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## **Delivering flexibility: working time and contractual status in the food processing industry in France and the UK**

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### **Abstract**

In this paper, we investigate to what extent labour market institutions influence the way firms respond to flexibility requirements in terms of human resource management. In order to do so, we consider two contrasting economies: France and the UK. France is highly regulated, whereas the UK is more clearly a 'liberal market economy'. We focus on the food processing sector which is subject to very similar competitive pressure in both countries. Our methodology is based upon plant-level case studies. We explore numerical and functional labour flexibility in terms of outcomes at the firm level. How and to what extent are firms able to deliver flexibility in different institutional contexts? Does this matter in terms of outcomes for workers?

We find evidence that firms use a combination of different forms of numerical flexibility although there appears to be a slight move away from internal flexibility (overtime) to external flexibility (agency workers) in the UK and possibly in the opposite direction in France. The research also seems to suggest that there is not a simple trade-off between numerical and functional flexibility. In France, the organisation of work indicates a more functionally flexible core, with a less skilled, numerically flexible periphery. However, in the UK there is little evidence that firms are utilising the core workforce in a similar way. Part of this may be due to the more stable workforce found in most of the French plants. But perhaps more importantly, this is likely to be due to the high cost of labour in France which creates an incentive for firms to replace many of the lowest skilled jobs by machines.

**Keywords:** labour flexibility, food processing, labour market institutions

**JEL codes:** J53, J81, O17

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## **1. Introduction**

Much debate over recent years has focused on the extent to which competitive pressures, whether internationalisation or globalisation, are undermining the role of market regulations (especially labour market regulations) and erasing the differences between countries. As Hall and Soskice (2001) put it ‘Will institutional differences among nations [...] remain significant or will the processes of competitive deregulation unleashed by international integration drive all economies toward a common market model?’ (2001: 55). Attention has been placed predominantly on exploring the nature of changes to government policies and the institutional framework, yet this may be problematic in identifying outcomes in practice. Coates, for example, claims that we are witnessing ‘a convergence of effects’ where the ‘architecture of institutional arrangements may not be changing, but what this architecture delivers (especially for workers) definitely is’ (2000:260). Others stress that ‘diversification and convergence coexist’ with an increased variation within countries while differences between countries decline (see Streeck 1998, Katz and Darbishire 2000). A result of these more sophisticated analytical positions, as Barton and Turnbull (2002: 136) note, has been a recurrent call for a move away from the predominant focus on the institutions and regulations forming a ‘national system’ to a study of changes within specific firms and sectors (the micro and meso) integrated with the macro level.

The limited number of studies that have adopted a comparative sectoral approach have already shown some varied outcomes. Royle’s study of the fast food industry stands out as an example of where the ‘sectoral logic’ has rendered industrial relations systems ‘impotent’ (2004:62). Although other research on the dock, airline and engineering industries have also found sectoral characteristics to be important, differences both in institutions and outcomes persist (Martinez Lucio et al. 2001, Barton and Turnbull 2002, Colling and Clark 2002). These types of integrated analyses show that the impact and nature of competitive pressures on outcomes varies by sector and by country, reflecting in part the range of institutional structures as well as the ‘informal processes of labour regulation’ (Barton and Turnbull 2002:136).

One central aspect of the institutional and regulatory infrastructure is the issue of labour flexibility. Flexibility refers both to the ‘form in which labour is contracted and... the scope for varying labour inputs’ (Esping-Andersen and Regini 2000: 16-17). Typically labour flexibility is characterised in terms of numerical flexibility (the ability to vary the number of hours and workers employed) and functional flexibility (the ability to move workers between different tasks). The mantra of flexible labour markets as a key source of firm and country

competitiveness has been prominent on the political agenda within Europe since the OECD's 1994 Jobs Strategy and the EU's European Employment Strategy (Casey 2004). Signs of labour market 'reforms' in continental European countries have often been held up as indicators of moves towards a more Anglo-Saxon liberal market economy, while resistance to such changes has been presented as indicative of the resilience of divergent forms of capitalism (eg. Schmidt 2003).

