines on-site training with general education at a local college, together with a relatively attractive pay package.’

Above all, the technological change has introduced some organisational change with the emergence of a new category of workers, the so-called production assistants.

‘Also, the creation of a new category of ‘production assistant’ conflicts with the strong craft tradition of the industry through encouraging this new ‘generic’ job position, not only to function across different departments, but also (and more contentiously) to overlap with skilled job tasks, such as plate-makers.’

These changes have a series of impacts with regard to flexibility and conditions of employment. *In fact, the greater use of temporary workers is entirely dependent on this new division of labour.* Temporary agency workers are firstly recruited for low-skilled jobs (most of them starting as cleaners), and may be offered a production assistant position later. According to the British report, this human resource strategy is a two-way process: it allows managers to enhance the try-out period without the commitment due to permanent contracts, while the temporary workers have no choice but to be ‘diligent’ in what may be a new entry route into permanent positions.

‘There is evidence of a peculiar form of employment transition at Printco, which is increasingly encouraged by managers keen to minimise costs and avoid high-risk decisions. Increasingly, potential entrants to Printco perceive agency work with an external cleaning firm as a port of entry into a low-skilled but permanent post within Printco. Potential entrants work as agency cleaners as a means of being spotted by Printco managers and then selected for possible future job openings to the newly created post of production assistant. The strategy is a two-way process, with agency workers keen to be noticed as diligent workers (“hard-working, punctual and friendly” in the words of one former agency worker), and department managers keen to exploit the opportunity to observe the worker’s performance without the sunken cost of having already recruited the worker on to a permanent contract.’

Relating back to the Spanish chemical plant case study, where flexible strategies were explained in terms of their potential to make available a more disciplined and consenting working population, the positive attitude which is here required from the temporary agency workers includes being available to cover absences at very short notice.

‘For the department managers and overseers, agency workers must display a good attitude to work in order to be considered for selection to a post. In the opinion of an overseer in the plate-making department, a good attitude included the willingness of the agency worker to cover for an absence at very short notice.’

Finally, the illustration given by the French ‘cultural’ products retailing case study explains how, in certain sectors and/or working environments, *part-time and non-permanent contracts combine, leading to highly differentiated situations among the workforce*. Looking at the two company locations (‘Montparnasse’, ‘Champs Elysées’) where the survey was conducted, one can see that the distribution between permanent and non-permanent contracts is rather different, depending on differences in the collective bargaining processes. The Montparnasse site shows a proportion of 10.8% non-permanent contracts; this proportion goes up to 35% at the Champs Elysées site, where less negotiation has taken place.

However, both sites indicate that a large part of the non-permanent population is employed on a part-time basis (50% and 65% respectively). The most important observation here is that the proportion of *non-permanent* part-timers is higher than the proportion of *permanent* part-timers in both cases (50% as against 30.8% for Montparnasse; 65% as against 35% for the Champs Elysées). *In such situations, where internal labour markets seem strongly segmented, non-permanent workers – and especially non-permanent part-timers – face both physical and psychosocial risks.*

‘Temps are more inclined to suffer from physical tiredness (not getting any training to prevent accidents, and back problems), and psychological tiredness (they are always hired in the busiest periods), accentuated by the lack of security in their employment. Extended hours combined with temporary part-time contracts result in a lack of attention to the aisles during peak periods (Saturday and Sunday) and a heavier workload for everyone, which causes health problems.’

### **Key points: ‘Scenario 1’**

Looking at conditions of work, it appears that workers are still facing a high level of strenuous work and exposure to risk in the workplace within a more flexible environment. This is reported in almost three-fourths of our qualitative sample (11 out of 15 case studies), in which most of the flexibility strategies are implemented.

As to the reasons, we observe that one case study reports restricted physical constraints, while three others show restricted psychosocial constraints (such issues as 'intensification of work', 'greater work pressure' or 'stress at work' are quoted without explicit reference to physical factors). Most of the case studies reporting exposure to risk explicitly mention a mix of 'traditional' and 'new' risks. The research therefore suggests that within a more flexible environment, exposure to risk is mainly due to a complex combination of factors, including both physical and psychosocial aspects. With regard to occupational health complaints, most of these combine on-going classical complaints with greater stress at work.

Beyond the nature of the task itself, such situations seem to occur in companies where new working-time patterns, subcontracting strategies or extensive differences in employment status are implemented. In terms of flexibility, the research therefore suggests that the evolution of exposure to risk in the workplace correlates with combinations of external and quantitative flexibility, and not so much with functional flexibility as such – or at least that the effects of the latter are less easily observed.

As for the difference between general observations related to risk exposure and situations whereby conditions of work are explicitly mentioned as a differentiating variable, three possible explanations emerge.

- Some case studies mention a 'favourable' or at least 'acceptable' working environment, from which flexible workers (subcontractors, part-timers and non-permanent workers) do benefit.
- If new flexible working-time patterns appear to worsen already difficult conditions of work, they do not concern flexible workers especially, but the whole workforce.
- Above all, a number of the case studies report a significant effort or even considerable progress in the field of OHS policies over the last decade – and this does not include standard OHS policies at both corporate and sectoral levels. Thus, even when exposure to risk or occupational health complaints is high, several case studies show a willingness to tackle them, making conditions of work less differentiating than they would have been otherwise.

Differentiation in conditions of work is still observed in a significant minority of six case studies. This is mainly related to subcontracting and differences in employment status, but the latter seems to be the predominant factor: four out of the six case studies report an explicit relationship between employment status and poorer conditions of work, while the two others (in the Spanish chemicals industry and the German automotive supply industry) link this differentiation with subcontracting. This may suggest the following interpretation: where conditions of work are a differentiating variable among the workforce, non-permanent contracts represent the most contributory factor. From a qualitative point of view, this observation seems to confirm the findings from the European Survey on Working Conditions (1996) which relate to employment status.



The issue of OHS policies requires some attention. Our comparative study has found that:

- New psychosocial risks do not replace, but rather combine with on-going traditional physical factors.
- OHS policies, despite considerable progress, still face difficulty in addressing this complex area.
- OHS policies have a somewhat national character: of those still facing a significant level of risk at work, only two countries (Germany and the Netherlands) out of all the national case studies appear to develop OHS policies, thus making conditions of work a non-differentiating variable among the workforce.
- A rather unequal distribution of OHS policies seems to persist in the EU. The ability to overcome such segmentation, and to tackle the new complexity of occupational health issues in the future, would require a more holistic view of occupational health and safety within evolving working situations, at both national and European levels.

Although sometimes ambiguous, technological change holds a key place in the development of OHS. Several case studies indicate that OHS preventive measures are now integrated into highly automated processes, thus reducing some of the risk. In that sense, OHS has now become part of a global skills package, with greater links to other technical and managerial abilities in the workplace. Nonetheless, this also underlines the importance of access to OHS training for workers in more flexible work situations, whereby the means to operate highly automated machines and to undertake preventive actions would be clearly communicated.

Workers in subcontracting situations or under non-permanent contracts suffer from the current lack of OHS training. The research reveals that these workers, when being allocated to specific jobs or tasks within the core company, do not necessarily face worse conditions of work than the others, at least in the short-term. It indicates, however, that their level of information and above all dedicated training is insufficient; and that they stand in a considerably more vulnerable position than other workers with regard to their exposure to risk and stress in the medium term. This observation needs to be highlighted, as some case studies (though not the majority) indicate that flexibility strategies, whatever the type, tend to erode former learning processes, even among core working populations.

It equally has to be emphasised that when 'transfer' strategies are about to occur, core working populations play a significant role: either by directly transferring a greater exposure to risk to peripheral working populations in the course of their work; or by not communicating appropriately with them. However, from another point of view, this also points to the fear of danger in the workplace, which is substantially expressed in our sample. It suggests that external flexibility strategies provide core populations with a means (of whatever value) of coping with such fear. This raises the key issue of *who* is taking responsibility for improved OHS activity within a more flexible environment, as exposure to risk at work appears to be embedded in complex social processes.

*Table 13* Exposure to risk and occupational health issues within a flexible context, on a case-study basis.

Country	Activity	Main issues						
		Exposure to risk at work	1. Restricted physical risks	2. Restricted psychosocial risks	3. Mix of- 'traditional' and 'new' risks	Occupational health complaints	Significant OHS policies	Conditions of work as a differentiating factor among the workforce in a flexible context
Germany	Automotive supply	YES	NO	NO	YES	YES	YES	YES
	Food retail	YES	NO	NO	YES	YES	YES	NO
Spain	Chemicals	YES	YES	NO	NO	YES	YES	YES
	Food retail	YES	NO	NO	YES	YES	NO	YES
	Banking	NO	NO	NO	NO	NO	NO	NO
France	Retail of 'cultural' products	YES	NO	NO	YES	YES	NO	YES
	Electronics	NO	NO	NO	NO	NO	NO	NO
Italy	Automobile industry	YES	NO	NO	YES	YES	YES	NO
	Telecommunications	NO	NO	NO	NO	NO	NO	NO
Netherlands	Food industry	YES	NO	NO	YES	YES	YES	NO
	Public transport	YES	NO	NO	YES	YES	YES	YES
Finland	Banking (call centre)	YES	NO	YES	NO	NO	YES	NO
	City hospital	NO	NO	NO	NO	NO	NO	NO
UK	Printing	YES	NO	YES	NO	NO	NO	YES
	Banking	YES	NO	YES	NO	NO	NO	NO



## **Scenario 2: Differentiation among the workforce through conditions of employment and job insecurity**

In the following examples, it will be shown that conditions of work may not be an important and/or relevant variable in examining the impact of flexibility on, or differentiation among, the workforce. *On the contrary, it is conditions of employment that represent the determining factor in assessing such impact.* As we will see, many working situations show similar conditions of work for highly differentiated conditions of employment, taking into account such variables as job insecurity, access to training, career opportunities, pay differentials, etc. As such, this scenario could be described as a ‘non-cumulative’ one. However, as already stated, neither scenario should be seen as excluding the other.

### **Job insecurity**

The Dutch public bus company case study offers interesting findings regarding the sources of stress at work, although the conditions of work there are perceived by those concerned as ‘relatively favourable’. This appreciation concerns both permanent and non-permanent contracts, and for the latter population, may provide a reason for accepting the position of bus-driver.

‘The employment situation of bus-drivers is relatively favourable. The company insists on close observance of working and driving times, provides access to courses and consultation, and participation in work and organisation is adequately regulated. Agency workers like to work as bus-drivers. One of the problems, however, is that they face the continuous threat of discontinuity of their employment situation.’

This discontinuity of the contract means job insecurity. In both Dutch case studies, conditions of employment are especially seen in the light of this issue of job insecurity, whatever the relationship with conditions of work. Referring to the Dutch manufacturing company case study, the report asserts that:

‘The biggest problem in working for a temporary employment agency is job insecurity. This was underlined dramatically when the agency workers were dismissed as the company got into trouble in the second half of 1998. Although the local agency office did its utmost to help the dismissed agency workers to find a new job in another organisation quickly, the feeling of job insecurity stayed.’

The French electronics industry case study provides more details on the feeling of insecurity experienced by those employed under non-permanent contracts, and the implications this has in the workplace, especially with regard to training and career prospects.

As in the Dutch case studies, the French report first asserts that conditions of work may not be a relevant variable among the workforce:

‘The case study started on the basis of hypotheses whereby temporary agency work is a source of several disimprovements, in health and safety levels, the conditions for carrying out the work and work conditions in general. This hypothesis only checks the feeling of insecurity. The general picture of the factory is of a place where the conditions of work are mainly judged as good, and better than other local factories.’

The research then reports that the working atmosphere was seen quite positively, especially for those recently promoted, with a strong element of personal involvement regardless of the duration of the employment contract.

‘On the whole the work itself and the atmosphere were quite positively judged, especially appreciated by those who have been promoted within the company. The only negative aspects are related to the routine of an unskilled job (three operators out of 10). The work is clean and simple; some underlined the possibility of doing an apprenticeship; the mobility between the posts is appreciated and some say also that the job is interesting. It is remarkable that everyone emphasised the marked extent of personal involvement, independent of their judgment of the temporary situation. This may be explained no doubt by the high-tech production as much as by the training of the operators, who are in general overqualified in relation to their duties.’

The evaluation by the workers of current conditions of work also includes autonomy at work and other aspects related to the potential for job control. This, of course, does not exclude the negative evaluation returned by a minority of the interviewees.

‘Negative judgements are in a minority. In some cases there is a tendency towards an ‘everyone for himself’ attitude – a lack of help, difficulty in becoming respected. As one person says: “Here, it’s the survival of the fittest”, maintaining that one needs to know how to win respect, that only the operators (being young) do not defend themselves, and that the ‘Japanese style’ is a facade. But she adds: “Still, it’s not too bad here”.’

Focusing on tasks and the content of work, workers identify few difficulties, even if some monotony may occur; this is roughly accepted, however, as part of the work.

‘The work tasks are not generally considered hard; one rarely hears of difficult positions; the workplace is not thought to be too hard even if “bosses push the pace”. The routine in itself is not seen in terms of bad working conditions, but something one has to accept.’

Stress due to shiftwork is mentioned, but the young entrants, mainly employed through temporary agency contracts, seem not to be especially dissatisfied with regard to their conditions of work.

‘Three out of ten people reckon that the work hours are negative: the difficulty of working nights and the stress. The complaints are especially linked to the 2/8 system forcing people to get up very early, interfering and causing non-synchronised work rhythms. But on the whole it is quite surprising that the young, who are little used to the rhythm of industry, are not particularly dissatisfied with these working times.’

As in the Dutch case study, the positive assessment of current conditions of work may provide an entry route into paid work, especially for young entrants.

Nevertheless, the *feeling of insecurity remains a major concern* for the temporary agency workers in the French electronics industry case study company. This feeling relates to the threat of being ‘fired for the slightest prank’ but also to both financial and professional insecurity, as the temporary jobs offered often lead to unskilled positions.

‘Contrary to what a manager says, to those interviewed the word ‘temporary’ mostly rhymes with ‘insecurity’. *Financial insecurity*, first of all, because income continuity is never guaranteed. *Job insecurity*, the feeling that one might get ‘fired’ for the slightest prank, leads to conformist behaviour, one operator says: “Here I do everything well; I accept overtime on Saturday. You have to fight to get a steady job, avoid absences, not take holidays, do favours. Accepting as much as possible, defending oneself as far as possible. And then – hoping!” *Professional insecurity*, because the jobs offered are unskilled; polyvalence is often perceived as ‘gap-filling’, and the use of skills remains low. Hence the struggle that the temporary agency worker must embark upon, through meekness and hanging on, in order to obtain a *CDD* and then a *CDI* contract.’

This may lead to ‘violent’ complaints. One of the key issues is the absence of future prospects.

‘The complaints are sometimes violent: “We are like goods!”; “Throw-away jobs – we are fed up with insecurity!” or “Still temping? – you accept what you are told or you leave; being a temp is nothing!”’. The quotes are numerous, hiding terrible anxiety and demoralisation, the waiting for a ‘real job’ which was promised and is taking time to come. Those interviewed also stress the lack of control over the future: “With temping, it’s hard to plan, settle down, hope for a career”. The effect on private life is often referred to: inconvenient hours, disrupted family life, difficulty in finding accommodation.’

The following observation shows the marked distinction between conditions of work and conditions of employment. The conditions of work here seem rather irrelevant to the feelings of insecurity caused by non-permanent contracts.

‘During the interviews it is striking to see the contrast between the relatively positive assessment of the work and the company, and the complaints about temporary agency contracts. The phenomenon is present in seven out of ten interviews. Strongest among those who reckon themselves to be overqualified, it is a general reaction going well beyond *this* company, which is not the only one to resort to temporary agency workers.’

In fact, as in the previous case studies, job insecurity appears as a major concern *in itself*. It may also concern those who do not complain about, or are not concerned by, temporary agency contracts. Such workers still fear for their jobs, despite being positive about their own conditions of work.

‘A minority of operators do not complain about being ‘temps’. It is true that there are certain advantages financially: a better direct salary (bonuses...are higher, and holiday pay is included in the salary). But this, we were told, encourages them not to take holidays for fear of losing their jobs. Locally too, temporary agency employment is abundant, which means that some have no doubts about unemployment.’

Within this context, training and career prospects are revealing indicators of the inequality caused by insecure employment. Temporary agency workers’ career opportunities are very limited, and access to training is made possible only by gaining a permanent position in the company.

Few operators speak readily about training and career prospects. Some miss the lack of training, which they blame on the work routine. Most tasks require no skills. The disinterest in career cannot be attributed to the answers coming from young people alone. Their expectations...mainly concern stability, and it is only by attaining a *CDD* (fixed-term contract) and later a *CDI* (permanent contract)

that they can hope to interest management with opportunities for a minority to become machine operators. It is out of the question that they may become team supervisors. This inequality regarding training is perhaps an indicator of the lack of participation in decision-making and the organisation of work.'

In addition to positively judged conditions of work, the report offers a couple of reasons which may explain the rather high degree of acceptance of temporary agency contracts by young entrants.

'There are also personal reasons: temporary agency work facilitates initial contact with industry, with a certain freedom for the employer as well as freedom for the operator to leave the company whenever desired, increasing work experience without commitment. It can also provide a 'transition' job, acting as a stepping-stone towards study or retraining. Finally, some young people we questioned were in a state of waiting or indecision, which is made easier by their being single and living with their parents.'

Nonetheless, such motives do not compensate for the downside of job insecurity. Quite the opposite is the case: looking at temporary agency workers' experience, it seems that *the intense feeling of insecurity exceeds the advantages provided by a fairly positive assessment of the current conditions of work*. In fact, the temporary agency entry route to work remains one which is not 'chosen'.

'The disadvantages of 'temping' largely exceed the slim advantages. In most cases, it is not a choice, single or otherwise: the operators who complain simply need to earn a living.'

