In the summer of 1998, 12 million people – more than half the British workforce – were employed in the private service sector, a massive 20% increase over the previous 5 years. By contrast, only 4.7 million were employed in private manufacturing, a figure hardly changed since 1993. The days of Britain as the workshop of the world are long gone; instead we are engaged in “customer service”, and often perform this role in a purpose-built, aircraft hangar-style, modern construction, miles away from our customers. We smile sweetly and mention nice days when we hand over the cappuccino, and offer back massages to stressed out city workers as they ponder the provenance of their next million. We often work at night and weekends, sometimes for very low pay, and usually in a non-union environment.

Conscious of the need to know more about how these new industries work and how workers fare in them, the CEP has been conducting new research in this area, and trying to pull together research going on elsewhere. A few weeks ago, a group of Centre researchers met with academics from across the UK to look at three main themes: the nature of the 24-hour economy and the implications this has for the composition of the workforce, the hours and times they work and how this differs from other sectors; payment systems and levels of pay; and problems of employee representation in a sector that has traditionally been seen as difficult to unionise.

The 24-hour economy
Round the clock shift-working is hardly a new phenomenon. What is new is its recent and rapid extension from manufacturing into services. Can there...
be anyone who doesn’t know that it’s possible to bank or shop at any time of the day or night – even if they themselves don’t use those facilities? The media has become fascinated with the impact these dramatic shifts in the British lifestyle have had on people’s working lives. Susan Harkness of the CEP has found that those employed in services are particularly likely to work part-time, during the evening or night, and at weekends – indeed, in 1998 only 51% of employed men and 38% of women worked full-time for five days a week. More than one in five private service employees work evenings on a regular basis, and nearly a third of service workers are part-time. Women are disproportionately represented in this sector, and these women are likely to be low paid. Using data from the Labour Force Survey, Susan Harkness examined in detail changes in the length of the working week, times of the day worked, and days of the week employed. She then went on to look at how the composition of service sector workers has changed, and concluded by examining the difference in earnings according to the times people work in order to assess whether those working antisocial hours face a double burden of low pay and undesirable hours.

Service workers lose out
Throughout the economy hours of work have increased over the last decade, with more men and women than ever before doing in excess of 50 hours per week. This is because overtime has assumed more prominence; and is especially true in the service sector where the average number of overtime hours each week has increased from four to seven in ten years. Service workers are much more likely to work unpaid overtime than those in manufacturing. They are also more likely to be low paid if they are employed at night. These shifts in working patterns have important considerations both for the organisation of society, and, given the predominance of women in the sector, for the organisation of family life. For example, women with children living in two-parent families are 50% more likely to work evenings than those without, and in a quarter of two-parent households at least one parent regularly works during the evening.

Controlling the workers
One of the striking features of much service sector employment is the problems employers face in organising and managing their workers. Richard Coopey, Sean O’Connell and Dil Porter of the Business History Unit at LSE provided an illuminating example of this with their historical account of the development of British mail order retailing in the twentieth century. Many of the concepts they introduced found echoes elsewhere in the conference’s consideration of service sector work. Coopey and his colleagues described the evolution of a culture of control in the mail order industry and identified four key stages that carry labour controls from the era of the family firm through to the big five mail order companies of the 1990s – companies such as Littlewoods and GUS – with their massive investment in computer-enhanced managerialism, especially in the call centre, nowadays the heart of the mail order operation. The impact of this latter strategy has been, according to Coopey et al, to tighten labour control throughout the entire mail order operation – even including more intense monitoring of the spare time agent who traditionally enjoyed a good deal of autonomy. The capacity to impose an enhanced level of labour control derives from a more forceful, market-driven information processing function and these technological and social aspects of monitoring and control are fundamental to two others papers presented at the conference.

Call centres and control
My own work on payment systems in call centres has seen the ability to monitor input and measure output as being crucial to the choice of payment system by the firm, and I have also examined the consequences of such systems for productivity, financial performance, turnover and absenteeism. Jeremy Bentham first coined the term panopticon to denote an ideal prison; Foucault adopted it as a metaphor for the workplace of the future and our mail order historians talk about the corporate panopticon in their work. The concept of control this term implies is also useful in relation to call centres. As well as being able to measure individual contributions, the automatic call distribution (ACD) technology – which routes calls
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automatically to the next available operator – enables an accurate assessment to be made of team-working. But technical monitoring is not enough to achieve superior performance. Proper performance appraisal, combined with real team leadership, allows a qualitative supervisory dimension to complement the technological measuring and monitoring. It transpires that those centres with organised teams where those teams are the unit for reward have better productivity than centres which rely merely on individual performance pay.