Existing research on labour flexibility has tended to focus at the national level and has been overwhelmingly concerned with the impact of employment protection legislation (EPL), thereby dealing with only one specific type of flexibility, that is external numerical flexibility. The most recent OECD Jobs Strategy concludes that the effect of EPL on levels of employment and unemployment 'is small' (OECD 2006:96). However, there are claims that more regulated standard jobs are associated with higher levels of temporary and other non-standard contracts (see Polavieja 2005:254). Although there are a number of studies at the aggregate level (see also Esping-Andersen and Regini 2000), they provide little indication of how different forms of flexibility are used by firms, and how they affect the experience and quality of employment.

In this paper, we explore numerical and functional labour flexibility in terms of outcomes at the firm level. How and to what extent are firms able to deliver flexibility in different institutional contexts? Does this matter in terms of outcomes for workers? In order to explore these questions, we focus on the food processing sector in two contrasting economies: France and the UK. France is highly regulated and, referring to the typology of Hall and Soskice (2001), closer to the 'coordinated market economy' type<sup>1</sup>, whereas the UK is more clearly a 'liberal market economy'. In relation to the flexibility of labour they offer very distinctive national systems of institutions and regulation. Food processing is a sector that is of vital importance to both countries and provides a relatively large number of jobs for manual workers. It is also subject to both seasonal variation and increasing short-term demands for order changes from the ever more dominant and concentrated retail sector. As food processing covers a large and varied product range we focus on the subsectors of meat processing and confectionery, and confine ourselves to the largest group of workers - process operatives. Meat processing deals with highly perishable, often country-specific products that are increasingly supermarket-driven, providing jobs that tend to be 'bottom-end' (Dench et al.

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<sup>1</sup> According to Hall and Soskice (2001: 21), France is in fact in an 'ambiguous position'. Indeed, more than being 'coordinated' by different types of cooperation between the players, the French economy is highly regulated by State intervention.

2000). The confectionery sub-sector is more capital intensive, led by multi-national companies in a more brand-oriented market.

The paper is structured as follows. Section 2 highlights some of the key differences in the institutional environment between France and the UK that relate particularly to aspects of labour market regulation. Section 3 presents the characteristics of the meat processing and confectionery subsectors identifying the increasing role of flexibility in meeting the competitive challenges. Using evidence from 13 case studies, Section 4 examines the similarities and differences across the countries in the utilisation of different types of labour flexibility. Section 5 assesses the extent to which institutions matter in shaping firms' competitive approaches and employment practices and the impact these have on workers. The paper concludes by arguing that different forms of labour market regulations and institutions operating alongside similar competitive pressures have led to forms of dualism in both countries. However, the extent of convergence of outcomes for workers has been limited.

## **2. Labour market institutions in France and in the UK: the wide gap**

The gap between French and British labour market institutions is probably one of the most important in Western Europe (see Table 1). In recent years, the UK has been consistently praised by the OECD for its low levels of labour market regulation in comparison with 'sclerotic' countries such as France. At a fundamental level the law is central to both the setting and procedural rules in French industrial relations, while the UK remains (largely) wedded to a voluntarist system (Coutrot 1998). France is characterised by close to universal coverage of collective bargaining despite low union membership, based predominantly on sectoral (branch) agreements and the principle of legal extension. In contrast, the UK has a fragmented and decentralised system of collective bargaining that covers only around 30% of the workforce albeit with a much higher level of unionisation. Both countries have a national minimum wage that is slightly higher in France and much closer to the median wage than in the UK. Of greater significance are the variations in the additional social contributions that employers have to pay that can substantially increase unit labour costs in France. While in the UK employers pay an additional 11% of the wage for most workers, in France social contributions add an additional 14% to the costs of employment for minimum wage workers rising to 40% for those paid one and a half times the minimum wage.