### **Division of labour: training and career prospects**

In line with those which have gone before, the German food retailing case study very much emphasises the idea of a 'non cumulative' scenario, whereby differentiation among the workforce affects the area of conditions of employment exclusively. As already stated, working-time unpredictability emerges as a new element of occupational risk, but this concerns the whole workforce. On the other hand, *the 'flexibilisation' process has major implications for access to training and career prospects*, as well as for gender discrimination. As the German report says:

'Initially, connections between company flexibility policies and working conditions are less manifest as the immediate discrimination of different employee groups. It is more an issue that internal flexibility policies generally result in rendering the allocation or position and the duration of working hours unpredictable while the extent and timing of overtime and the additional shifts amount to additional strain. Especially in the supermarkets and outlets it is mainly female employees who bear the main burden, given the fact that women account for a major share of the part-time and marginal part-time workers.

Naturally, the relatively unfavorable working and employment conditions, especially for female part-time workers and marginal part-time workers, have developed in an immediate context with the internally and externally oriented flexibility concepts of the outlets. In view of tight staffing levels, there are very few opportunities for personnel to provide this employee group with additional or higher qualifications by way of training and further vocational training measures. Accordingly, their career opportunities are restricted. Moreover, the marginal part-time workers have not been eligible for social security benefits to date.'



This is also the case for the distinction between full-time and part-time workers. They may face similar conditions of work but the access to participation in the workplace is highly discriminatory:

‘Full-time employees and part-time workers are both regarded as part of the core workforce; this is consistently regarded as an aim of personnel policies geared to securing continuity and retaining know-how in the company, also in order to maintain a core of qualitative performance capability. The same applies also to indirect/formal participation via company employee interest representation. The share of union members in a branch surveyed were two to three times higher in the outlets with a prevalence of female part-time employees than in the warehouses where mainly male full-time workers are engaged. Nevertheless, it is particularly *the marginal part-time workers who do not have adequate participation opportunities* as part of the total workforce due to their short working hours, and who are therefore largely excluded from training and specific health protection measures, etc.’

The trend towards the *reinforcement of the internal division of labour* is probably one of the major impacts pointed out by the British printing company case study with regard to flexibility.

‘At Printco, agency work serves as a new, high-risk entry route into low-skilled positions, requiring the willingness of potential production assistants to work as cleaners for an unknown period prior to potential selection.’

In other words, this case study supports the hypothesis that temporary agency contracts are used as ‘buffers’ for human resource management within a more flexible and uncertain environment, with production management being less committed to agency workers than it would be to permanent workers. It also reflects the trend towards an increase in the probationary period without the risk of prejudicing the recruitment process. As a result, the qualifications gap is widening while career prospects are more selected and limited. Moreover, it appears that this development is accepted as a pre-condition for gaining a permanent position in the company which most workers are willing to resort to. The report thus reaches similar conclusions to the French electronics industry case study, which can be summarised as follows:

‘The ‘temps’ make up a workforce which is easy to renew without having to assume employer responsibility. This results in a certain number of advantages. It is the easiest way to make people accept constraints related to production, eliminating potential unmanageable elements without conflict: in short, they follow the company’s manufacturing conditions within the ‘company tradition’ backed by the management. The use of school-leavers adds to social quality which is often lacking among employees with lower education. The use of selection is often underlined; the ‘temp’ status allows for dismissal of those who do not fit in, forcing individuals to exercise self-control and respect their responsibilities.’

Going back to the British printing company, the reinforcement of the division of labour has profound implications in the area of training and professional mobility. Taking up low-skilled positions and having to cope with a longer probationary period as cleaners, the temporary agency workers have less access to training opportunities and professional mobility, unlike the permanent printers who benefit from technological change.

The assignment of non-permanent workers to low-skilled jobs is also highlighted in the French ‘cultural goods’ case study.

‘To conclude, it is clear that flexibility has strongly developed over this 10-year period, mainly affecting new employees (unskilled sales assistants) who are hired as part-time and temporary employees, and who are in a position of both psychological and financial precariousness (a beginner’s wage for 30 hours being below the agreed minimum wage level in France).’

The second British banking industry case study stresses similar issues, with increasing use of temporary agency workers in a context of marked division of labour. Nonetheless, a recent agreement which transfers agency workers to permanent contracts, ‘is likely to strengthen perceptions of security and facilitate progression through the company for many workers previously excluded from the internal job ladder.’

In this case study, the use of temporary agency workers has been driven partly by a managerial commitment ‘to a non-compulsory redundancy policy for permanent staff’. Hence the greater use of a non-permanent working population leads to, and is explained by, the increasing turnover among the latter. *This provides interesting findings regarding training.* As permanent staff are mainly responsible for the training of current new entrants, they feel frustrated by not being able to continue cooperating together in the medium or long term, and feel they are losing out in terms of personal and professional involvement:

‘High use of agency workers in some workplaces has induced a sense of frustration among the trainers of agency workers. Having invested time in training agency workers, permanent staff have not benefited from the development of trainees, since turnover is high. For the organisation, staff turnover is costly since it makes it difficult to recoup the time and expenditure invested in training. Some managers expressed concern that the organisation had become little more than a training institute for neighbouring call centres.’

As in the previous British case study, this situation leads to career gaps among the working population, increasing the existing differences in employment status.

‘As a result of Bankco’s policy of using agency workers, and the admitted failure by managers to address problems of career progression, ‘promotion gaps’ became evident between ‘team leaders’ and ‘team members’ at the call centre workplaces, which were too large for employees to cross independently. In addition, corporate and personal banking functions were separated across different workplaces, further limiting expectations among staff regarding opportunities for career development.’

Once again, *temporary agency workers seem to enter a situation of already highly segmented division of labour, which prevents them from having any regular access to training and career progression.* The British case studies here come to a point where it could be asserted that temporary agency populations seem to pay the hard price of a constantly reinforcing selection process, with a widespread absence of career prospects.

Thus, as already stated, *the mere fact of getting a permanent contract is seen as a social benefit.* In the British bank, a recent agreement has enabled regular temporary workers to become permanent as long as they show a sufficient level of ability and skills to meet the company’s needs.

‘Issues associated with career progression were addressed as part of the SCR (organisational change). Although there has been a large-scale transfer of agency workers to permanent contracts, a significant number still remain, reflecting a corporate-level decision to continue to use them for small, short-term projects. For agency workers who have moved on to permanent contracts, details relating to continuity of service with Bankco are dated back to their first entry as an agency worker, although pension contributions are not backdated; instead, former agency workers receive a lump-sum payment of £500.

All temporary workers to be offered permanent contracts, subject to meeting satisfactory performance standards. It is anticipated that existing temporary staff will have the knowledge, skills and experience required, and will be able to continue with their existing working patterns, subject to the needs of the business.’

The cost to the company is not insignificant, however. In addition to a lack of cohesion or cooperation among workers, the report indicates some operational costs, especially for production managers, which may reduce the global sustainability of the company.

‘At workplace level, local managers experienced the day-to-day operational costs of these policies and yet, due to corporate constraints on the degree of managerial freedom, were unable to respond effectively to minimise the adverse consequences. For example, local managers were unable to recruit permanent staff unless this was part of a corporate-led recruitment strategy. Also, problems relating to career progression could not be addressed by workplace managers, since pay structures and job grades were set centrally.’

Access to training appears to be a key issue in the two German case studies also. In the automotive supply company, *it is firstly observed that intensive flexibility, be it internal or external, erodes the learning process of the workforce*, particularly the non-permanent workforce. As mentioned in ‘Scenario 1’ above, the failures occurring in the learning process lead to a higher exposure to risk for the temporary population, especially within companies where a high level of automation has been implemented, with health and safety measures being somehow ‘internalised’ in new production processes:

‘A specific connection between flexibility and working conditions arises in the risks caused by too short and inadequately conducted familiarisation and learning processes. As the majority of interviewees confirmed, flexible work assignments frequently necessitated short-term relocation and assignment to unaccustomed workplaces, which should normally be accompanied by learning and familiarisation phases. Due to the time pressure in everyday manufacturing operations these conversion processes are handled far too rapidly and inadequately; as a result the affected employees are placed under particular strain and stress, not only because they are slow in achieving the normal performance level, but also because they are insecure and do not fully master their work and tasks and are therefore exposed to higher occupational accident risks.’

Within this learning context, access to organised in-house training seems to be quite equally distributed among full-time and part-time workers, *whereas greater discrimination appears when taking into account the ‘employment status’ variable*. Temporary agency staff have very little access to in-house training, apart from being taught basic OHS practices.

‘With regard to access to in-house further training, there were no notable differences evident between full-time and part-time staff in the companies investigated. All in all, however, full-time employees would certainly have more opportunities to improve their chances for upward mobility. In all

companies the chances for part-time workers to work their way up to managerial positions were regarded as very low. Temporary workers as well as newly hired staff with fixed-term contracts have initially virtually no access to further training measures, apart from brief training activities in occupational safety and health protection issues.'

### Unsocial hours and pay differentials

Returning to the British printing company, we can observe that conditions of employment are also affected by changes in working-time patterns, here including the duration of working time, day and night shifts and time predictability. Here again, it seems that this kind of 'internal quantitative flexibility' does not create the same divisions among the workforce as those induced by 'employment status'. In fact, working-time arrangements are implemented on an overall basis, whatever the employment status of the individual.

Looking at the *duration* of time, some changes have been introduced through the 39-hour week.

'For staff working on the day shift, however, the 39-hour week rota is appreciated for the freedom it brings to balance work with domestic commitments.'

Nevertheless, the current organisation of working-time requires day and night shifts for both permanent and non-permanent populations. These shifts are often decided *at random*, and control over working time is extremely limited.

'The standard working time arrangements involve no rotation between day and night shifts. Similar numbers of printers work on the day and the night shifts (55 and 57, respectively). On completion of their apprenticeship, printers are assigned to one of the two shifts at random, and then work this shift regularly, with no option for flexible rotation between day and night work.'

The negative effects of such arbitrary decisions are further enhanced by a high level of working-time irregularity, which means that production managers may require very short notice for any kind of working-time adjustment.

'Nevertheless, Printco managers often require short-term adjustments in working-time schedules in order to meet the changing demands of newspaper customers. As the same day-shift printer explained: "To give you an example: today the Evening News wanted an eight o'clock start. We usually start at nine. They wanted an eight o'clock start because they've got some promotion on for some airline. The entry position of the press, which is where the sheets go, is pretty complicated, so they brought us in an hour early". Hence, despite the benefits of the complex 39-hour week rota, last-minute changes to working time are common. On the whole, such changes appear to be driven by the strong control of the parent newspaper corporations (which also act as customers to Printco managers), which enables them to set the pace of work to meet the commercial interests of the newspaper company.'

Last but not least, changes in the division of labour and working-time arrangements have had impacts on wages. The British report here emphasises that this development has widened the pay differential between skilled printers and the so-called production assistants.

'The recruitment of production assistants represents a significant transformation in the relative status of 'assistant' groups of staff, compared to 'craft' workers. Traditionally, the pay differential between craft workers and craft assistants was regulated by trade unions. For example, assistant printers earned

87.5% of the basic wage of printers. Hence, through the strength of unions in the newspaper printing industry, relatively low-skilled workers were able to benefit from the relatively high-paying character of the industry. However, recruitment of 'production assistants' in the plate-making, packing and warehouse departments has undermined the position of low-skilled staff. All new recruits to the post of 'production assistant' are paid a reduced wage, designed to reflect the external rate for the skills required for the job. The new pay structure extends from £13,000 to £18,000, which compares to the previous maximum of £23,000, still enjoyed by incumbent staff in craft assistant positions. Comparison of the basic rate of pay of production assistants and skilled groups, such as printers and plate makers, reveals a pay differential of between 47% and 65%.'

This differential has even increased with the abolition of the night-shift pay allowance in 1990.

'The relatively low pay of the production assistant is exacerbated by a relatively complicated working-time pattern that stretches across days and nights, seven days a week, with no pay allowances for shift rotation. Each production assistant follows a ten-week rota that involves three weeks of night shift, three weeks of afternoon shift and four weeks of morning shift. The weekly average is equivalent to other groups, at 37.5 hours.'

As already noted with training, job seekers are willing to take up a secure position in the company even if the proposed pay is almost half that of the traditional craft worker.

The case study underlines a whole series of changes in the division of labour, which ultimately facilitates the greater use of flexibility, either on an external or internal basis. As the report concludes:

'Printco has witnessed an erosion of traditional crafts, reinforced through the introduction of a new low-skilled 'production assistant' position that is associated with a rate of pay at half the previous level for craft assistants; a more flexible working-time arrangement (across night and day shifts), and responsibility for tasks across different departments (further challenging traditional demarcations by craft tradition). Among printers, new staff are assigned to a night or a day-shift at random. Scheduling of the 39-hour week rota enables workers to plan work and non-work commitments over the long term, but is partially off-set by short-term changes to meet a continuously changing production and delivery timetable.'

The British banking case study presents a similar picture with regard to working time and pay differentials. Temporary agency workers are generally given very little advance notice.

'Temporary agency staff may be required to meet short-term staffing requirements (e.g. resulting from marketing campaigns). Auxiliary and bureau staff may be engaged on an occasional, ad-hoc basis to meet short-term business needs or peaks in demand. They will be paid a basic hourly rate for hours worked.'

In parallel with the development of atypical working-time patterns, the report also points to attempts to reduce both wage compensation and more general labour costs associated with working unsocial hours.

'The extension of operating hours at Bankco has been accompanied by attempts to reduce unsocial hours wage premiums. With the establishment of new 'green-field' call centre workplaces providing 24-hour banking services, managers took the opportunity of recruiting staff on alternative contracts

involving lower rates of premiums. Their terms and conditions differed to those of staff working at some of the older call centres (one, in particular, which dates back to the 1970s, although providing different functions), which began with relatively standard working-time operations, but then gradually extended working hours. As a result, it was far more difficult for managers to adapt terms and conditions in these call centres, particularly as a large proportion of employees had transferred from the closed branches and were therefore accustomed to certain standards of basic and premium rates of pay.'

This brought about significant changes in pay and employment structures: employers tended to recruit new young employees who have little banking experience, with no shift premiums, while staff who were used to premiums before switched workplaces to maintain their level of income.

'Hence, as atypical working patterns increased, managers increasingly focused on the issue of unsocial hours' labour costs. With the first purpose-built call centre in 1996, managers took the opportunity to introduce a new set of terms and conditions and deliberately recruited relatively young employees with little experience of banking. The pay structure – which differed from the structure at other Bankco sites – was initially based on the notion that every day is potentially a working day.'

In other words, initiatives undertaken in working-time policies ('internal quantitative flexibility') have reinforced the division of labour as regards the recruitment of temporary agency workers. While internal and external flexibility strategies do not create precisely the same divisions among the workforce, *it is a regular observation that they nonetheless both contribute to widening the existing gaps, whether through employment status and access to training, or through working-time patterns and dedicated wage structures.*

### **Gender segmentation**

Division of labour and working-time issues have also been looked at from a gender perspective, with involuntary part-time working standing at the forefront of the issues examined.

The results of the case study in the German automotive supplier have already been presented, with a special focus on irregular and unpredictable working-time patterns. It should be further noted that such patterns are very much shaped by gender. In fact, women compose a majority of the part-time and 'marginal part-time' groups.

'Within the context of the flexibilisation processes, working conditions are generally characterised by increased performance pressure and the rising unpredictability of working hours. Therefore flexibility-induced burdens and stress combine with precarious working conditions and the highly flexible deployment of part-time workers and above all marginal part-time workers. In this area gender-specific discrimination arises, as the share of females is especially high in these employee groups. The same applies to the group of temporary workers and loan workers who are expected to prove their willingness and capabilities for flexible work performance. Corporate flexibility policies are likely to entail discrimination above all for the employees in outsourcing or subcontracting companies, whose employment and working conditions are usually far more unfavorable than those in the client companies.'

A similar trend is observed in the German food retail company, where the risk of establishing sectoral discrimination against low-skilled and low-paid women is high. As above, this gender discrimination is mainly analysed through the proportion of women who are employed in a part-time or 'marginal part-time' capacity.

‘As already mentioned, the flexibility policies of the food retail companies barely generate differentiated effects for occupational safety and health protection in the companies and outlets; nor were different effects discernible for the organisation of occupational safety, nor for different employee groups. It is evident, however, that the prevailing assignment of female employees as part-time workers or marginal part-time workers is creating a general gender-specific segmentation of the labour market. In this low-wage sector the majority of employees are women, especially married women with children, in need of additional earnings, and the access barriers to these precarious jobs are comparatively low.’

The British banking case study looks at the proportion of women employed in part-time jobs, specific services and lower grades.

‘The increasing use of part-timers as a means of increasing ‘internal quantitative flexibility’ has reinforced patterns of gender segregation across and within workplaces. The female share of the Bankco workforce is 64%, with 29% of women in part-time work. Females are over-represented in the Personal Banking Division, making up 72% of the workforce. There is evidence of over-representation of women, and more specifically, women in part-time work, among the lower-level grades.’

Very much in line with these observations – despite a fairly positive view of the relationship between flexibility and working conditions – both Finnish case studies point to the risk of gender discrimination whereby women could become a kind of ‘buffer’ in a more flexible environment, either through involuntary part-time working, or through temporary agency contracts. In both cases, the gender discrimination primarily affects low-skilled and low-paid women:

‘The cases reported on involve public and private services, two highly female-dominated sectors of the labour market. In both cases the working time was shortened, and in the hospital, fixed-term contracts were also involved. Recent developments have shown that there are distinct gender tendencies behind the new models of working life. Temporary employment and part-time work has become a more common practice among educated and highly qualified middle-aged women, while among men it is more often associated with a younger generation in new jobs. Women also – more often (75%) than men (56%) – see fixed-term employment not as a choice, but as a negative thing. There is a risk of further segregation of the labour market by gender; such segregation has often resulted in a lower level of both work content and wages for women.’

The case study in the Spanish food retail industry looks at how gender issues and low-skilled jobs come together, putting female employment in a specifically difficult position in this sector.

‘Most of those employed in food retailing are female (70%) and are situated in lower labour categories, a situation related to low qualifications and a low level of education. Thus, 70% of employees are situated in the ‘Group 1’ category, made up by cashiers, replenishers, labellers, trolley-drivers, code assigners, sales assistants and second-class non-administration skilled workers. In fact, the level of education in this Group 1 is low. 95% of the staff have completed primary studies. A higher percentage of replenishers have primary studies, as do cashiers, although these also have EGB (General Basic Education), vocational training and secondary education. Cashiers and replenishers together make up 61% of female employment.’