Services and the minimum wage
Of course, call centre workers enjoy on average rather higher wages than many service sector workers. They are likely to retain this edge for the foreseeable future. However, thanks to a unique experiment in social partnership, nearly 2 million workers will receive on average a 30% pay rise in April when the National Minimum Wage (NMW) is introduced. Two-thirds of the beneficiaries of the NMW work in the private service sector. David Metcalf, himself a member of the Low Pay Commission which advises on the NMW, has some particularly insightful observations on low paid occupations, six of which are found in the service sector. He found that when analysing why some people are low paid, there appears to be a specific “occupation effect”, and advances three sets of reasons to explain this effect on the probability of being low paid. The first set involve sorting arguments, including low productivity workers matching themselves with low productivity firms, or some employees (notably women) having a taste for low paid work and accepting lower wages accordingly. Second – and here the monitoring problem raises its head again – it may be that monitoring people in low paid jobs is easier than many others and therefore there is less need to pay efficiency (i.e. above the going rate) wages. Third, the industries may not have any supernormal profits to share with employees, and of course, as these are very low union density firms, there is no union mark up here. He also shows, worryingly, that those in one of the lowest paid occupations this year are more likely to be out of work next year than those in other occupations. (For a fuller discussion, see the following article by David Metcalf.)

The very low paid
Among service workers on the lowest pay scales are those in residential care homes. The CEP’s Steve Machin and Alan Manning have therefore been looking at a very specific labour market, that for care assistants in residential homes for the elderly on England’s “sunshine coast”. That sector corresponds closely to economists’ notion of what should be a competitive labour market, i.e. there is a large number of small firms undertaking the same job in concentrated geographical areas, and the employees are not unionised nor covered by any wage legislation. They have concluded, however, that the competitive model is inadequate to explain the very small amount of wage dispersion there is within firms (or homes in this case) and the large amount between firms.

Machin and Manning have also found that what wage dispersion there is does not seem to be closely related to the characteristics of workers which would normally be associated with higher productivity. So they believe that it is more helpful to think of firms as having considerable discretion in the setting of wages: these firms choose simple wage structures, and workers then sort themselves among firms.

What about the workers?
Workers in care homes tend not to be represented by unions: and this is typical of many workers in the service sector, an area which has traditionally been devoid of a union presence. The TUC is now taking it upon itself – in its New Unionism campaign – to focus on organising and recruiting atypical workers, which can mean women, young workers, or black workers, but can also mean trying to get a foothold in greenfield sites. At the CEP conference, Melanie Simms of Cardiff University described a case study involving the Communication Workers’ Union and its attempts to organise in a call centre. She was interested in why the CWU adopted the “organising” approach, which raises specific issues about the suitability of traditional union structures for “atypical” workforces, and asked whether occupational unionism might be another way of appealing to both employers and employees. In this particular example, the CWU have successfully recruited more
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than half of the full-time employees; but management are not considering recognition, nor have they opened a permanent dialogue with the union.

Sailors do even worse
An altogether bleaker picture of working life was painted by Tony Lane, also of Cardiff University, in his discussion of flags of convenience and the global labour market. Ships and their crews are largely invisible to most of us, even though they shift some 95% of the world’s internationally traded raw materials, primary products and manufactured goods. Until the last quarter of the twentieth century, the industry was dominated by shipowners based in Europe, North America and Japan, and was regulated by nationally-based networks of institutions, legal codes, institutional rules and normative practices. The rapid growth of flags of convenience (FOC) from the mid-1970s subverted all regulation and the greatest impact was on the labour market.

Nowadays, the typical crew is multinational; career paths, conditions of work and shipboard social life, education and training have all deteriorated sharply. Of the 119 vessels abandoned since July 1995, 62 were registered in Panama, the biggest FOC register. Seafarers who work on FOC ships are often given strict instructions not to make contact with the International Transport Federation, or are made to sign contracts in which they promise not to do so. About half of all seafarers earn less than the ITF’s benchmark wage (currently US$1,200 per month) and those working on FOCs face at least twice the risk of being killed at sea compared with those on board the national flags of advanced industrial nations.

Hanging on
Given all this, a recent survey carried out by the ITF, in which seafarers expressed great dissatisfaction with their pay, promotion prospects and general stress levels hardly came as a great surprise. So why do sailors stay on in these conditions? This must be, at least in part, because 23% of seafarers in the survey supported five or more people on their wages, and more than three quarters looked after at least two other people.

It is hardly any wonder, then, that seafarers hang on to their jobs, whatever the difficulties. But what about people doing more ordinary service work? Donna Brown and Steven McIntosh of the CEP looked at levels of job satisfaction and at the relationship between satisfaction and turnover in four other service occupations: hotels, fast food, leisure and retail. Some of their findings might have been predicted: the well-educated, for example, are much less satisfied working in these service sector firms than the less well-qualified; while people in more senior positions were more satisfied. But women and older workers were also likely to be more satisfied. And most surprising was the apparent absence of any link between job satisfaction and worker turnover; those dissatisfied at work are no more likely to leave than their more satisfied colleagues.

All the evidence suggests that private services will continue to expand well into the next century, both as a share of total GDP and in the number of people employed in the sector. As more people are directly and indirectly affected by these changes in the nature of the economy, the implications for British employment trends, the role of work organisation including performance pay and teamwork, and the vexed question of how to give workers a voice will all assume increasing importance. The CEP intends to be at the forefront of the effort to throw more light on these issues.

Sue Fernie is a member of the Firms and Workers programme at the CEP.

A CEP book on industrial relations in the services sector will be published next year.