**Table 1. Institutions regulating wage determination and labour flexibility in France and in the UK**

	<b>France</b>	<b>UK</b>
<b>Minimum wage</b>		
Gross hourly wage (2006)	€8.27 <sup>†</sup>	£5.35
% of median hourly wage (2002) <sup>*</sup>	61%	44%
<b>Collective bargaining</b> <sup>**</sup>	Sectoral collective bargaining: 92.5% coverage	Decentralised, low levels of coordination: 32.5% collective bargaining coverage
<b>Union membership</b>	8%	29%
<b>Employment protection: overall strictness for regular employment</b> <sup>***</sup> OECD scale 0-6 + rank	2.5 9/28	1.1 27/28
<b>Temporary contracts</b>	'Objective situation' only, maximum duration 18 months, 10% wage premium, equal treatment	No restrictions on use, must transfer to permanent status after 4 years, equal treatment
<b>OECD scale and rank</b> <sup>***</sup>	4.0 (3/28)	0.3 (24/28)
<b>Temporary agency contracts</b>	'Objective situation' only, maximum duration 18 months, pay parity + 10% wage premium, social benefits parity No entitlement to seniority premium	Extremely limited restrictions on use No requirement for pay/benefits parity
<b>OECD scale and rank</b> <sup>***</sup>	3.3 (6/28)	0.5 (19/28)
<b>Working time</b>	35 hours per week averaged over the year, maximum of 48 hours a week	48 hours per week averaged over 3 months (or more), ability to 'opt-out'
<b>Working day (maximum)</b>	10 hours	no maximum

Notes: \* Source: OECD Earnings Database.

† At consumer price purchasing power parity in 2006, this is equivalent to £5.72

\*\* Source: OECD *Employment Outlook* (2004a)

\*\*\* Source: OECD *Employment Outlook* (2004b)

The regulation of employment contracts is relatively strict in France, particularly in relation to the use of temporary contracts and agency workers. Those engaged in both these forms of contracts are entitled to pay and benefits parity with permanent workers and also receive a 10% premium to compensate for their precarious status. In the UK, temporary workers are covered by European directives on equal treatment, but agency workers have no such rights either in terms of dismissal or parity in pay and conditions. The other key difference is in the form of working time regulations. In France the 35 hour law has both restricted the number of hours worked over the year and heralded a new flexibility in the allocation of working time

(Askenazy, 2000). In the UK working time regulations remain minimal with weekly hours limited to 48 (subject to averaging) and with individual workers able to opt-out and work longer. British employees work far longer annual hours than in France, despite twice as many working part-time (see Table 2).

**Table 2. Employment by type of labour contract in France and the UK**

	<b>France</b>	<b>UK</b>
<b>% of total number of workers</b>		
<b>Open-ended</b>	86.3	94.4
<b>Fixed term</b>	7.7	2.6
<b>Other (eg. agency, casual, interim, apprentices (France), seasonal)</b>	6.0	2.9
<b>Part-time (less than 30 hours)</b>	12	23
<b>Hours worked 2005 per person (number of hours)</b>	1446	1652

In contrasting the different levels of formal rules and regulations, we might expect to find that employers’ actions are more restricted within France and that there is less opportunity to pursue strategies of numerical flexibility. This may result in a greater level of functional flexibility as movement between jobs is used as a substitute for the ability to vary the number of workers to match business needs (see Lloyd 1999, Cappelli and Neumark 2004). However, aggregate data indicate a higher use of non-standard employment contracts in France than in the UK leading some commentators to argue that there is a strong ‘insider’/‘outsider’ phenomenon operating in France (Krugman, 1994). This is not just between those in employment and the unemployed but also between those on permanent contracts and those on precarious contracts. Some firm level comparative studies have scrutinised the effect of EPL in France and the UK. Barret, Morton and Siebert (2003), using data from three multinationals with matched plants, found that French plants were more selective in hiring, used more temporary workers and had lower levels of labour turnover. The research, however, provides little indication of what these different forms of practices mean for the quality of work across the two countries.

**3. Competitive pressures in the French and British food processing sector**

*An overview of the industry*

Food processing is of prime importance in both countries, with food, drinks and tobacco being the leading manufacturing sector in terms of sales (€146b in France and £82b (€122b current exchange rate) in the UK in 2004) and third in terms of employment in France



(606,000 workers in 2004<sup>2</sup>) and first in the UK (470,000 in 2005 (ABI 2006)). While the French industry has been expanding and is now the largest producer in Europe, the UK sector has been in relative decline, moving from first position in the early 1980s to the third largest producer today.