### Key points: ‘Scenario 2’

In looking at the impact of flexibility on conditions of employment, the research firstly examines the context in which the feeling of job insecurity is expressed. Numerical strategies do generate

this feeling, but not everywhere: more than two-thirds of the case studies dealing with numerical flexibility actually report it. From a wider point of view, the feeling of job insecurity is expressed in over half of the whole sample.

In the research, the issue of job insecurity is analysed according to three dimensions.

- In considering the variables that contribute to the feeling of insecurity, it emerges that ‘no/little access to training’ and ‘pay differentials’ have an influence in less than two-thirds of the case studies. The absence of career opportunities, however – mentioned in all but one of the case studies reporting job insecurity – seems to be the main contributing factor.
- Looking at the case studies where numerical flexibility has been implemented *without* engendering a feeling of job insecurity, we see that in each of the three private-sector case studies, a high-profile training and career policy is developed, either dedicated to a specific group, such as young entrants (the Spanish bank), or defined by ‘work/training’ contracts (both the automobile and telecommunications company in Italy). These strategies require an overall on-the-job training policy, whereby non-permanent workers are clearly routed towards permanent positions in the medium term.
- On the other hand, a feeling of job insecurity continues to be widely expressed even where conditions of work are assessed as positive. In other words, the advantages provided by a positively-assessed working environment – whatever the frequency of such a situation – do not compensate for the perceived job insecurity arising from a non-permanent contract.

In the light of these observations, training appears to be a key issue. In almost half of the case studies, flexible workers (subcontractors, part-timers or non-permanent workers) have little or no access to training, with non-permanent workers accounting for a third of these. This does not mean that companies are not heavily involved in training: considerable progress has been made in this area, and employees benefit from specific training schemes in three-fourths of the case-studies. But this in itself indicates that access to training is a highly differentiating variable among the workforce. Very much in line with the results of the 1996 European Survey on Working Conditions – which reported marked discrimination in training against non-permanent workers – this observation reinforces what has already been said about the lack of OHS training being a contributory factor in increasing exposure to risk. Flexible workers are more likely to be subject to occupational risks, since they suffer from a lack of overall training in the workplace. Consequently, access to training for flexible workers emerges as a highly ‘transversal’ issue, with direct links between conditions of work and conditions of employment.

It is therefore revealing to note that the assignment of flexible workers (subcontractors, part-timers and non-permanent workers) to low-skilled positions and/or to positions that do not allow career paths in the near future, appears in a clear majority of the case studies. This trend should not be too simplistically analysed, however. In our case studies, subcontractors are unlikely to be affected, since some of them are assigned to high-qualifications jobs (e.g. in the Spanish chemical plant); non-permanent workers, on the other hand, are widely affected by such human resource policies.



In fact, the use of non-permanent workers seems to be part of a wider strategy, which tends to enhance the internal qualifications gap. The demand for non-permanent contracts often follows (or at least goes together with) a redistribution of tasks among the permanent population, whereby the internal division of labour is increased. Within such a context, opportunities for non-permanent workers to access regular training or be promoted are strictly limited: this is only possible if they get a permanent position first, even at a low-skilled level, which means that the selective process for reaching higher positions is reinforced. The use of non-permanent workers seems to be part of a new recruitment process, whereby the probationary period is increased without the workers having to be given the commitment due to permanent workers.

As for the wage structure, discussion of the 'pay differentials' question includes several observations. Some national reports (e.g. the two British case studies) mention that unsocial hours, e.g. shiftwork, no longer lead to specific compensatory premiums; others (the two German case studies) mention a high level of 'marginal part-time' workers in the current workforce, with lower levels of income. The case study undertaken in the French 'cultural' products retailing company mentions the possible combination of involuntary part-time and non-permanent contracts, while another explicitly shows that non-permanent contracts, when contracted on a full-time basis, may provide a higher level of income, even if on a very short-term basis.

While gender discrimination is regularly mentioned (in a majority of the case studies) in considering the situation of flexible workers, it should be noted that gender aspects are not directly correlated with the aforementioned issues. In fact, several case studies point to the fact that gender discrimination persists even when flexibility has little impact on conditions of employment (the two Finnish case studies). Women are used as 'buffers' within flexibility strategies, and may benefit from or suffer as a result of such overall policies. More detailed research, linking these results with national frameworks, is needed here.

The reinforcement of the internal division of labour, caused by serious differentiation with regard to access to training, career opportunities and wage structures, underlines the close relationship between quantitative flexibility and organisational change. It also puts the issue of insecurity in longer perspective. In fact, if numerical flexibility does lead to a feeling of job insecurity, it should be remembered that this is very much linked to the absence of future prospects for those concerned. This feeling goes beyond the mere fact of temporary contracts: if improved access to training, or above all, better career prospects, were created for non-permanent workers, they would undoubtedly reduce the subjective feeling of precariousness. Finally, the increase in pay differentials indicates that the development of flexibility tends to permit an escape from the traditional collective bargaining processes whereby pay compensations were previously negotiated.

*Table 14* Differentiation among the workforce through conditions of employment and job insecurity, on a case-study basis

Country	Activity	Main issues											
		Numerical flexibility	Feeling of job insecurity	Feeling of job insecurity despite assessing conditions of work positively	Lack of control over working time	Flexible worker with no/little access to training	Non-permanent worker with no/little access to training	Flexible worker in low-skilled jobs	Non-permanent worker in low-skilled jobs	Pay differentials in flexible work	Pay differentials in non-permanent work	Gender segmentation	Conditions of employment as a differentiating factor among the workforce regardless of flexibility
Germany	Automotive supply	YES	YES	NO	YES	YES	YES	YES	NO	YES	YES	YES	YES
	Food retail	NO	NO	NO	YES	YES	NO	YES	NO	YES	NO	YES	YES
Spain	Chemicals	NO	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO
	Food retail	YES	YES	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES
	Banking	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	NO
France	Retail of 'cultural' products	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES	YES	YES
	Electronics	YES	YES	YES	NO	YES	YES	YES	YES	NO	NO	YES	YES
Italy	Automobile industry	YES	NO	NO	NO	NO	NO	YES	YES	NO	NO	NO	YES
	Telecommunications	YES	NO	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO
Netherlands	Food industry	YES	YES	YES	NO	NO	NO	YES	YES	NO	NO	NO	YES
	Public transport	YES	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES
Finland	Banking (call centre)	NO	NO	NO	YES	NO	NO	NO	NO	NO	NO	YES	NO
	City hospital	YES	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	NO
UK	Printing	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES	NO	YES
	Banking	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES	NO	YES



### Scenario 3: Functional flexibility as a solution to the other issues?

The last scenario focuses particularly on internal qualitative flexibility, i.e. 'functional flexibility'. The previously examined flexibility strategies were external (employment status, subcontracting) and/or quantitative (employment status, working time), but little attention was paid to a functional strategy perspective. The intention now is to examine the impact of flexible strategies on all working populations, 'core' and 'peripheral', when exposed to qualitative initiatives such as job enrichment, teamwork, multiskilling, etc.

#### Training schemes

The Italian automobile industry case study emphasises *the nature and extent of the changes undertaken in this area*. In fact, the whole plant has recently been reorganised through the introduction of 'Elementary Technological Units' (UTEs), which are part of a whole 'supplier-customer logic'. Within this team-based organisation, the workers do not carry out standardised tasks but achieve a 'technologically complete output'.

'Generally speaking, the majority of employees are concentrated in the UTEs of the operational assembly unit. The UTEs are integrated with one another according to a supplier-customer logic. Each operates the machinery and/or systems necessary for the various processes it has to perform, and must guarantee their complete execution, since each UTE is responsible for flow quality and process optimisation (in terms of prevention, improvement and efficiency). According to the Fiat managers, this change has led to a review of much of the formerly consolidated working culture in terms of responsibilities, working methods, individual contribution and supervision.'

Within the teams, roles are less formal, while the relationship with the team leader is supposed to be restricted to a 'functional' one.

'The team is characterised by a low degree of formalisation and institutionalisation of roles, which are 'activated' according to varying needs and problems to be resolved, allowing greater scope for employees' creativity and continuous learning in the course of the production process.'

This new structure focuses on job rotation and multiskilling, thus reducing the risk associated with monotonous work.

'Interviews with team leaders and workers (mainly in the operational assembly unit) confirm the importance of job rotation within the team and the operational unit. Rotating employees between different tasks significantly reduces the risks associated with monotonous work and takes place frequently, depending on employees' ability to perform all the required tasks. In comparison with other Fiat plants such as Mirafiori, in the Melfi plant employees are more willing to rotate, probably because their average age is younger, and they arrange it with the team leader, who is in charge of deciding the rotation order.'

In this plant, job enrichment appears to be very much linked to *a dedicated training policy*, whereby the means to implement the new organisational model and to enlarge the skills of the personnel are carefully transmitted.

'As already mentioned in the analysis of flexibility strategies, with the Melfi projects the management has definitely paid great attention to training the workforce in order to implement the new organisation model, and massive investments have been made in this sense.'

This qualitative investment goes hand in hand with major innovation in the field of training. A whole range of training courses has been made available to the different members of staff. The content of these courses is not necessarily linked to the jobs the employees are assigned to. In addition, innovations were undertaken with regard to training methods, with specific personal tutors for trainees. What mainly emerges here is the company's willingness to take up the challenge of educating and training the workforce on a large scale.

'The establishment of the Learning Centre at the plant in 1996 represented an important step forward in accordance with the logic of continuing and progressive appreciation of human resources. The Centre provides its services for all levels in the company, from senior and middle management to technicians, and from specialists to manual workers. The aim is to create the conditions for both individual and collective learning through programmes which create and develop abilities. In practice, employees have the opportunity of attending, outside working hours and with the assistance of personal tutors, courses on subjects in which they wish to improve their knowledge (not necessarily related to their job), such as foreign languages, information technology, mechanics, etc. These programmes strengthen the process of continuous education of the workforce, foster employees' personal development, and therefore increase their chances of improving their position at work.'

This investment in skills was designed to compensate for the increasing use of non-permanent contracts. In fact, a majority of non-permanent workers were employed during the start-up phase. For those who passed the training process, a permanent job was offered. This 'entry route' was made possible by 'work/training' contracts. Such contracts required huge training provision.

'All of the Melfi employees were hired 18 months before the plant opened, under 'work/training' contracts (contratti di formazione lavoro, CFL) which took advantage of the national law providing incentives for young people on this basis. They were selected according to their formal qualifications and abilities and were given training before starting their jobs. The change in Fiat's working culture has also necessitated the implementation of an intensive training provision. This training provision, which is not offered on a once-and-for-all basis but has to be permanent and intrinsic to the corporate system, represents the foundation on which the technical and organisational know-how of all employees is built. Such a commitment to training involves a variety of activities: general information on the new structure; special professional training for the new figures involved; and training in the techniques and operating methods used by the 'integrated factory'. However, training provision does not include health and safety matters, which are the responsibility of management and negotiated with union representatives in the context of a special committee.'

In practice, job rotation has not been organised for all members of staff, so that those who do not rotate still face monotony.

'In practice, however, not all team members may rotate, owing to the skills required and in some cases, the physical strength. Consequently, some employees (sometimes women) are able to rotate only rarely, or after a necessary period of training.'

In addition, manual workers do not benefit from the aforementioned training plans, as they are seen as insufficiently skilled. This is rather paradoxical, as they may represent the kind of working population which might particularly need this type of investment. But the training policy concentrates on supervisors or technicians, i.e. the ones who are directly responsible for implementing the new model, having some area of expertise to offer.

‘However, not all employees have received identical treatment with regard to training. In particular, the interviews reveal that only some employees, such as UTE chiefs, integrated process supervisors (CPIs), technicians and maintenance staff (the qualified persons) attended a comprehensive and intensive training programme in the classroom, together with a work/training period of at least six months in other FIAT plants. Manual workers, on the other hand, attended only a three-week course on the new organisational concepts relating to the Integrated Factory.’

This distinction between manual and non-manual workers is not new.

‘From most of the interviews held with UTE chiefs and workers, and according to the house magazine *In Diretta* (since 1995), which includes information on training courses, it seems that this differential treatment of qualified persons and manual workers in terms of training has systematically continued over the years.’

However, such inequality in training seems to be balanced by the rather high level of internal promotions and career opportunities.

‘Despite these differences in training, however, the interviews reveal a high degree of mobility among employees and numerous opportunities for career development. Even for manual workers, it is not unusual to gain promotion and move to higher-grade jobs and responsibilities when they have acquired professional abilities and improved their personal skills. For example, one of the operational assembly managers said that before reaching this grade he was a technician. Within a few years he became a UTE chief, and he now manages a group of UTEs in the operational assembly unit.’

As a whole, the Italian automobile industry case study points to a new balance between flexibility and training. The use of non-permanent workers is complemented by a serious training policy, which is part of a whole integrated organisational approach.

By means of this approach, functional flexibility creates *a new organisational model*, including new prospects for those who succeed in the training period. It gives the workers – whatever their status – a real opportunity to learn and improve their skills in the workplace. Contrary to what was observed in the previous scenario, this case study shows a major investment in training for workers within a more flexible working environment. This seems mainly due to the whole organisational project, which gives the different members of staff the opportunity to work in small groups (teamwork) and to produce entire ‘technological outputs’. As such, training is part of a global workforce strategy. *However, the risk of excluding low-skilled workers (so-called ‘manual workers’) is clearly pointed out*, as this population does not have the same access to the training plans as the other workers. Finally, the report insists on an overall intensification of work due to the increase of time pressure in the workplace.

The intensification of work also emerges as a key issue in the British banking case study. Before reaching this conclusion, the report insists on a multiskilling orientation with considerable in-house training.

‘At Bankco, internal flexibility policies include a diversity of working-time arrangements (part-time, full-time, short shifts, overtime) and a commitment to multiskilling practices, despite the opportunities presented by technological developments in telecommunications for greater division of labour by skill.’

But the variety of jobs is not shared among all categories of workers.

‘One of the central planks in Bankco’s HR policy has been to stress the multiskilled nature of jobs, in order to increase ‘internal qualitative flexibility’. Employees’ experiences, however, suggest that this policy has not led to a universal spread of job variety among low level jobs. At the Debt Management Centre, one advisor told us: “You feel a bit like it’s mass production .... Here it’s just a case of a call, a call, and at the end of the day, it’s ‘how many calls have you taken?’ ” At the Business Customer Service Centre also, this sentiment was echoed: “It’s basically a production line kind of job. That’s how it feels....especially when you’re on the telephones. It’s like one call after the other, constantly, and there’s not much excitement to it.”’

In fact, the policy followed with regard to training tends to focus on specific areas of skill, with a distinction between technical training; management/personnel training, and ‘culture and legislation’ training. Each of these areas is led by a certain type of training management. ‘Hence, there appears to be a *polarisation of training provision*, with managers and high skill groups benefiting from the greater expenditure on externally-delivered training, and lower-level staff receiving internally-managed training’.

‘Changes in skills among the workforce at Bankco are reflected in changes in the type and management of training provided. The training budget for 1997-98 was £2 million, split across three areas: technical training; management/personnel training; and culture and legislation training. The second and third areas are managed at corporate level, in order to ensure consistent training provision across the entire workforce.... In order to minimise disputes between the corporate training unit and training providers within divisions, each division includes a ‘training user group’, made up of a mix of managers and staff, with the aim of assessing the particular training needs of the division and reporting these back to the corporate-level managers.’

As in the Italian automobile company, low-skilled jobs seem to suffer from a lack of training due to this polarisation. As employees in this category see it, they only receive restricted ‘technical training’.

‘At the Debt Management Centre, training for the majority of staff is of limited scope and focuses on skills in effective customer communication. For example, in order to standardise the ‘script’ used in employee-customer conversations across difference call centres, employees attended a course which guided them through a 20-point checklist. However, some employees were frustrated with the style and level of training provision: “The only form of training I’ve really had is.....a telephone training course.....to make us speak better and be aware on the phone.... I’ve not had much training, and there are things I’d like to do’.

But training is also related to the pace of work.

‘When asked whether they would like to go on more training, employees make the connection between training and time management: “Yes (I would like training) very much but I always feel there’s too much work and there’s not enough time for training.”’

This was supported by employees’ experiences at the Debt Management Centre: “It’s good at the moment for training, but we’ve got a lot more time than we did have because we were that busy at one stage that we were finding that we were just covering the phone and not being able to train”’.



The polarisation of training may be reinforced by a policy of encouraging employees to be responsible for their own development. This approach relies on individual initiative without being very clear about workers' real margin for manoeuvre in the area.

'The polarisation of training provision is potentially accentuated by recent proposals to devolve responsibility for skills development to the individual employee – following the so-called 'opportunistic learner' model. The aim is to transform perceptions among low-level staff that training is something that 'the line manager does for you, rather than something you take responsibility for yourself' (Training & Development Manager), and to encourage a bottom-up approach where employees have "the tools and techniques to develop themselves" (Acting Director of HR, Bankco). Under the new proposals, staff select areas of their work where they might benefit from additional training, or identify the skills required for career advancement. It is unclear, however, whether staff will be able to negotiate time away from work, or whether demand for training will exceed availability of places.'

The British banking case study focuses on in-house training within a global multiskilling approach. However, unlike the large-scale approach implemented in the previous Italian case study, the company policy here aims at making a distinction between different areas of training, thus following the internal division of labour. Both cases have to cope with *low-skilled workers*, who tend to be left out of these training schemes, and *work intensification*, which prevents on-the-job training from taking place in a full sense. But the polarised approach seems to reinforce the current differences in employment status, whereas the Italian case study revealed common career opportunities for different types of employment contract.

Training is very much emphasised in the French electronics industry case study, although it has several objectives. Initial training is given to everybody; temporary agency workers have to complete some on-the-job training alongside someone more qualified.

'The most important tool is training. The management underline that the company policy on this subject represents an important and expensive investment. Like other tools for the flexibility of functions, it varies according to the targets. Everybody gets the initial training, which aims to instil the main values and rules within the company (one half-day training). But for the temporary agency workers, training is carried out on the job by binomials together with somebody more qualified, either another more experienced 'temp' or a permanent worker (*CDI*). The training initiative for the most qualified staff is from three days to three weeks, and includes technical aspects.'

The Spanish food retail company shows a similar orientation with regard to training, with a marked distinction between 'initial' and 'regular' training. It is a fact though, that no specific functional initiative (multiskilling, teamwork, etc.) is mentioned in this case. As in the previous French case study, middle managers and qualified staff benefit from specific training courses, whereas most of the staff learn 'on the job'.

'All the new staff receive admittance training, which includes the handing out of a descriptive handbook on the company and its rules. Also, all staff receive three kinds of courses (...) aimed at providing information about the company culture and integration.

A large portion of the tasks performed by the majority of the staff are learnt on the job (learning by doing). Nevertheless, important and selective training activity is aimed at specific groups such as cashiers, because of their high level of job rotation. Cashiers attend courses of three months' duration.

These courses also receive public subsidies from the FORCEM; and this is used to reduce rotation costs.

The Spanish banking case study emphasises different *training strategies and goals within a highly innovative company, with regard to functional flexibility*. Three strategies are defined. For the skilled managerial staff, the training policy aims to reinforce the company's territorial structure and to homogenise the corporate culture in order to 'reduce tensions resulting from the merging of different savings banks'. For most employees, training is seen as a way of supporting multiskilling, the latter being defined as 'the capacity to attend to all the requirements of the customer'. The ultimate aim is to increase the overall knowledge of the workforce, on everything from specific products to 'new financial markets culture'. All in all, training goes together with changes in recruitment strategies.

'On the other hand, there has also been a change in the recruitment of staff in accordance with the change in the profile of qualifications. In general, they turn to the university system in search of some qualifications, such as those of lawyers and economists. In any case, these qualifications are only the starting point....complemented by direct experience in the agencies, and courses on products. The fact of having a university degree is not a condition for internal promotion in the company.'

### **Teamwork and the working environment**

The two Finnish case studies highlight the relationship between functional flexibility and other flexibility strategies. As we will see, teamwork is part of a global change, with a major focus on the reduction of working time.

In a context where the reduction of working time has decreased fatigue and has had positive results for working conditions, the Finnish city hospital case study points to a global training policy.

'Along with quantitative flexibility, qualitative flexibility was also introduced. The importance of in-house training was emphasised, and training became a regular feature in the training ward. The entire personnel took part in the training events simultaneously (work in the ward being handled by substitutes). At the beginning of the experiment there was a three-day training period, mostly to introduce teamwork practices to people who had not worked together before. Work in pairs was introduced, and pairs of nurses started to plan their tasks together.'

Turning to the Finnish banking case study, it appears, firstly, that teamwork represents the key element in a 'matrix organisation':

'The matrix organisation, consisting of interlinked teams in each of the three call centres, was replaced by three independent call centres in 1998. However, process expertise has been linked between the three centres.'

However, too many changes have recently taken place, causing feelings of insecurity.

'According to the sales manager interviewed, continuous changes in team structure can cause insecurity with regard to the future. The anticipation of new tasks is difficult, and plans that are created together with team members have to be changed too often. The result is continuous stress and frustration.'



On top of that, teamwork requires specific organisational rules to be decided among the team members which turnover within the team does not always permit.

‘Team-building takes time. As one interviewee said: “In a team of six employees, flexibility in arranging daily work is needed. There are great differences between teams as regards working environment, hierarchy and the way things are organised. We do not interfere with each other’s calls. What are needed are common rules for the teams, but because of the arrival of new members, we have not yet had time to create these rules.”’

Secondly, this new teamwork approach is taking place in the context of a substantial reduction in current working hours. In fact, an experimental 6.5-hour working day (5 days a week, including week-ends) was launched at the time the organisational change occurred. This experiment has had very positive results, from both employer and employee points of view.

‘The impact of the new working-time schedule was evaluated for the first time after the first four months. Regarding the employer’s expectation of higher sales during the shorter working day, the first experiences have been positive. As regards the organisational costs and benefits of the 6.5-hour working day experiment, customer service employees achieved about 230% higher sales rates, on average, than those working normal hours during the first three-month pilot period.

The feedback from the employees on shorter working time has been very positive. Now more flexibility can be offered (e.g. to mothers with small children). One advantage of working on Sundays has been the improved scope to concentrate on tasks, since fewer people are present at the workplace. According to the occupational health nurse, this illustrates the more hectic working pace of a normal workday.’

The substantial reduction of working time logically led to an increase in the intensity of work, as most breaks had been eliminated.

‘A shortened workday means that employees have no lunch breaks. Two shorter 15-minutes breaks are allowed. The employer offers a meal either before or at the end of the workday, on the employees’ own time. Snacks are provided by the bank during the work period. “Sometimes the break just slips by,” (employee).’

As the workers assessed the overall reduction in working time as positive, they do not complain about the loss of breaks.

‘No comments on the reduced lunch break have been expressed. Employees have made their own choice between different types of working-time schedules. According to an interviewee, one key condition for successful experimentation with flexible working hours is that participation must be strictly voluntary.’

However, work intensity does not facilitate on-the-job training, and tends to erode concrete learning processes.

‘Higher demands for productivity create unconscious pressure. “The supervisors do not always leave me alone long enough for me to do my job.”’

The Dutch manufacturing case study also records ambiguous development in the area of functional flexibility. In this case, functional flexibility has been implemented on a large scale.

The ‘autonomous task’ system applies to the packaging division, where conditions of work remain difficult, as shown in *Scenario 1*.

‘The packaging division, in which about 200 workers are employed, worked according to an autonomous task group system. This means that every employee or agency worker in these groups is trained to work in all functions. This training is regularly done by superiors, but specialised courses are also bought in from outside the company. The qualifications system is made sufficiently broad so that qualified workers from one production line can take over the tasks of other production lines. Completely qualified workers, then, can be employed everywhere in the division. Employees decide by themselves who works on preparation, production or guiding tasks.

Despite a hard manual environment, risks and hazards have been tackled quite significantly.

‘At the packaging sites the work stayed the same. Here such factors as bad posture, carrying loads and repetitive movements continue to exist. To avoid negative consequences, workers are instructed to change their working positions regularly and to carry loads only by means of machines. This policy greatly reduced physical complaints.’

Yet, the report underlines a trend towards more monotonous jobs within the production area.

‘In the production sites some new phenomena appeared, related to the automation of the production. The first was that the diversity of tasks introduced when the work was largely manual and carried out by autonomous task groups, disappeared, and was replaced by *more monotonous tasks*. The complex tasks are now performed by machines, resulting in much better production quality, but reducing the complexity of work to monitoring and intervening when necessary. Yet there is still much to do for these employees, and the work still requires many skills to prevent problems. The second phenomenon is that the pace of work is largely dictated by the machine. In the third place, operators have more responsibility for keeping production going. Interrupted production means financial loss for the company. This places a heavy burden on these workers. Fourth, the number of checkpoints is reduced by the automation process. Before, a lot of workers implicitly controlled production quality. Nowadays quality almost completely depends on how alert the operator is. This means that when something does go wrong, it may well take some time before someone notices it, causing losses to become much greater.’

Here also, low-skilled workers have not benefited from the new teamwork model.

‘Working in the autonomous task groups requires that workers have the mental capacities and the will to be put to work at different tasks and to be trained for these tasks. In the case of the company, many of the non-qualified employees who had been employed in manual production work settings became redundant. According to the management they lacked the mental capacities for training or did not want to be trained, because they felt too old or did not want to go to school again. This group was reduced in the course of some years by means of natural turnover and outplacement.’

In most case studies, ‘core’ jobs have benefited from functional flexibility initiatives, especially with regard to work content and skills requirements. However, some case studies tend to underline opposing trends, with difficulty in implementing on-the-job training in an intense working environment, and a risk of monotony for highly automated jobs.

### **Key points: ‘Scenario 3’**

Functional flexibility initiatives are well represented in our qualitative sample, as four-fifths of the case studies show some sort of functional flexibility. However, it should be emphasised that



there are no examples of this initiative in the retail sector. As such, functional flexibility seems to be somewhat determined by sector, at least in comparison with other flexibility strategies.

The predominant type of functional flexibility is multiskilling. Although well developed, teamwork has not reached the same level of development: 'restricted multiskilling' is implemented in only one-fourth of the sample with functional initiatives. In the latter category, it seems that companies would rather opt for individual job rotation or job enrichment, with little organisational change based on a more collective pattern. The research here suggests that a large variety of internal qualitative strategies are being undertaken in European companies; but functional flexibility does not preclude any specific collective dimension within a context of change. The impact on working conditions may vary according to such differences.

Measuring the impact of functional flexibility on conditions of work, and more precisely on exposure to risk at work remains quite difficult. However, whether through 'decreased fatigue' (the Finnish banking case study) or 'shorter periods of exposure to risk' (the Dutch food retailing case study), some examples point to what could be described as the positive effects of functional flexibility on conditions of work. These case studies account for a minority, however, as only a third of the sample showing functional flexibility reports such positive effects. Therefore, from a wider perspective, it seems that functional flexibility produces limited improvement in conditions of work, despite being significant in some case studies. In no way would organisational initiatives be able to replace proper OHS policies as a means of tackling physical and psychosocial risks at work. Initiatives of this kind do facilitate such objectives in certain working environments, but their contribution remains limited.

A similar conclusion may be drawn with regard to the impact of functional flexibility on labour force segmentation, although to a lesser extent. Half of the sample showing functional initiatives is able to report some kind of reduction in existing labour force segmentation, which actually accounts for less than half of the whole sample. This reduction is reported when case studies explicitly mention career opportunities or social mobility due to one type or another of functional flexibility. However, bearing in mind other flexibility strategies and previous effects, it seems that (1) the weight of external and/or quantitative strategies in determining the division of labour is predominant; (2) when functional flexibility manages to have an impact in this area, it is more likely to concern the internal working population than the external one; and (3) in all cases, unskilled workers are mentioned as not participating in such change.

Finally, one of the most important and surprising results appears in the evolution of job content in a context of organisational change. A high proportion of the case studies (almost three-fourths) indicate monotonous work and/or work intensification when functional strategies are implemented. The correlation between these two elements is not obvious. As already mentioned, functional flexibility is seen as having no direct impact on conditions of work, at least in comparison with other flexibility strategies. The findings would tend to indicate that in spite of many references to such things as job enrichment, functional flexibility has only a limited effect on job content, i.e. on what might or might not make work meaningful (related to 'job

monotony') or on what might or might not enable workers to overcome on-going difficulties at work (related to 'job intensification'). It would be fairer and more realistic to assert that job monotony and job intensification are correlated within an overall flexible framework in which external and/or quantitative strategies play a significant role. Hence, the current extent of flexibility in European companies makes the issue of job content an on-going problem.

Functional flexibility is therefore a key dimension of flexibility as a whole, but it should not be overestimated in tackling issues related to working conditions. It has to be kept to its own place and role. Organisational initiatives cannot replace genuine OHS policies and/or improve job content significantly.

As such, the idea of a superior type of flexibility (e.g. functional flexibility as opposed to numerical flexibility) is not validated by this research, since flexibility strategies are very much combined in all the case studies, and no specific type emerges as having greater value or greater efficiency with regard to working conditions. It is nonetheless clear, however, that the improvement of working conditions depends on an overall mix of initiatives by which they are tackled from a general point of view (balancing such issues as exposure to risk and the division of labour), and are part of a more institutional approach, e.g. the 'work/training' contracts in the Italian automobile company. Such an institutional framework still depends largely on national legislation and negotiation processes.

Table 15 The main characteristics of functional flexibility

Country	Activity	Main issues							
		Functional flexibility	Restricted job rotation/multiskilling	Restricted teamwork	Mix of multiskilling and teamwork	Specific training schemes	Reduced exposure to risk	Reduced labour force segregation	Monotonous work and/or work intensification
Germany	Automotive supply	YES	NO	NO	YES	YES	NO	NO	YES
	Food retail	NO	NO	NO	NO	NO	NO	NO	YES
Spain	Chemicals	YES	NO	NO	YES	NO	NO	NO	NO
	Food retail	NO	NO	NO	NO	YES	NO	NO	YES
	Banking	YES	NO	NO	YES	YES	NO	YES	NO
France	Retail of 'cultural' products	NO	NO	NO	NO	NO	NO	NO	YES
	Electronics	YES	NO	NO	YES	YES	NO	NO	NO
Italy	Automobile industry	YES	NO	NO	YES	YES	YES	YES	YES
	Telecommunications	YES	YES	NO	NO	YES	YES	YES	YES
Netherlands	Food industry	YES	NO	NO	YES	YES	YES	YES	YES
	Public transport	YES	YES	NO	NO	YES	NO	NO	YES
Finland	Banking (call centre)	YES	NO	NO	YES	YES	NO	YES	YES
	City hospital	YES	NO	YES	NO	YES	YES	YES	NO
UK	Printing	YES	NO	NO	YES	NO	NO	NO	YES
	Banking	YES	YES	NO	NO	YES	NO	NO	YES



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## Chapter 5

## The role of national industrial relations systems

This last chapter briefly analyses the role of national industrial relations systems in the development of the relationship between flexibility and working conditions. It looks at three major issues highlighted by the national reports: the current state of national debate and legislation; the way collective bargaining influences working conditions through different negotiation processes, and workers' participation in the workplace. A summary of the labour relations systems and national legislation can be found in the Annex.

### **National debate and legislation**

In Italy, government has long promoted collective bargaining through legislation and the tripartite system of collaboration, and the new laws and agreements create the environment for innovative instruments of labour flexibility. As the report says:

'In Italy labour flexibility strategies depend mainly upon the institutional context of tripartite collaboration between employers' associations, trade unions and government. The result is a compromise between short-term policies (numerical flexibility related to entry to the workplace and internal quantitative flexibility) and long-term policies (internal qualitative flexibility). Quantitative internal flexibility is negotiated at various levels. Functional flexibility, however, is mainly negotiated at company level. The presence of strong unions, a high degree of bargaining power and a cooperative attitude in industrial relations provides a framework for the development of functional flexibility. Both Italian companies and unions prefer functional flexibility. The typical Italian firm increasingly uses traditional instruments alongside more innovative instruments.

It is mainly through legislation aimed at promoting collective bargaining that the Italian government has lent support to the actions of employers and unions which aim to create a 'de facto' industrial legal order to take the place of the legislative and constitutional legal order which has never really been achieved. This interpretation can be put not only on the 1970 Workers' Statute but also on all the

related 1980s legislation on labour flexibility, job security agreements, 'work/training' contracts, part-time work and fixed-term contracts. In all these cases, a close link was established between statute law and collective bargaining, with the legislators confining themselves to defining the minimum normative framework necessary, i.e. the model for the type of flexibility concerned, and leaving the provision of detailed rules to collective bargaining.

The 1990s legislation on labour flexibility follows in the same tradition, but with the added reinforcement of collaboration, or tripartite agreements (the Tripartite Central Agreement of 23 July 1993; the Employment Pact of 24 September 1996 and the Interconfederal Framework Agreement of 16 April 1998), followed by their translation into laws. This is the procedure by which the most innovative instruments of labour flexibility have been introduced in Italy over the recent period.'

Under the Dutch 'polder model' negotiation structure, national employers' organisations and trade unions continually discuss the need for new laws, generally even before they are dealt with in parliament. Social partners have a substantial impact on labour legislation and regulation. The debate stretches from conditions of work and working hours to the regulation of the social security system. The different laws on flexibility combine the negotiated growth of flexibility with protection for the workers concerned.

'In the Netherlands, labour flexibility has been a topic of ongoing debate over at least three decades. The results find expression in at least five national laws that regulate the Dutch working environment (the Working Time Law in 1995; the Shopping Time Law in 1996; the Working Environment Law in 1988; and the Law on Flexibility and Security, along with the Law on the Allocation of Labour by Intermediary Organisations, in 1998/1999). The ruling, in all five laws, has two objectives: to stimulate the economy and to protect working men and women. All these laws emerged in the typical Dutch negotiation structure called the 'polder model'. This negotiation structure affects the whole work situation from the macro and meso to the micro level. Government, national employers' organisations and trade unions continually discuss with each other the necessity for new laws. These laws are worked out at sector level by means of negotiation between the sectoral employers' organisations and trade unions. At the micro level, i.e. level of the organisation, works' councils and employers negotiate on the specific problems in the organisation.'

The Law on Flexibility and Security and the Law on the Allocation of Labour by Intermediary Organisations act together to encourage flexibility of labour and to give 'flexiworkers' more job security. In the Netherlands, the different national laws are worked out at sectoral and company levels by means of negotiation between employers' organisations and trade unions. As regards the temporary agencies, a collective agreement further defines protective employment rules for temporary workers. Here we observe a coming together of national, sectoral and corporate levels of industrial relations.

In Finland, the labour market is also regulated by legislation and tripartite cooperation. The industrial relations system offers a general framework for the development of flexible employment strategies.

'The labour market in Finland has been traditionally regulated by legislation and tripartite cooperation between the government and labour market parties (employers' and employees' organisations). The development is based on legislation, social security systems and agreements between the parties regarding flexibility, in the form of both employment contracts and working-time arrangements (the Working Time Act of 1996, which is based on an EU directive). The level of trade union membership of both blue-collar and white-collar workers in Finland is very high, about 80%. Unions also have an

active role in the workplace. The existing industrial relations system offers a general framework for the development of flexible employment strategies. Working life issues have a high priority in the programme of the new government, including research initiatives and policy measures regarding unemployment, productivity, work ability, occupational health and safety, burn-out, marginalisation, and the ageing workforce. Nationwide research, training and intervention programmes are launched in order to improve the capacity for work of the workforce. Universities and other research institutions have good relationships with companies and unions, which has made many-sided research activities possible.'

Within a context of reunification, unemployment has reached high levels in Germany, and measures taken have aimed at saving, creating and redistributing jobs, with an attempt to modify the former employee protection regulation.