Food processing has a number of common characteristics in both countries. It is a relatively low-tech and labour intensive sector. Capital intensity is below average: €18, 000 per worker (compared to 180 in the rest of the manufacturing sector) in France. Moreover, R&D expenditure as a proportion of turnover is very low: 0.6% in France and 0.5% in the UK (compared to manufacturing averages of 4% and 3.2% respectively). Openness to foreign trade is moderate: only 10% in France and, despite growing levels of imports, only 28% of the market in the UK (Mahajan, 2004). This is largely due to the perishable and/or bulky nature of many products and to idiosyncratic tastes which reinforces the competitive advantage of home production (Dench *et al.* 2000).

Another feature of the food industry is the high proportion of low-skilled jobs. Around 65% and 63% of those employed respectively in the French and UK food processing sector are manual workers (as compared to 30% and 31% for manufacturing). 44% of the French workers are described as ‘unskilled’ (compared to 32% on average), while just over 50% of UK workers have no or very limited qualifications (ie. below a level 2) compared to only one third of the population as a whole (Leitch 2005, Improve 2006). In both countries, men make up the majority of the workforce (60% in France and 65% in the UK), with women being over-represented in lower skilled jobs, particularly packing. In the UK, pay rates for most process operators are low, with around one third of all workers, and over half of women, paid below two-thirds of the median hourly wage. However, rates are quite varied, with the top fifth of operatives earning over £10 per hour in 2006 and the bottom quarter paid less than £6 per hour (James and Lloyd, 2008). The situation is quite different in France where the wage distribution is much more compressed: only 12% of workers earn less than two-thirds of the median hourly wage (Caroli, Gautié and Lamanthe 2008) Nonetheless, evidence indicates that working conditions are very similar in both countries: work is often repetitive and boring, particularly where there are high levels of simple automation, it can be physically painful, and health and safety is often very poor (HSE 1999, Dench *et al.* 2000, Caroli, Gautié and Lamanthe 2008, James and Lloyd 2008).

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<sup>2</sup> All French statistics come from a common source: the Alisse database provided by the national statistical institute (INSEE).

Despite the low-tech nature of much of the food processing industry, confectionery stands out as a more advanced sector than meat processing. Meat processing is larger in terms of output and employment, but value-added per employee is well below average in both countries<sup>3</sup>. Labour costs represent more than 60% of value-added<sup>4</sup> and there are relatively low levels of capital intensity. In contrast, confectionery is above average in terms of value-added per worker<sup>5</sup> and labour costs are much lower than in meat processing, particularly in the UK<sup>6</sup>. Confectionery is also more concentrated: in both countries, the three biggest companies<sup>7</sup> account for more than two-thirds of the market.

#### *Increasing pressures and rising requirements in terms of flexibility*

Competitive pressures at play in the food processing sector in France and the UK have been strikingly similar in recent years and these pressures have increased in both confectionery and meat processing. The main reason is the increasingly concentrated domestic retail markets in both countries (in particular in the UK where the biggest four supermarkets account for 62% of all grocery sales – see DEFRA, 2006). Competition between supermarkets is fierce and often based on price so that the downward cost pressures on suppliers is intense (Canivet, 2004). Moreover, in order to cut their stocks to a minimum, retailers have introduced ‘just-in-time’ systems. This shifts the burden of demand fluctuations to suppliers, for example when launching promotional campaigns, thereby increasing the need for short-term flexibility in delivery. The meat sector is more vulnerable to these changes not only because of the greater dominance of supermarkets in this area but also because of the highly perishable nature of the product that restricts the ability of producer firms to hold stocks. A vast majority of meat sales are through supermarkets (70% of sales turnover in 2005 in France and around three-quarters of sales in the UK), where extensive use is made of discounting. Supermarket own-label products are predominant in the UK accounting for over 80% of red meat sales while they are far less significant in France at an estimated 23% of all meat sales (MLC 2006). In addition, the UK suffers more from cheap imports than France in this area which further places downward pressure on production costs. Profit margins in meat processing are particularly

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<sup>3</sup> £30.5k in meat processing compared to £42.2k on average in the manufacturing sector, in the UK. €45k in meat processing compared to a manufacturing average of €62k in France (French figures have been computed on the sub-sample of firms with more than 20 workers).

<sup>4</sup> 63% in the UK and 68% in France.

<sup>5</sup> £91k in the UK and €75k in France.

<sup>6</sup> 31% of value-added in the UK and 55% in France.