'In view of the high and increasing unemployment figures in Germany, discussions on the development of working conditions have been more concerned with issues of employment security, saving and job creation and less with the quality of jobs. Accordingly, the employment of job seekers in qualitative lower grade positions with wages below the collectively bargained levels, and with precarious employment and work conditions, is being discussed as a new employment policy option.

On the one hand there is the long-standing discussion on deregulation, especially as regards government and collectively agreed employee protection regulations (the key words here are protection against unwarranted termination, restriction of social security benefits for the unemployed, low-wage employment, etc.), which has resulted in a number of changes in these areas. At present, such questions are the subject of deliberations on a reform programme, drafted by advisers to the new government that came to power at the end of 1998.

On the other hand there are the so-called '*Standort*' issues (relating to Germany as an industrial location) that have been discussed in scientific and industrial circles over the past years. Apart from the matter of adequate labour market flexibility, the main points raised here are reducing employee and corporate tax burdens, including a host of initiatives geared to reducing...taxation and indirect labour costs. In this context, political action was demanded in the form of active employment policy measures, addressing in particular the critical employment situation in the new Federal States.

But a number of laws were passed with the aim of stimulating growth and employment, and reforming employment promotion, also (in 1994, 1996, 1997). From the standpoint of the policy makers involved, these measures were geared to reducing regulations which inhibit employment and consolidating the rising financial burdens shouldered by the Federal Employment Office, while placing greater obligation on unemployed persons to seek employment and take up acceptable positions.'

In Germany, there is social consultation at national level, but initiatives aimed at social pacts seem to have failed.

'Apart from these general trends in legislation, various initiatives were taken at the general economic level with the objective of forming a social pact between the government and social partners in order to reduce unemployment and improve the state of Germany as an industrial location (*Standort*). All of these initiatives have failed to date, with the exception of the various activities undertaken by governments and industrial partners at Federal State level (such as the employment pact concluded in Bavaria) which have attempted, at regional level, to implement individual measures to ensure more favourable conditions for companies and job seekers alike.'

The Spanish report describes the developments that have taken place in the area of flexibility, working conditions and industrial relations since Spain joined the EU.

‘From 1985, and after the integration of Spain into the European Union, a process of technological and organisational modernisation began in large companies, as well as a major reform of the educational system, particularly in vocational training and engineering, with the purpose of reorienting the competitive strategy of the Spanish economy, supported by R&D, quality, qualifications and skills. The result of this modernisation policy can be observed in the chemicals, electronic appliances and automobile industries and in the financial sector. But, on the other hand, in the traditional sectors where small companies prevail, such as furniture, graphics, textile, clothing, leather, shoemaking, pottery and toys, problems persist.

The Spanish development model which appeared in the 1960s was based on the intensive use of...(....)low-skilled work, low productivity levels and low labour costs. The ‘April Pacts’ and in particular the Interconfederal Agreement for Job Security (AIEE, April 1997) appeared after a long period of job insecurity deriving from the labour policy followed since the early 1980s. The Interconfederal Agreement for Job Security, had as its starting point – besides the prospect of economic growth, in the face of a very high unemployment rate (21% at that time) – the objective of reducing the high rate of temporary employment (then around 35%) and favouring a move towards secure employment. The worrying rate of temporary employment pushed trade unions into negotiating on a taboo subject: dismissal. A new kind of agreement was created to encourage open-ended contracting over a period of four years, at the end of which the effects on the labour market will be evaluated. The AIEE also modified the law on temporary employment agencies (ETT) so that workers’ representatives in the user company have different roles in defending the interests of workers placed by temporary agencies.’

Compared to other EU member states, unemployment in the UK has declined to a relatively low level during the 1990s, but this decrease has been accompanied by a widening of wage inequality, an increase in the scope of working hours (from marginal part-time to substantial overtime), as well as a growth in the proportion of atypical employment contracts (including fixed-term and temporary agency contracts). As a result, collective bargaining coverage has significantly diminished. As the British report says:

‘From a comparative perspective, the employment system of the UK economy may be said to fit with a market-led (or employer-led) approach, characterised by the centrality of the workplace in the determination of employment policies and practices, the abstentionist role played by the state in matters of industrial relations and a deregulatory trend in policies and legislation shaping labour market institutions. During the 1990s, low and declining levels of unemployment occurred alongside a widening of wage dispersion between low and high-paid sections of the workforce.

The change in the character of the UK labour market has been accompanied by shifting patterns of industrial relations (decline in trade union membership and a fall in collective bargaining coverage) and workplace employment policies and practices, reinforcing the fragmentation of institutional structures associated with collective bargaining, training provision and employment protection. Accompanying this fall is the shift from relatively centralised to decentralised collective bargaining arrangements, with the collapse of multi-employer bargaining during the 1980s and 1990s and an increased reliance on single-employer bargaining.

In the context of a wider power imbalance between capital and labour, and reduced regulation of labour market conditions, the strengthening of managerial prerogative has led to a transformation of working conditions typically associated with a sheltered internal labour market – namely, job security, pay progression and training provision.’

Against the tide of deregulation and fragmentation, the Labour Government, however, has introduced new forms of labour regulation. Examples include the National Minimum Wage

(1999), The Employment Relations Bill (2000) and The European Working Time Directive (1998).

The last country in the sample, France, holds a special position, because of the major differences between the public and private sectors. In France, the State plays an important role with extensive legislation, on the one hand; but this goes along with the weakness of the unions and the relatively low level of social negotiation at corporate and sectoral levels (at least in comparison with the other EU Member States) on the other hand. As the report says:

‘The French model of flexibility in the management policies of the workforce are characterised by four main elements.

- The significant extent of public sector employment (more than 20% of salaried employees). Within these organisations it is the public service status which defines recruitment conditions, promotion, pay etc. It ensures almost complete job security for the beneficiary. The status does not tolerate any external quantitative flexibility and even internal flexibility is difficult. (...) In France, the borderline as regards flexibility lies between the public and the private sector, where employees are less and less protected.
- The importance of the State in relation to the regulation of employment and working conditions. External flexibility, in particular the use of *CDD* [fixed-term contracts] and temporary work, are regulated by an arsenal of laws. Internal flexibility and the planning of work schedules have been regulated by means of successive laws...(...) However, under pressure from the companies, the State allows flexibility in order to save jobs.
- The weakness of collective negotiation. With the exception of State companies and public services, negotiated flexibility is rare in France. In the private sector this is mainly due to the weakness of the unions (9%) and the development of decentralised negotiations agreed to by the company, which range from negotiations with the unions to those with elected personnel representatives, as well as individual negotiations.
- French companies’ choice of external flexibility (redundancies, temporary work, outsourcing) compared with internal flexibility (functional flexibility, work schedule arrangements and polyvalence).’

Within this context, the implementation of new laws at company level seems quite difficult, as the example of the new ‘35-hour law’ (May 1998) shows.

‘This law is aimed at reducing working hours and at job creation, and encourages negotiations between social partners. These negotiations should result in an agreement about a reduction in working hours. The State will give financial aid if the company reduces the annual working hours by at least 10%, and creates or saves at least 6% of jobs. However, a year after the law was passed by parliament, the results were not promising.

On the employers’ side; companies see in the law the scope to increase their efficiency and competitiveness, with the ‘annualisation’ of working hours. For the unions, the law requires a new organisation of working hours in order to be effective, allowing a healthy relationship between professional and private life, improving living and working conditions and creating jobs. This will maintain purchasing power, 35 hours work being paid at the rate of 39 hours.’

## Different negotiation processes

The national reports show that most countries are looking for *both more flexibility, and protective measures*. The content and extent of such measures differ greatly between countries due to the differences in national legislation, labour market situations and industrial relations systems. The national reports give information on such national dimensions, but it is very difficult, from a research point of view, to draw significant conclusions on these issues, given the limited size of our qualitative sample.

Briefly, there seem to be three countries where flexibility strategies are being developed in a context of *institutionalised cooperation between government and (or among) the social partners*: Italy, the Netherlands and Finland. Social regulation is taking place on a more local and individualised basis in France and in the UK, although the reasons for such developments are very different. Whereas in Britain the employment relationship seems to be increasingly implemented on the basis of face-to-face arrangements between employers and employees in the workplace, and no longer with any overall regulation, the French case studies point instead to a lack of institutionalised negotiation between the social partners whereby local agreements can find long-term support – although public regulation remains very much present in France. Germany holds an intermediate position, as the branch frameworks still play a major regulating role, but they appear to be somehow overshadowed by the rapid emergence of new working-time patterns, such as ‘marginal part-time’ work. As for Spain, the modernisation process has greatly changed the situation in Spanish industry, even if it has not been able to tackle the increase in non-permanent jobs, and key problems remain in traditional industrial areas.

If we summarise the examples above, we might conclude that a high level of negotiation mitigates against the downside of flexibility, and stimulates the development of more innovative compromises for both employers and employees. *Still, negotiations can take place at different levels*. The case studies show a whole range, from institutional ‘social pacts’, in Italy, for example, to local agreements, as in the Spanish bank. In the most ideal situation, the different levels support each other, as in the Netherlands case study. These different levels are as follows:

- national level: social pacts, tripartite social consultation, government policies and national legislation;
- sectoral level: sector agreements or pacts and social consultation at the level of the sector;
- company level: company agreements or pacts, and the role of the unions and work councils in the company;
- individual arrangements;
- the level of the workplace (‘job control’).

If we consider all possible strategies of flexibility and all possible impacts, we might say that all levels are necessary in stimulating positive flexibility. But if we look in more detail at the different themes at work in the different scenarios, we can see *a focus on some specific levels and/or processes of negotiation*.



### Scenario 1

The first scenario has underlined *the transfer of OHS problems – both ‘classical’ and ‘new’ risks – to subcontractors or non-permanent workers in a significant number of case studies*. As already stated, this can be prevented at national level. The Finnish report describes wide coverage of OHS protection: the occupational health service system covers 90% of all employees. The Dutch report shows the role of the temporary agencies in the prevention of OHS problems. This role is laid out in the ‘Law on the Allocation of Labour by Intermediary Organisations’.

Figure 4 Collective bargaining issues and levels of negotiation

Scenario	Issues	Levels of negotiation
Scenario 1	Conditions of work Exposure to risk; occupational health and safety	OHS policy and training National, sectoral and corporate levels
Scenario 2	Conditions of employment <i>(Job insecurity, access to training, career prospects, pay differentials, gender segmentation)</i>  Division of labour	HRM policy  Collective agreements, balanced with individual arrangements Sectoral and corporate levels; constructive national measures
Scenario 3	Work organisation  Job intensification or monotony	Job control  Corporate level, with local management agreements

Also, as some case studies have shown, there is a role for *the unions at sectoral level and beyond*. The Spanish report describes clearly the undermining effect of the fragmentation of unions where subcontracting is concerned. The German report stresses the problems in SMEs, where no works councils are active. These are all reasons in favour of a national preventive policy with an eye open to the weaker groups and particular problems (non-permanent workers; smaller companies; the transfer of OHS problems to non-core workers as a defensive strategy by core workers).

The case studies also show the rise of ‘new’ OHS problems related to a flexible and competitive environment, such as work intensity and time unpredictability, both leading to stress. This has clearly been shown in the German case studies, where enormous pressure is put on subcontractors, but also in the Italian automobile factory, where it can lead to unsafe behaviour. The current OHS measures do not seem to have an answer to this yet, as the German report points out.

A final problem that has been mentioned is the lack of OHS instructions for temporary or part-time employees, as in the French retailing case study. *This highlights the need to tackle this scenario both at national level and company level.*

## Scenario 2

In this scenario the problems lie in *access to training, but also in such matters as job insecurity, lack of career prospects and pay discrepancies*. This scenario relates to the increasing division of labour within companies in areas like employment status and working hours (full-time versus part-time) – but also along lines of gender, age or levels of skill.

The key to preventing the development of such a negative scenario seems to lie at *company level*, both through company agreements on training programmes or working-time issues, and through human resource policies with a focus on teamwork, multiskilling and functional flexibility. In several case studies, a decrease in the amount of external flexibility due to a company agreement has been observed, with a shift towards internal flexibility, and we also have examples of agreements on working-time compensation. The case of the UK bank is one of these examples. Although these policies can mitigate against the negative impact of flexibility, they do not always prevent segmentation by gender or level of skill. This segmentation is a more general problem, and is a question not only of human resource management, but also of work organisation. The case studies show little discussion on this topic.

Although this scenario seems to be mainly a matter of company policy and consultation, there are examples of *constructive national measures*. One of these can be seen in the Italian ‘work/training’ contracts. Another example is found in the Dutch case study, where the law provides for a gradual increase in job security for temporary workers and for responsibility in the matter of training on the part of the temporary agencies. This prevents these groups from slipping through the net.

A final problem is raised in this scenario in the way working hours are negotiated, or rather in the lack of control of working-time patterns. The German report highlights that in their diversity and application, the new models of working-hours practices in companies are barely subject to social regulation at all. They are either agreed with work council members and partially adopted outside of collective bargaining regulations, or individually agreed with members of staff. In addition, many part-timers have limited participation opportunities, and the scope for workers with non-permanent contracts to disagree with their working hours or premiums is limited. In this scenario, a distinction can be made between voluntary and non-voluntary part-time work. This raises the question of the possible room for individual arrangements on working time without the disruption of the collectively bargained framework.

## Scenario 3

The positive side of this scenario is *the increase in teamwork and enhanced skills development that accompany functional flexibility in most cases*. When functional flexibility takes the form of teamwork, as in the Dutch case study in food retailing, the training policy covers more groups of workers. In the case of the UK bank, the multiskilling activities mainly concern the higher skills levels and are seen more as a matter of individual employee responsibility.

The downside of this scenario is the increase in the demands of work. The case study in the Italian automobile company stresses this disadvantage of the new organisational model. The



German case study in the automotive supply industry, however, shows that this pressure is accentuated with subcontractors. The increase in job demands is a global problem, as the European survey highlights, and the global increase in job control cannot compensate for it. This scenario is typically *a matter of work organisation and local management agreements*, which does not mean that the problem should not be put on the agenda of national parties.

Figure 4 summarises the different topics and levels of negotiation.

### **Worker participation in a flexible context**

A final important issue related to the role of the labour relations system is the question of *how to organise and/or guarantee workers' representation and participation within a flexible environment*. Several national reports raise this issue, which concerns union membership; a discussion on collective versus individual agreements; the direct or indirect participation of workers under atypical contracts, as well as the issue of the fragmentation of the workforce as a factor in the weakness of the unions.

The Spanish and German reports describe the problems of worker participation in the area of subcontracting. The case study in the Spanish chemical plant shows the difficulties of organising workers in an environment where several subcontractors are working together.

In this case, the unions are recognised and social partners legitimised, and there is a smooth dialogue, yet the policy of subcontracting weakens the regulating framework of labour relations: union membership in the periphery is lower, and different companies work under different agreements or pacts. According to the Spanish report, this tends to reinforce 'core'-company power within the entire industrial relations system.

In both German case studies, union membership among subcontractors is also lower. The German report points to some related problems of worker participation and collective bargaining. It also stresses the issue of worker participation in relation not only to subcontracting, but also to the use of temporary employment, as illustrated by the case study in automobile industry.

The Spanish report mentions the low level of union membership and internal cohesion of the unions as a result of the use of temporary and part-time contracts in the food retailing industry.

The Dutch report highlights the fact that temporary workers' participation is difficult to organise, but at the same time shows an opening towards union representation in the case of the bus company.

As mentioned in the above case studies, the fragmentation that accompanies the 'flexibilisation' of labour points to the question of worker representation and participation in the workplace, especially for those with atypical forms of employment (part-time or non-permanent jobs) and/or in subcontracting positions. This issue has at least two dimensions: it is firstly a problem related

to the lack of formal rules or guarantees with regard to atypical workers' representation and participation; but it also concerns their possible lack of interest and mobilisation, as they are less committed to local workplace issues. As we can see, this is a question of the overall collective bargaining process, as well as a matter of social cohesion, for a more and more heterogeneous workforce.

## Key points

Turning to national debate and legislation, it seems that most regulating measures currently undertaken focus on employment contracts (making them possible and protected) and working-time issues (reduction of working time and regulation of unsocial hours). There is only minimal discussion of functional flexibility, which is linked to company innovation (the Italian case studies) or working conditions (the Dutch case studies). There is little or no political debate on outsourcing.

The idea that strong cooperation between government and (or among) the social partners mitigates against the downside of flexibility on the one hand, and contributes to positive compromises for both employers and employees on the other hand, emerges from our qualitative sample. Nevertheless, the studies point to different processes and levels of negotiation, including:

- government legislation and measures;
- cooperation between government and (or among) the social partners at national level;
- cooperation between the social partners at sectoral and company level;
- individual arrangements;
- an increase in 'job control' in the workplace.

From a research point of view, it is difficult to draw general country-by-country conclusions regarding legislation and negotiation processes, given the limited size of our sample. However, some transversal trends do emerge. There seem to be three countries where flexibility strategies are being developed within a context of institutionalised cooperation between government and (or among) social partners: Italy, the Netherlands and Finland. Conversely, social regulation is taking place on a more local and individualised basis in France and in the UK, even though the reasons for such developments are very different. Whereas in the UK the employment relationship seems to be increasingly implemented on the basis of face-to-face arrangements between employers and employees in the workplace, and no longer with any overall regulations, the French case studies reflect a lack of institutionalised negotiation between the social partners whereby local agreements can find long-term support, although public regulation continues to be prevalent in France. Germany holds an intermediate position, as the branch frameworks still play a major regulating role, but they seem to be somehow bypassed by the rapid emergence of new working-time patterns, such as 'marginal part-time' work. As for Spain, the modernisation process has significantly changed the situation in Spanish industry, even if it has not been able to



tackle the increase in non-permanent jobs, and major problems remain in traditional industrial areas.

All in all, our sample confirmed the idea that the more institutionalised the relationships between government and (or among) the social partners, the more likely positive compromises are to be found at different levels. With this in mind, it is worth observing that subcontracting seems to diversify the industrial relations framework, while there appears to be a relationship between atypical employment status and low levels of union membership. The trend towards the decentralisation of labour relations can be interpreted as a risk for 'weaker' groups in the labour market (the low-skilled, young entrants, women). Working-time patterns seem to be as important as employment status in the evolution of working conditions, but it is less discussed and negotiated in the companies from this point of view.

Such observations raise, in particular, the issue of workers' representation and participation within a flexible context. This issue is twofold: it is firstly a problem related to the lack of formal rules or guarantees towards atypical workers' representation and participation; and secondly, it is also related to a possible lack of interest and mobilisation, as these workers are less committed to local workplace issues. The entire collective bargaining process is therefore called into question here, as strong cooperation between all the parties involved in the 'flexibilisation' of labour processes seems to be an important line to follow.



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## Chapter 6

## Conclusions and recommendations

The overall analysis that has been undertaken in this research leads to the identification of five areas for future reflection and action.

*1. Improve the theoretical frames of analysis of both managerial practices of flexibility and new scope for job control in the workplace*

Research is still needed in the area of flexibility, especially when looking at how flexibility strategies combine. In other words, the issue of the management of flexibility should be examined further, especially when taking into account the types of external constraints which flexibility usually faces. Future research should nevertheless try to clarify the concepts used in the field of flexibility, as strong conceptual differentiation leads to different approaches and results, in particular when looking at aspects of working conditions. There also appears to be a need for improved theoretical models to identify possible new forms of job control and control over working time in the workplace, as a response to work intensification and time flexibility.

*2. Set up a regular process of evaluation of the OHS impacts of flexibility strategies, with the prospect of better European coordination.*

Exposure to risk at work is changing in nature but not in intensity. Occupational health and safety appears to be a major transversal issue for the European workforce within a context of increased flexibility. The national reports make different proposals related to this issue, such as: focusing on OHS issues for atypical workers (Finnish report); widening the access to social protection systems for these workers (UK report); and harmonising OHS regulations at European level (German report). All in all, it seems that a regular evaluation process of the OHS impacts of flexibility strategies would be very appropriate, given the constantly changing working environment. This applies especially to SMEs and subcontracting companies. The levels of – and

actors in – such a process would be diverse, including: stimulating legislative measures, collective agreements at national, sectoral or company levels and greater HRM involvement. The European level should not be neglected either, as OHS issues have now entered a European dimension.

*3. Redesign regular access to training for flexible workers, along with improvements in training methods and career paths.*

The issue of training is very important, as access to training seems to be one of the most differentiating variables among the workforce when examining flexibility strategies. Flexible workers here include subcontractors, part-timers and non-permanent workers. In the case studies, some proposals are formulated: stimulating public intervention, along with tripartite negotiation, on access to training and skills recognition for flexible workers (UK report); the establishment of ‘work/training’ contracts whereby non-permanent jobs would be compensated for by guarantees of access to training in the workplace, with appropriate career prospects (Italian report).

Redesigning regular access to training for a more heterogeneous workforce is probably one of the key challenges for the future for European society. This could encompass significant improvements in training methods, combining on-the-job learning processes and appropriate academic backgrounds. Responses to this challenge could take several routes: new rights for flexible workers with regard to access to training; more training-oriented agreements and negotiations; more value given to vocational training as compared with ‘education’, and skills recognition for atypical workers. The lack of career paths – a determining factor in the reinforcement of a feeling of job insecurity among the non-permanent workforce – therefore strongly calls into question HRM practices at corporate and sectoral levels.

*4. Examine and exploit all the possibilities offered by the organisation of work in order to improve working conditions – beyond the fashionable aspects of functional flexibility.*

The issue of functional flexibility has shown considerable usefulness with regard to working conditions, but this remains limited. It actually appears that most functional developments still go along with some sort of job monotony and/or job intensification. The virtue of functional flexibility as such should not be overestimated. However, the role played by work organisation in the improvement of working conditions is clearly established, despite its being insufficiently exploited and negotiated. To put it simply, changes in OHS policies and access to training or career paths cannot be implemented without major transformation in the area of work organisation. There is still plenty of scope for innovation in this area, at corporate level in particular.

*5. Develop more appropriate and stimulating negotiation frameworks, with a special focus on institutionalised cooperation.*

All the case studies emphasise the role of negotiation in the definition of positive compromises between employers and employees in the field of flexibility and working conditions.

However, the national reports point to different dimensions depending on differences in the local negotiation processes: a more active role in OHS and safety issues from the trade unions,

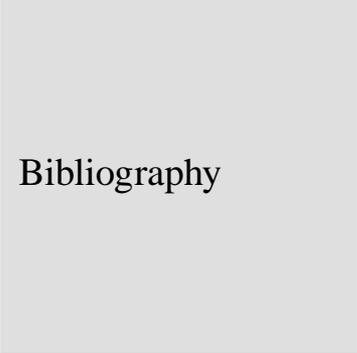


especially with regard to atypical workers (Finnish report); compromises to be reached in the balance between labour market flexibility and social protection (Dutch report); more attention to be paid to European directives and social protection guarantees (UK report); supra-company coordination and negotiation in order to adjust flexibility and predictability (German report), and the importance of institutional agreements between the social partners (Italian report).

The latter is probably one of the key dimensions to be developed in the future: the earlier flexibility develops, the greater the need for some institutional cooperation, as it is likely to be one of the best ways to tackle the aforementioned issues on a holistic basis. As the study has repeatedly demonstrated, fragmented solutions cannot be applied to the improvement of working conditions in the context of a global 'flexibilisation' process.



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*An expanded version of the bibliography, in the form of a European Bibliographical Review, is published in the summary of this report which is available on the Foundation's website (<http://www.eurofound.ie/>).*

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## Glossary of concepts used

Concept	Indicators	Methodology
<b>External factors</b>		
Economic environment	<ul style="list-style-type: none"> <li>demands of the market: competitiveness, fluctuation</li> <li>position within sector &amp; network</li> <li>position on the (inter)national market</li> </ul>	<ul style="list-style-type: none"> <li>study of national figures</li> <li>study of strategic documents</li> <li>management interview</li> </ul>
Labour market	labour market situation: <ul style="list-style-type: none"> <li>level of unemployment</li> <li>filling of vacancies</li> <li>employment agencies</li> <li>vocational training system</li> </ul> demand-side: <ul style="list-style-type: none"> <li>sectoral developments</li> </ul> supply-side: <ul style="list-style-type: none"> <li>demographic developments</li> </ul>	<ul style="list-style-type: none"> <li>study of national figures</li> <li>study of literature</li> <li>management interview</li> </ul>
Legislation	<ul style="list-style-type: none"> <li>European legislation</li> <li>national legislation</li> <li>social security system</li> <li>employment, public policies</li> </ul>	<ul style="list-style-type: none"> <li>study of literature</li> <li>management interview</li> </ul>
<b>Industrial labour relations (internal and external factors)</b>		
Labour relations system	labour relations at corporate and sectoral level: <ul style="list-style-type: none"> <li>presence of trade unions</li> <li>collective agreements</li> <li>union policy and position</li> <li>work council</li> </ul> national context: <ul style="list-style-type: none"> <li>collective bargaining process</li> <li>social pacts</li> <li>role of social regulation and negotiation</li> </ul>	<ul style="list-style-type: none"> <li>study of documents</li> <li>management interview</li> <li>interview with employee representatives in the company (trade union, work council)</li> <li>interview with trade union</li> <li>interview with employer organisations</li> </ul>

Concept	Indicators	Methodology
<b>Company policy</b>		
Strategies on flexibility	<ul style="list-style-type: none"> <li>company strategies on flexibility</li> <li>company motives (short-term, long-term)</li> <li>degrees of freedom for management, management control</li> <li>combination/coherence between different forms of flexibility</li> </ul>	<ul style="list-style-type: none"> <li>interview with production management</li> <li>interview with employees (representatives)</li> <li>study of strategic documents</li> </ul>
Human resource management	<ul style="list-style-type: none"> <li>recruitment and allocation</li> <li>training, management of skills, qualifications</li> <li>career development, internal labour market</li> <li>pay system, pay ladders, pay differentials</li> <li>HRM policy in relation to gender and age</li> </ul>	<ul style="list-style-type: none"> <li>interview with human resource manager</li> <li>interview with employees (representatives)</li> <li>study of strategic documents</li> <li>study of corporate figures</li> </ul>
Occupational health and safety management	<ul style="list-style-type: none"> <li>occupational health and safety programme</li> <li>occupational health and safety infrastructure, committee and/or representatives</li> <li>budget for prevention</li> <li>use of preventive measures</li> <li>use of corrective measures</li> <li>risk assessment</li> <li>information and training in matters of health and safety</li> <li>responsibility for temporary workers and subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>interview with health and safety committee and/or representative</li> <li>interview with HR or production management</li> <li>study of documents</li> <li>interview with employees</li> </ul>
<b>Flexibility</b>		
External qualitative flexibility (production system)	<ul style="list-style-type: none"> <li>subcontracting</li> <li>outsourcing</li> <li>self-employment</li> </ul>	<ul style="list-style-type: none"> <li>study of corporate figures</li> <li>interview with production management</li> <li>interview with employees of subcontractors</li> </ul>
External quantitative flexibility (employment status)	<ul style="list-style-type: none"> <li>employment status and duration of work:</li> <li>permanent contracts</li> <li>fixed-term contracts</li> <li>work through employment agencies</li> <li>seasonal work</li> <li>work on demand/call</li> </ul>	<ul style="list-style-type: none"> <li>study of corporate figures</li> <li>interview with production management</li> <li>interview with permanent and non-permanent employees</li> </ul>
Internal quantitative flexibility (working time)	<ul style="list-style-type: none"> <li>reduction of working hours</li> <li>working overtime</li> <li>part-time work (hours of work)</li> <li>varying working hours</li> <li>irregular working times</li> <li>compressed work week</li> <li>night and shiftwork</li> <li>weekend work</li> </ul>	<ul style="list-style-type: none"> <li>study of corporate figures</li> <li>interview with production management</li> <li>interview with (full-time and part-time) employees</li> </ul>
Internal qualitative flexibility (organisation)	<ul style="list-style-type: none"> <li>functional flexibility and teamwork</li> <li>multitasking, multiskilling, job enrichment</li> <li>job combination</li> <li>teamwork</li> <li>workers' responsibility for: planning, budget, innovation, technology</li> </ul>	<ul style="list-style-type: none"> <li>study of strategic documents and organisation chart</li> <li>interview with production management</li> <li>interview with employees</li> </ul>
<b>Working conditions</b>		
Conditions of work	<ul style="list-style-type: none"> <li>psychosocial job demands (work organisation and work content):</li> <li>job demands (job intensity, pace of work, monotonous work)</li> </ul>	<ul style="list-style-type: none"> <li>observation at the workplace</li> <li>interview with health and safety representative</li> <li>interviews with employees</li> </ul>



Concept	Indicators	Methodology
Conditions of employment	<ul style="list-style-type: none"> <li>• job control (autonomy, support)</li> </ul> emotional job demands: <ul style="list-style-type: none"> <li>• violence, discrimination, harassment</li> </ul> musculoskeletal job demands: <ul style="list-style-type: none"> <li>• position, loads, repetitive movements</li> </ul> physical exposure: <ul style="list-style-type: none"> <li>• vibrations, noise, temperature</li> </ul> chemical and biological exposure <ul style="list-style-type: none"> <li>• job security, employment status</li> <li>• social security protection</li> <li>• (control over) working time</li> <li>• (flexible) payment</li> <li>• access to training</li> <li>• level of workers' participation</li> <li>• access to direct/indirect participation</li> </ul>	<ul style="list-style-type: none"> <li>• study of strategic documents and corporate figures</li> <li>• interview with human resources manager</li> <li>• interview with employee representative</li> <li>• interview with employees</li> </ul>
<b>General impact</b>		
Occupational safety, health and well-being	<ul style="list-style-type: none"> <li>• health problems: stress, fatigue, backache, muscular pains</li> <li>• absenteeism</li> <li>• disablement</li> <li>• occupational diseases</li> <li>• accidents at work</li> <li>• (dis)satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• study of corporate figures</li> <li>• interview with health and safety committee and/or representative</li> <li>• interview with management</li> <li>• interviews with employees</li> </ul>
Cost and benefits for the organisation	<ul style="list-style-type: none"> <li>• productivity</li> <li>• profits</li> <li>• innovation in process and products</li> <li>• competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• study of corporate figures and documents</li> <li>• interview with production management</li> </ul>
Employment	<ul style="list-style-type: none"> <li>• job creation</li> <li>• quality of job creation</li> </ul>	<ul style="list-style-type: none"> <li>• interview with employee representatives</li> <li>• study of literature</li> </ul>
Labour market organisation	<ul style="list-style-type: none"> <li>• labour market flexibility</li> <li>• labour market segmentation</li> <li>• gender and age segregation</li> </ul>	<ul style="list-style-type: none"> <li>• study of literature</li> </ul>
Career development and employability	<ul style="list-style-type: none"> <li>• turnover, job change</li> <li>• development of skills</li> <li>• career paths</li> <li>• job security</li> </ul>	<ul style="list-style-type: none"> <li>• study of corporate figures</li> <li>• interview with (human resources) manager</li> <li>• interview with employees</li> </ul>
Social integration and exclusion	<ul style="list-style-type: none"> <li>• social integration in the workplace</li> <li>• access to training</li> <li>• access to direct/indirect participation</li> <li>• isolated work</li> <li>• risk of social exclusion and social cohesion</li> <li>• poverty, access to work, segmentation</li> </ul>	<ul style="list-style-type: none"> <li>• study of literature</li> <li>• study of national figures</li> <li>• interview with (human resources) manager</li> <li>• interview with employees</li> </ul>
<b>Descriptive variables</b>		
Characteristics of the company	<ul style="list-style-type: none"> <li>• size</li> <li>• (position within the) sector</li> <li>• technology</li> <li>• production structure (division of labour)</li> <li>• control structure (level of centralisation)</li> </ul>	<ul style="list-style-type: none"> <li>• observation at the workplace</li> <li>• interview with management</li> </ul>
Characteristics of the job	<ul style="list-style-type: none"> <li>• occupational group</li> <li>• occupational level</li> </ul>	<ul style="list-style-type: none"> <li>• interview with employees</li> </ul>
Characteristics of the workforce	<ul style="list-style-type: none"> <li>• gender</li> <li>• age</li> <li>• education</li> </ul>	<ul style="list-style-type: none"> <li>• study of corporate figures</li> <li>• interviews with employees, or questionnaire</li> </ul>



Annex

Tables outlining the case studies

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Table 1 Corporate flexibility strategies

	External qualitative flexibility (production system)	External quantitative flexibility (employment status)	Internal quantitative flexibility (working time)	Internal qualitative flexibility (organisation)	Incentives, company motives for change, motives for flexibility
<i>Industry</i>					
Electronics industry (France)	Outsourcing of gardening, catering, cleaning.	Full-time permanent contract ( <i>CDI</i> ). Full-time fixed term contract ( <i>CDD</i> ). <i>Interims</i> (with temporary contracts) doing permanent jobs (more than 30%)	2/8 shift. 3/8 shift (volunteers) Weekend work. <i>Interims</i> must be available all hours No policy for shortening work hours.	Not defined as functional flexibility: mobility, training, polyvalence.	Ultra-competitive market: tight deadlines/market prospects. Polyvalence: resolves absenteeism; avoids routine; creates more fully integrated teams. Weekend work: pays for expensive materials (no downtime). <i>Interims</i> : cost more, but easier to get and to handle; managerial costs lower; gets around rigid labour law.
Automobile industry (Italy)	Subcontracting (22 suppliers in the area around the plant). Specialisation.	Fixed term contracts (all employees hired on work/training contracts).	Night and shiftwork (3 shifts, 6 days a week). Work on Saturday.	Autonomous teams with complete product and quality responsibility Multiskilling, job rotation within the teams.	Strong competition from Japanese firms gave rise to Total Quality System and a new organisational model: the <i>Integrated Factory</i> . Avoiding capital investment, risk of unused production capacity and lower wages as motive for subcontracting. National law provided for hiring youth with work/training contracts.
Automotive supply industry (Germany)	Outsourcing/subcontracting in all of sector: study of entire production chain network, with 3 cases in more detail. Outsourcing sub-processes; subcontracting to flexible sub-suppliers; setting up pre-assembly facilities at the final assembly plant; relocation of production to lower-cost foreign locations.	Temporary employment, aiming at 30%.	Night and shiftwork, weekend work. Overtime regulations to cover daily/weekly fluctuations, with compensation over the year. Part-time work. Homeworking.	Forms of groupwork in management and administrative areas and partly in production areas	All companies work in closely integrated production networks. Worldwide competition, rising diversity in product and supplier demands, tighter delivery cycles, JIT. Risks diverted to subcontractors

Table 1 (continued)

	External qualitative flexibility (production system)	External quantitative flexibility (employment status)	Internal quantitative flexibility (working time)	Internal qualitative flexibility (organisation)	Incentives, company motives for change, motives for flexibility
Printing industry (United Kingdom)	Subcontracting: office/machine cleaning (skilled jobs), catering, security, nursing services.	Some use of temporary employment agency for cleaning (used as part of entry). No clear division between periphery and core	Night and shiftwork Weekend work	Multiskilling (programme for printers). Job combination (merger of traditional craft and craft assistant job) Teamwork (merger of plate-maker and technician jobs to fill in spare time during the night).	Need to respond to changing technologies and extended operating times in newspaper printing. Desire to break down job demarcations between occupational groups. Attempt to balance workloads through job combination. Agency work as path to recruitment.
Food industry (Netherlands)	Outsourcing of catering, security.	Specialised personnel hired from temporary agency (fixed-term contract with agency). Highly educated staff on permanent contracts. Unskilled staff on fixed-term contracts. Unskilled staff on temporary agency contracts for seasonal work.	Three-shift system (night work, no weekend work). 36-hour working week Women in packaging work part-time (morning, afternoon or evening). Compressed working weeks in staff functions.	Production department works in autonomous work groups. Multitasking, multiskilling, job enrichment, job combination in autonomous work groups responsible for planning and budget.	Globalisation of market. Flexible contracts to reduce permanent labour force, prevent redundancies and for seasonal demands in labour. Three-shift system to extend production time of expensive production system Autonomous task groups to improve productivity. Shift from quantitative external to qualitative external flexibility after problems with quality and training.
Chemicals industry (Spain)	Subcontracting: industrial services (maintenance, laboratories, security, support and storage); staff services (cooking, cleaning, transport). Total of 25 subcontracting enterprises operating on company's premises. Peripheral employment is subcontracted. Permanent employment.	No temporary agencies (agreement in collective bargaining).	Shiftwork (three shifts) in direct production Shifts of work (morning, afternoon, night).	Internal mobility (two different functions). Multiskilling for relief shiftworkers Teamwork in the 'core'	Introduction of new technologies. Application pact for the 'Chemicals General Agreement' Changes in work organisation (less hierarchical). Continuous cycle production. Subcontracting as a way to 'dominate and discipline'.
<i>Private Services</i>					
Retail of 'cultural' products (France)		Permanent contract ( <i>CDI</i> ). Fixed-term contract ( <i>CDD</i> ). Combined with part-time. Trend is to hire part-time <i>CDDs</i> .	Weekend and evening work. Part-time work (more than 20 hours). Cost reduction strategy. Maximum level of part-time contracts 20%.		Increasing local competition. Customer demands, longer opening times, seasonal demands. Inflexibility in employment codes and redundancy procedures. Temporary work as recruitment strategy.

Table 1 (continued)

	External qualitative flexibility (production system)	External quantitative flexibility (employment status)	Internal quantitative flexibility (working time)	Internal qualitative flexibility (organisation)	Incentives, company motives for change, motives for flexibility
Food retail (Germany)	Subcontracting of transport (warehouses). Outsourcing of consignment processing (only practised in a few warehouses). Utilisation of external shelf-filling crews (outlets).		Different (night) shift work and working hours models, options for additional shifts and overtime (warehouses). Part-time work and marginal part-time workers+regular overtime (outlets).		Corporate concentration, price competition and stagnation in sales, internationalisation, cost-reduction strategies. Supra-company level cooperation activities in entire chain. Deal with fluctuating work volume and cope with extended opening hours (supply market around the clock with fresh products). Subcontracting option can be used as a threat in negotiations.
Food retail (Spain)	–	Temporary contracts (21% of the cashiers and 41% of the shelf- fillers) from 3-6 months, and short seasonal contracts. Average annual percentage 20%. Short temporary contracts (a few days) to fill absences.	Part-time jobs (38% of the cashiers; 45% of the shelf-fillers): minimum of 12 hours a week, up to 77% of full-time hours. Irregular working hours for cashiers: work on Saturday; working hours change monthly.	–	Control of labour costs, competitiveness through intensity of work. Seasonal work.
Public transport (Netherlands)	Outsourcing of catering, security.	Specialised personnel hired from temporary agency (fixed-term contract with agency). Unskilled personnel on fixed-term contracts. Bus-drivers on fixed-term contracts with agency. For seasonal work also bus-drivers on temporary contracts through agency.	36-hour working week. Part-time bus-drivers scheduled with a special service in working time schedule of bus-drivers. Shiftwork (nights and weekend). Broken shifts (two shifts of total 8 hours within 12-hour period).	Combination of tasks (bus-driver, teacher, first aid, maintenance, administration).	Working-time flexibility to adapt to customers' travel patterns.
Savings bank (Spain)	External subcontracting of some administrative tasks and of cleaning, maintenance and vigilance tasks. Some of the subcontracting companies created with the financial participation of the central company.	Temporary contracts decreased with the increase in subcontracting. Now only students in summer to gain work experience through temporary agencies.	Varying working hours: flexibility in daily starting/finishing hours Single shift only in core working hours. Pressure to extend working hours.	Polyvalence, job rotation. Vertical job enrichment. Team organisation. Internal and geographical mobility.	Automation of processes. Reduction of staff. Reduction of labour costs 'Requalification' from administrative to commercial/management profile. Decentralisation of administrative and service process.

Table 1 (continued)

	External qualitative flexibility (production system)	External quantitative flexibility (employment status)	Internal quantitative flexibility (working time)	Internal qualitative flexibility (organisation)	Incentives, company motives for change, motives for flexibility
Bank (United Kingdom)	Outsourcing (IT functions, cash-handling processes, staff).	Use of agency workers for advisory positions in call centres. Recent conversion to permanent status.	Night, shiftwork, weekend work (attempt to reduce unsocial hours). Overtime in headquarters. Widespread use of part-timers (4-hour day shift). Compressed working week.	Multiskilling/job enrichment (for call centre staff)	Reduction of unsocial hours as a recruitment strategy. Relatively innovative flexibility policies. Combination of union pressure and managerial concern to strengthen cohesion among staff, to develop skills and provide career progression.
Telecommunications (Italy)	Outsourcing of retail selling.	Work/training contracts and temporary agency contracts in customer service.	Saturday/Sunday work = overtime; standby/on call at weekends. Part-time work; shiftwork (7 days a week, 07.00-23.30 or 24 hrs a day); cyclical part-time, banked hours system (customer service).	19% of all external operators are teleworkers. Job enrichment (customer service).	Control over net infrastructure (internal qualitative flexibility in net). Management of demand variability (quantitative flexibility in customer service). Improve quality of customer service (internal qualitative flexibility). Forms of flexibility seem to be tailored to lifestyle of specific groups (women, students).
<i>Public Services</i>					
Bank/call centre (Finland)	At company level: outsourcing of catering, post, cleaning, transport, security and OHS services.	–	Experiment with 6.5-hour working day, including weekends. Two shifts. Three types of schedule. Only small number part-time. Teams free to make individual arrangements.	Implementation of team-based work organisation, 3/4 skill categories in teams, responsible for own set of customers. Autonomy to organise daily staffing. Polyvalence	Highly developed technology. Serving customers at all times and places. Reduction of stress. More productive with shorter working hours and less fatigue. Balance between work and leisure time. Stronger commitment to organisation. To increase employee competence.
City hospital (Finland)		Employment of new personnel through fixed-term contracts for two years.	Initiative concerning working-time arrangements. Shortening of working hours (90hrs/3 weeks). Voluntary participation.	Training for teamwork (work in pairs). Increased participation in the planning of work schedules.	Cuts in budget. Savings in personnel expenditure. Ageing of the workforce. Problems of burnout. Government projects to improve work quality in healthcare.

Table 2 Conditions of work and conditions of employment in the case study companies

	<b>Conditions of work:</b> <ul style="list-style-type: none"> <li>• psychological and emotional job demands.</li> <li>• musculoskeletal job demands and physical exposure.</li> <li>• OHS policy, responsibility for non permanent workers.</li> </ul>	<b>Conditions of employment:</b> <ul style="list-style-type: none"> <li>• (control over) working time</li> <li>• access to training</li> <li>• participation</li> <li>• job security and career prospects.</li> </ul>
<i>Industry</i>		
Electronics industry (France)	<p>Conditions of work judged good (no physical and psychological job demands). Material working conditions of fixed-term contracts worse than permanent contracts. Good relationships with colleagues, recognition by leaders. No discrimination between groups of employees with different employment status.</p>	<p>Problems with work hours and shifts. 3/8 shift voluntary, weekend teams imposed by management and completed by <i>interims</i> (temps). Training an important tool for flexibility in functions. Training of <i>interims</i> on the job. <i>Interims</i> are not badly paid. Assessment for permanent and temporary staff, not for <i>interims</i>. Lack of professional future for <i>interims</i>, 'throwaway' jobs, dependence on the company, lack of qualifications, complete absence of job security for <i>interims</i>. The sought-after <i>CDI</i> considered the ultimate reward. (In fact, the chances are very slim.)</p>
Automobile industry (Italy)	<p>Automation has improved 'old' working conditions (less dangerous), but areas persist with high risk levels related to noise, dust, fumes, chemical substances. At the same time, job intensification due to new organisational model with time constraints. Job rotation reduces the risk of monotonous work. Committee at company level with responsibility for safety, working environment and accident prevention. Safety representative.</p>	<p>Worker participation one of the pillars of new organisational model, but in practice some problems. Teamwork allows greater scope for employees' creativity and continuous learning. Lack of time and insufficient incentives form obstacles to effective worker participation. Great efforts have been made in training and career development; learning centre within the plant. Unequal treatment of qualified personnel and manual workers in training. Career opportunities for all employees. 98% of employees hired on 2-year contract are made permanent afterwards.</p>
Automotive supply industry (Germany)	<p>High performance intensity, extreme time pressure and unpredictability in work; flexible work assignments. Temperature fluctuations, noise, uncomfortable positions. No differences in exposure between different groups of employees (full-time/part-time) within the companies (with the exception of the managerial and administrative staff). Consistent adherence to OHS protection measures. Lower health protection regulation in subcontracting companies.</p>	<p>Too short or inadequate familiarisation and learning process due to time pressure (needed because of flexible work assignment and relocation). Extended working hours without wage compensation. No differences in access to in-house training between full-time and part-time employees, but more career prospects for full-time employees. Temporary workers or workers with fixed-term contracts: no access to further training measures. Direct and indirect influence of employees comparatively low, especially regarding the new working hour models. Lower direct participation opportunities in subcontracting companies.</p>

Table 2 (continued)

	<b>Conditions of work:</b>	<b>Conditions of employment:</b>
	<ul style="list-style-type: none"> <li>• psychological and emotional job demands.</li> <li>• musculoskeletal job demands and physical exposure.</li> <li>• OHS policy, responsibility for non-permanent workers.</li> </ul>	<ul style="list-style-type: none"> <li>• (control over) working time</li> <li>• access to training</li> <li>• participation</li> <li>• job security and career prospects.</li> </ul>
Printing industry (United Kingdom)	<p>High intensity of work due to pressures to meet daily deadlines for newspaper delivery, and recent management practice of understaffing.</p> <p>Deskilling of certain crafts associated with reduced job control and dissatisfaction with new work activities.</p> <p>Subcontracting of cleaning; hazardous tasks, lack of occupational safety and health management in subcontracting.</p>	<p>Erosion of traditional crafts through technical change; some skills' enhancement among printers.</p> <p>New post of 'production assistant' works across departments with some overlap with craft activities.</p> <p>Widening of pay differential between skilled and low-skilled groups.</p> <p>Lack of control over working time: no rotation between day and night shifts; new staff assigned at random; night shift allowance abolished.</p> <p>39- hour week provides a degree of predictability of working hours, but partially offset by short-term changes to meet customer demands.</p> <p>Low job turnover due to: high pay; lack of credentials (older workers); long incremental pay scale (younger workers).</p> <p>Some job insecurity due to subcontracting of work and delays in capital investment.</p> <p>Strong age divide reflects differences in experience and attitudes around current changes.</p>
Food industry (Netherlands)	<p>High level of job demand due to automation.</p> <p>Low level of job control due to recent automation.</p> <p>Carrying loads.</p> <p>Work in noisy environment.</p> <p>No discrimination between permanent and agency workers.</p> <p>Strict health and safety programme for all employees including agency workers.</p> <p>Professionals employed for safety management.</p> <p>Health management responsibility of HRM in collaboration with an external occupational health service.</p> <p>Risk assessment</p>	<p>Job security high for permanent labour contracts, low for fixed-term or temporary contracts.</p> <p>Control over working time through participation in work council.</p> <p>Access to training for all employees, including the agency employees (although the possibilities are diminishing).</p> <p>High level of worker participation, for agency workers after 2½ years.</p> <p>Recruitment of poorly educated personnel through temporary agency.</p> <p>Training of agency personnel by agency.</p> <p>Pay scales settled in collective agreement, also for agency workers.</p>
Chemicals industry (Spain)	<p>For core employees:</p> <ul style="list-style-type: none"> <li>– more autonomy thanks to reduction of hierarchical layers;</li> <li>– less manual labour because of new technology.</li> </ul> <p>For the 'periphery' (subcontractors):</p> <ul style="list-style-type: none"> <li>– risky tasks such as cleaning tanks;</li> <li>– chemical exposure: toxic and inflammable elements with high risk (lead, mercury, gases).</li> </ul> <p>Working conditions and health for core workers controlled by union action.</p> <p>Risk prevention, with pressure from surrounding social actors, international regulations.</p> <p>New safety mechanism in installations.</p>	<p>Higher participation requirements.</p> <p>'Requalification' because of new technology and new organisation.</p> <p>Recognition of collective actors.</p> <p>Access to employment restricted to those with vocational training qualifications.</p> <p>High wages for core employees.</p> <p>Wage level of subcontractors in staff services lower.</p> <p>Industrial services carried out by professional subcontractors, with specialised skills and highly qualified staff.</p>

Table 2 (continued)

## Private Services

	<b>Conditions of work:</b>	<b>Conditions of employment:</b>
	<ul style="list-style-type: none"> <li>• psychological and emotional job demands.</li> <li>• musculoskeletal job demands and physical exposure.</li> <li>• OHS policy, responsibility for non-permanent workers.</li> </ul>	<ul style="list-style-type: none"> <li>• control over) working time</li> <li>• access to training</li> <li>• participation</li> <li>• job security and career prospects.</li> </ul>
Retail of 'cultural' products (France)	Lack of control, bad working relations, severe constraints.	The opening hours affect everyone, but less control over working time for non-permanent staff. Bonus schemes only available to permanent workers. Feeling of 'disposability', no prospects for further improvement. Temporary workers have no right to vote in work councils. Part-timers lack feeling of being a professional/specialist. Temporary workers cannot easily see their professional future
Food retail (Germany)	Rising performance pressure, mediated via performance-linked pay schemes. Hard manual labour. OHS protection is equally effective for full-time as for marginal part-time personnel. Headquarters and the outlets practice a systematic occupational safety and health protection policy (for part-timers and full-timers equally).	Unattractive working hours. Restricted career opportunities. Unfavourable employment conditions, especially for female part-time workers. Both full-time and part-time workers are regarded as the core workforce in personnel policies and in worker participation. The marginal part-timers do not have adequate participation opportunities due to their short working hours. Employment conditions of subcontractors are less favourable (income, training and career opportunities, unattractive working hours). Marginal part-timers are not eligible for social security and insurance benefits; in subcontracting firms they also enjoy less protection via accident insurance policies.
Food retail (Spain)	Tayloristic organisation, standardisation of tasks. Tasks defined in prescriptive rules (System of Personal Development). Repetitive, monotonous work for 70% of employees. Musculoskeletal job demands for shelf-fillers and cashiers (posture, heavy loads). Pressurised work pace for cashiers. Work with customers (cashiers). Working conditions linked to Taylorist organisation of work, not directly to employment status. Pilot scheme to give shelf-fillers more autonomy in their contact with suppliers Existence of ergonomic seating Ergonomics courses for employees Recommendations on changing posture (stand for 5 mins. every 20 mins.) Mock fire-drill.	Low wages. Entitlement to buy shares (2% of annual salary). Only workers who work more than 10 months can buy shares. Job insecurity. Recruitment through social networks. Low level of qualifications, 3-month training course for cashiers. Limited internal promotion, career path only from temporary to permanent contract. Temporary contract renewal linked to good behaviour. HRM policy is management by objectives, related to wages. Participation commissions associated with quality improvement, price control, bonus payments, etc. Main objective to create a common company identity and motivation. Union activity weak.

Table 2 (continued)

	<b>Conditions of work:</b> <ul style="list-style-type: none"> <li>• psychological and emotional job demands.</li> <li>• musculoskeletal job demands and physical exposure.</li> <li>• OHS policy, responsibility for non-permanent workers.</li> </ul>	<b>Conditions of employment:</b> <ul style="list-style-type: none"> <li>• control over) working time</li> <li>• access to training</li> <li>• participation</li> <li>• job security and career prospects.</li> </ul>
Public transport (Netherlands)	<p>High level of job demands and low level of job control in driving schedules.</p> <p>Subject to violence from passengers and other motorists/pedestrians.</p> <p>Posture in driving bus (constant change of driver seats).</p> <p>Vibrations and noise.</p> <p>Occupational safety programme for all employees.</p> <p>No special professionals, but health and safety management responsibility of HRM in collaboration with external occupational health service.</p> <p>Risk assessment, well-being surveys.</p>	<p>Job security for permanent workers, but not for temporary workers.</p> <p>Control over working time through work council.</p> <p>Direct participation of agency workers after 2½ years.</p> <p>Access to training for permanent and agency workers.</p> <p>New bus-drivers selected by HRM, but employed by temporary agency.</p> <p>Training by company (emphasis on service quality).</p> <p>Pay scales settled in collective agreement, also for agency workers.</p>
Savings bank (Spain)	<p>More autonomy at work.</p> <p>Direct responsibility.</p> <p>Ergonomic measures taken: computer screen protection, programmed breaks, ergonomic seats.</p>	<p>Change in recruitment: high level of entry (university students).</p> <p>High level of union membership.</p> <p>Job security.</p> <p>Career path with internal competitive examinations, supported by continuous training; training strategy for managerial and skilled staff; career plan for young workers.</p> <p>Training strategy to encourage polyvalent expertise in financial subjects.</p> <p>Individualised promotion to middle management.</p> <p>Early retirement policy: lengthened holidays 55-58 years.</p> <p>Polarisation in HRM between core (secure) staff and periphery (subcontracts).</p>
Bank (United Kingdom)	<p>Increased work intensity caused by the shift from branch banking to call centres.</p> <p>Reduced job control with daily tasks assigned automatically.</p>	<p>Shift from traditional banking skills to more 'generic'; less technical focus on customer services training for the majority of the workforce.</p> <p>Extended operating hours accompanied by reduced unsocial hours premiums.</p> <p>Erosion of traditional banking career, replaced by emphasis on horizontal mobility of staff across different divisions; alternative notion of career development through multiskilling.</p> <p>High use of agency workers weakens the norm of job security at Bankco; also adversely impacts upon the morale of permanent staff who, as trainers, are dissatisfied with low retention of trainees.</p> <p>Agency workers unable to make long-term career decisions.</p> <p>Call centre work organisation associated with a 'skills gap' in the jobs ladder, limiting opportunities for vertical career progression among low-level staff.</p>

Table 2 (continued)

	<b>Conditions of work:</b> <ul style="list-style-type: none"> <li>• psychological and emotional job demands.</li> <li>• musculoskeletal job demands and physical exposure.</li> <li>• OHS policy, responsibility for non-permanent workers.</li> </ul>	<b>Conditions of employment:</b> <ul style="list-style-type: none"> <li>• control over) working time</li> <li>• access to training</li> <li>• participation</li> <li>• job security and career prospects.</li> </ul>
Telecommunications (Italy)	<p>Telework improved working conditions (more control over work and time). Information for teleworkers. Work in call centre monotonous, part-time work decreases quantity of monotonous work. In accordance with the legal framework, worker representatives for safety and a joint committee. Campaign on effects of electromagnetic fields on humans.</p>	<p>Access to training for teleworkers and all types of 'flexible' worker. Structured training course for people entering the company. Training on the job. HRM policy targeting women, university students, prisoners.</p>
<i>Public Services</i>		
Bank/call centre (Finland)	<p>Highly computerised telephone work. High ergonomic standards. Work in isolation prohibited. Higher job demands. Work on Sundays less hectic. Annual Labour Protection Programme provides guidelines for OHS services. Safety programme and numerous projects to improve working conditions. Training in OHS issues for all employee groups; responsible also for outsourced services.</p>	<p>Nearly all permanent jobs. Good access to training; risk in shortening working hours. Part-timers more selective in participating in meetings. New qualifications needed (flexible attitude). Shorter working day means increased risk of neglecting continuous learning. Problem in division of tasks in teams between employees with different working times. Conflict between strategy of teamwork and payment/scales. Composition of teams and tasks becoming too heterogeneous. Sense of occupational identity for outsourced staff.</p>
City hospital (Finland)	<p>Increase in support. No differences between permanent and temporary workers in physical and mental job demands.</p>	<p>Voluntary participation in part-time experiment. Temporary workers feel they do not have much choice in volunteering. In-house training for entire staff. Experiment linked with training. Increased participation in planning schedules. Temporary workers experienced increase in use of skills, more productive and better information.</p>

Table 3 General impacts of flexibility in the case study companies

	Occupational safety, health and well-being	Labour market organisation, participation and segmentation	Organisational costs and benefits	Other impacts
<i>Industry</i>				
Electronics industry (France)		Disqualification of temporary workers (low skilled); no career prospects for young low-skilled workers. Accumulation of insecurity and isolation. Core workforce mainly consisting of skilled men, and peripheral workforce mainly of women.		
Automobile industry (Italy)	Risks of noise and chemical substances Health effects of shiftwork Increased intensity of work related to new organisational model with emphasis on reduction in time and costs, combined with stress, main cause of accidents.	Temporary work as a bridge. The plant is developing an industrial and labour culture, with effects beyond the company, by promoting and stimulating new economic activities.		Negative effects of shiftwork on private and family life; social and leisure activities abandoned. Longer travelling hours because of the new factory.
Automotive supply industry (Germany)	Increase in stress through flexibility. Neck and shoulder problems, fatigue, headaches and nervousness. Health problems and risks hardly differ according to employment status, with the exception of managerial and administrative personnel.	No indications in terms of 'core' and 'periphery' within the companies. Polarisation and segmentation of staff in different positions. Introduction of flexible working models, with annualised working hours and overtime used as a 'buffer', has led to staff cuts and fluctuations and has not generated positive employment effects. Facilitating access for women to industry, but only in low-skilled jobs. Temporary employment is a growing (low-wage) area; it can be seen as a selection platform, affording access to vacant positions. Growing number of small companies (dependent and outside the collective bargaining process). Flexible work assignments affect older employees more.		
Printing industry (United Kingdom)		Agency work used as a new port of entry into low-skilled permanent positions Age divide reflects polarisation of experience and willingness to adapt to new flexibility policies. New apprenticeship programmes present a clear career path for young printers; continuous training (for new technologies, etc.) relies on ad-hoc, informal acquisition of skills; external mobility possible for young workers with new apprenticeship credentials, but more difficult for older workers.	Belief among managers that monitoring of agency workers reduces the cost of screening potential job applicants. New, lower rate of pay for production assistants brings organisation in line with standard external rate for low-skilled work. Policies of job combination may reduce pressure from staff to increase recruitment.	

Table 3 (continued)

	Occupational safety, health and well-being	Labour market organisation, participation and segmentation	Organisational costs and benefits	Other impacts
Food industry (Netherlands)	Stress among poorly educated men in production, because of automated production line (loss in terms of tasks and control). High level of absenteeism, especially in poorly educated ageing workforce. High level of disability. Low level of job satisfaction (due to automation).	Job creation in high-qualifications jobs and decrease in low-qualifications jobs. Job creation by hiring temporary workers (qualified agency workers). Division between highly/poorly educated employees. Women mainly in packaging. Older workers cannot keep up with higher job demands.	Productivity increased; no difference in productivity between permanent and temporary workers.	
Chemicals industry (Spain)	Increased safety thanks to new technology. Dualism in conditions of work for 'core' and 'peripheral' workers: more dangerous tasks performed by subcontractors. No dualism in job security (all permanent), but staff services get lower wages than core or industrial services.			
<i>Private Services</i>				
Retail of 'cultural' products (France)	Stress as a result of insecurity for the temporary staff, with working hours often in the busiest periods. Physical tiredness for the temporary staff due to lack of training to prevent accidents and back problems.	Accumulation of insecurity (social, economic and psychological) for young workers in fixed-term (part-time) contracts. Temporary workers less integrated in the organisation. Women most often do temporary and part-time work. The less stable jobs are for the young, who are reputed to fit in, be grateful and accept poor working and employment conditions.		Negative impact on family life (working hours).
Food retail (Germany)		Division between areas of full-time, part-time and marginal part-time work in the labour market Gradual reduction in total work volume. Marginal part-time work does not represent a 'bridge' to jobs with better working hours. Gender segregation.		
Food retail (Spain)	Musculoskeletal problems due to Tayloristic work organisation. Safety instructions best known by permanent workers	Temporary and part-time contracts are mainly for women.		

Table 3 (continued)

	Occupational safety, health and well-being	Labour market organisation, participation and segmentation	Organisational costs and benefits	Other impacts
Public transport (Netherlands)	Problems related to bad posture. Problems related to strict driving targets and violence from passengers and traffic. Sick leave of bus-drivers high (lower for agency workers). Level of traffic accidents was high, but improved by education. Dissatisfaction with broken shifts.	Training gets employee better position. Company prefers women and elderly as drivers, but employees are mainly young men.	Agency workers are most productive. Turnover is not high for permanent or agency workers with fixed-term agency contract, but high among temporary workers.	
Savings bank (Spain)	No specific problems.	Tendency to fragmentation: <i>increase</i> in medium-high professional qualifications categories; <i>maintenance</i> of intermediate qualification categories and <i>drop</i> in lower qualifications categories; cleaning and vigilance staff, who are also subcontracted. Growing female workforce.		
Bank (United Kingdom)	Outsourcing had impact on staff morale, feeling of insecurity.	Recent agreement converts a large proportion of agency workers to permanent contracts, in conjunction with a restructuring at the bottom of the jobs ladder. New organisational forms of service delivery (shift from branch banking to call centres) has reinforced gender segregation through greater use of female-dominated part-time work and an increase in the proportion of staff at lower levels of the career ladder. Extended operating hours exacerbate gender segregation through rising use of part-time workers (predominantly women) to fill short daily periods of peak demand.	Overuse of agency workers believed to constrain internal progression of staff to managerial positions, thus limiting organisational performance Inability to recoup training costs associated with high turnover among agency workers.	
Telecommunications (Italy)	Teleworking in the network division, with more responsibility and autonomy, increased job satisfaction, commitment and performance quality. Teleworking, by reducing driving time, reduces accidents on the road.	Job creation in customer services. Forms of flexibility (customer services area) seem to be tailored to different lifestyles of specific groups (women, students, young people).	Teleworking (network division) has positive effects in terms of costs and benefits .	Reduction of stress by reduction in driving time (telework) and more leisure time (network division).

Table 3 (continued)

	Occupational safety, health and well-being	Labour market organisation, participation and segmentation	Organisational costs and benefits	Other impacts
<i>Public Services</i>				
Bank/call centre (Finland)	Continuous changes in team structure causes insecurity and stress.	Risk of marginalisation for part-time workers (participation in training difficult). Employees who have worked 20-30 years in routine tasks have difficulties in responding to new job demands and in developing new skills.	Higher level of sales activity in experiment (higher initial skills of volunteers?)	More time for family life
City hospital (Finland)	Increased mental well-being. Decreased fatigue. No changes in psychosomatic symptoms. No difference between permanent and temporary employees in safety at work.		Decrease in sick leave and occupational accidents.	More leisure time Easier combination of work and family life.

*Table 4* Overview of national industrial relations systems

National level	Case study	Industry level: labour relations, collective agreements	Company level: labour relations	Company level: impact on flexibility and working conditions
<b>Spain</b>				
<p>Labour Reform (1994) - irregular working time.                      Labour Reform (1997) - decentralisation of collective bargaining.                      The April Pacts (April 1997):                      The Interconfederal Agreement for Job Security (AIEE, 1997)                      Agreement on part-time work (max. 77% of full-time hours)                      The Third Agreement (ACV), related to internal flexibility; the definition of labour categories and job content.</p>	Food retail		<p>Anti-union management. Union activities limited by means of network of participation commissions organised by human resources management (3 or 4 times a year).                      Presence of two unions.                      Labour disputes very scarce.</p>	<p>Temporary contracting, high level of job rotation and time contracting leads to low level of union membership and internal cohesion of unions.</p>
	Chemicals industry	<p>Application Pact for Chemicals                      General Agreement - internal mobility and polyvalence (for company employees).                      Provincial Agreement for Metal Works, Provincial Agreement for Cleaning, Provincial Agreement for Catering, The State Agreement for Vigilance and Security (for the subcontractors)</p>	<p>Recognition and legitimisation of the social partners.                      Smooth social dialogue.                      Consultation and monitoring commissions (overlapping for different companies).                      High rate of union membership (90%).                      Worker representatives in core; lower union membership in periphery.</p>	<p>However, subcontracting fragments and diversifies the regulating framework of labour relations.                      Different companies work under different Agreements or Pacts.</p>
	Savings bank	<p>The General Agreement for Savings Banks.</p>	<p>Attempt to change to individualistic human resources policy failed because of high union membership of middle management and legal framework.                      Union membership 35% of all employees.                      Company pact improves the labour conditions agreed in the sectoral Agreement.                      Social supplements, symbolic incentives, seniority.</p>	<p>Unions have been negotiating conversion of temporary employment to permanent, and non-discrimination in wages.                      Agreement at company level (Labour Regulation, November 1997), which includes incorporation of permanent workers and apprentices, fixed-term contracts for production circumstances, use of temporary employment agencies.</p>

Table 4 (continued)

National level	Case study	Industry level: labour relations, collective agreements	Company level: labour relations	Company level: impact on flexibility and working conditions
<b>Finland</b>				
<p>High level of trade union membership (80%)</p> <p>Industrial relations system offers general framework for the development of flexible employment strategies.</p> <p>Nordic welfare state model stresses importance of guaranteeing social and economic productive life for all groups.</p> <p>Comprehensive legislation on occupational safety and health.</p> <p>Occupational health services system covers 90% of employees.</p> <p>Working Time Act (1996).</p> <p>Amendments (1997) on: Contracts of Employment Act, Labour Protection Act, Study Leave Act, aimed at enhancing employment and social security of persons in atypical work, and at making it easier to enter fixed-term employment contracts.</p> <p>Working Time Bank.</p> <p>National Age Programme.</p> <p>Application of collective agreements to all workers.</p>	Bank/call centre		<p>Working-time arrangements resolved inside the organisation (within the rules of the Working Time Act).</p> <p>Working-time schedules resolved in a working-time group, the (call centre) bank has no authority to make its own decisions in these matters.</p>	
	City hospital		<p>Two-year experiment with part-time work begun without negotiations with the union.</p> <p>Experiment based on voluntary participation.</p> <p>Relationship between workers temporarily worsened.</p>	
<b>Netherlands</b>				
<p>Tripartite dialogue ('Polder model') as a basis for legislation with two objectives: to stimulate the economy and protect the workers.</p> <p>New Working Time Law (1995).</p> <p>Shopping Time Law (1996).</p> <p>Working Environment Law (1988, in revision).</p> <p>Law on Flexibility and Security (1998).</p> <p>Law on Allocation of Labour by Intermediary Organisations (1998) plus collective agreement of temporary employment agencies.</p> <p>Law on Health.</p> <p>Law on Unemployment.</p> <p>Work Councils Law (including rights of agency workers).</p>	Food industry	Collective agreement for the sector: 36-hour working week.	<p>Trade union representation.</p> <p>Sectoral collective agreement.</p> <p>Work council</p>	<p>Unions and work council policy directed at increasing protection of all workers and integration of agency workers.</p> <p>Working time flexibility included in collective bargaining.</p>
	Public transport	Driving Time Law.	<p>Trade union representation very high (80%).</p> <p>Sectoral collective agreement.</p> <p>Work council (after 24+6 months of service).</p>	<p>Union and work council policy directed at increasing protection of all workers and integration of agency workers.</p> <p>Working time flexibility included in collective bargaining.</p>

Table 4 (continued)

National level	Case study	Industry level: labour relations, collective agreements	Company level: labour relations	Company level: impact on flexibility and working conditions
<b>United Kingdom</b>				
Deregulation and fragmentation. Drop in union membership. Fall in collective bargaining coverage. Employment policies of the Labour government (1997-1999): • Employment Relations Bill (implementation in 2000) • Fairness at Work White Paper (May 1998) • Minimum Wage (April 1999) • Skills Task Force (March 1998) • Working Time Directive (October 1998).	Printing industry	Weakening of the traditionally strong trade unions in the printing sector by legislative reform 1980s: • Employment Acts (1980 and 1982) • Trade Union Act (1984)	Trade union density high (70%). Staff representation through 'joint staffing council'. No collective bargaining agreement, no negotiation with union representatives.	Absence of unions facilitates management-imposed working-time schedules; reduced bonuses for working unsocial hours, and job combination practices.
	Bank	Restructuring of the financial services sector (1986): • Financial Services Act • Building Societies Act	Trade union density high (80%). Union representation. Example of new style of labour relations encouraged by current government. New 'partnership agreement' with union.	New partnership agreement includes provisions for job security and limited use of agency work, and willingness of staff to consider change in employment practices around working time and multiskilling.
<b>Italy</b>				
Tripartite Central Agreement (23 July 1993) on income policy and employment. 'Employment Pact' (September 1996). Law No. 196/1997 (on fixed-term contracts). Framework Agreement (April 1998) on temporary agency work. Law No. 191/1998 (on teleworkers).	Automobile industry		Company Agreement of June 11, 1993 dealt with working hours, work organisation and reward system. Participation structure (joint consultation committees) deals with health and safety, equal employment opportunities, training, etc., trying to avoid any conflict. These committees do not possess direct bargaining capacity, which is left to the shopfloor union bodies.	
	Social Pact for Development and Employment ('Christmas Pact', December 1998).	Telecommunications	National Collective Agreement for Telecommunications Companies (1997) : telework experiment.	Labour relations well developed. Union density low (24%). Unions and company have been committed to promoting innovative industrial relations participation system through joint committee. Protocol on Industrial Relations signed by the company and the unions (April 1997).

Table 4 (continued)

National level	Case study	Industry level: labour relations, collective agreements	Company level: labour relations	Company level: impact on flexibility and working conditions
<b>Germany</b>				
In view of high unemployment figures, debate on development of working conditions has been more concerned with issues of employment security, with saving and creating jobs, and less with quality of jobs. Deregulation of employee protection. Initiatives for forming social pact (failed). Laws with the aim of stimulating growth and employment and reforming employment promotion (1994, 1996, 1997).	Automotive supply industry	Different industrial unions are responsible for individual companies, and the levels of unionisation vary. Works councils present in the large supplier companies or in companies that are part of a corporate group. Growing number of SMEs in the sector, with weak employee representation.	Work councils are forced to proceed with granting flexibility and approving overtime. Flexibility-enhancing concessions are made by unions, such as the extension of standard weekly working hours without wage compensation. Attempts, however, by unions and work councils, to secure working conditions for all groups in the workforce (establish certain predictability in working hours; set upper limits to overtime; benefits).	Temporary workers and workers with fixed-term contracts are excluded from direct participation.
	Food retail	Extended shop opening hours	Influence of the work councils on the working conditions in the outlets is lower. Influence of union representation in the sector defensive position: competition in the sector weakens the unions; low level of unionisation; companies with no work councils.	Influence on working hours regulations.
<b>France</b>				
Flexibility in France is characterised by the marked importance of the State and a weakness in collective negotiation. Various laws regulate fixed-term contracts ( <i>CDD</i> ) and temporary work ( <i>interim</i> ).  Successive laws on working hours, always subject to amendments. Annualisation, modulation type III (1993) makes 48-hour working week possible with company agreement, on condition that annual working hours are reduced. Law of May 1998 on 35-hour week, aimed at reducing working hours and creating employment.	Electronics industry		Personnel delegates have only existed for a year and remain weak. They are isolated, lack information and management refuses to negotiate with them, especially on the question of the 35-hour working week.	
	Retail of 'cultural' products		Since 1985 the company's three main stores have been governed by a company agreement on negotiated flexibility. An attempt to eliminate the two-day consecutive leave system in 1993 resulted in a strike which forced the management to withdraw.  Unions unable to influence the part-time and temporary work policy. Negotiations on the 35-hour week under way in two stores.	

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# Flexibility and Working Conditions

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The potential for future action in the following key areas is discussed: improving knowledge of flexibility practices and the scope for job control in the workplace; setting up OHS evaluation processes in a flexible environment; redesigning access to training for flexible workers, as well as improving training methods and career prospects; utilising work organisation as a way of improving working conditions; and, finally, developing more appropriate and dynamic frameworks for collective bargaining in this area.

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