<sup>7</sup> Cadbury, Masterfoods and Nestlé Rowntree in the UK. Cadbury, Haribo and Wrigley in France.

low in both countries at an average of 1.75% in the UK and 4.7% in France (these figures are not comparable because of differences in accounting conventions).

The confectionery subsector has fared better with higher levels of branded products, particularly in the UK with less than 10% retailers' own labels. Supermarkets are also far less important as an outlet for sales as the majority of confectionery products are sold in smaller outlets – convenience shops and petrol stations as well as specialist shops. In France, large retailers play a more central role with a relatively high level of supermarket-label products. Profit levels are generally higher than in meat processing, at an average of 4.3% in the UK and 8.6% in France, with two of the three largest companies in the UK consistently reporting profit margins of at least 10%. Nevertheless markets are stagnating in both countries, with MNCs responding by the rationalisation of production facilities, closure of plants and job losses.

Apart from cost pressures, producers in both countries have faced stricter hygiene requirements and quality standards. To some extent this is due to consumers being increasingly concerned by health issues; in meat BSE, bird flu and foot and mouth disease have all heightened the profile of hygiene. More stringent regulations passed at the European level have also played an important role (for example on quality traceability), as have the quality requirements imposed by large retailers which can be particularly strict for own-label products.

Common competitive pressures can be observed across the two countries. Keeping costs down while providing high levels of flexibility in delivery is a key issue for meat producers. In confectionery, maintaining market share, rationalising production and cutting costs are of prime importance. A number of manufacturers are also seeking to diversify production and increase their share of high value-added branded products in order to increase profitability and/or reduce their dependence upon retailers. This implies, for some companies, smaller and more numerous batches, and therefore rising flexibility is needed in the production process.

#### **4. Various roads to flexibility: some empirical evidence**

##### ***4.1. Methodology***

To examine whether and how fairly similar competitive pressures are mediated by different institutional frameworks, we undertook plant level case studies in the two countries. It is only by exploring the micro level that we can see how these practices take shape and the impact they have on the workers involved. The focus was on the job of food process operative which

accounts for the largest group of workers in the industry and those directly linked to the production process. Operative is a broad description and covers a range of tasks. The most simple jobs involve routine manual operations, such as hand packing, placing products on or off a line or using dedicated pieces of machinery, such as sweet wrapping machines. These jobs are highly repetitive with very short cycle times. Off-line jobs might include making boxes, palletising or moving products from one area to another. Quality control, for example checking temperatures or bacteria levels, may be part of the operative role or might be designated to a separate quality function. Less routine operative jobs may entail responsibility for a specific area, piece of machinery or line within the production process. In these cases they are more likely to work in small teams, and tasks could include reconfiguring the line for different products and, in some cases, working across a number of different lines. In confectionery, the operatives' roles can be more complex as the process is subject to variation as a result of factors such as external temperatures and slight differences in the ingredients. This makes it necessary for operatives to intervene even where there is automation.

Table 3 identifies the key characteristics of the seven French plants and the six UK plants included in the research. Firms were chosen on the basis that they employed more than 50 workers, with an aim of achieving a combination of mass producers and large/small batch producers. In meat processing, initial attempts were made to focus exclusively on processed pork products but this was extended to include processed chicken in the UK. Extreme difficulties were experienced in gaining access to plants in both countries and, as a result, these plants cannot be seen to be either representative or matched across the two countries. This does provide limitations to the comparability of the plants and their products but does not preclude us from identifying common trends and patterns, and more importantly analysing how the firms react given their particular product market. Plants also have to be seen not just within their own institutional and regulatory environment and the context of differing macroeconomic conditions but also in relation to their local labour market and workplace industrial relations. Reflecting the different structures of the market, the UK meat companies only produced supermarket own label products, while the French meat plants also manufactured their own brands – some of which could be classified as high quality. In contrast, within confectionery the UK plants were predominantly selling branded products, while the French companies were again more mixed. While potentially the best employers are probably excluded (the major MNCs operating in the confectionery industry declined to take part), it could be assumed that the companies that did agree access are providing examples of the better-than-average employers in this sector.

For all but one of the cases<sup>8</sup>, one or two day visits were made to the plants during 2005 and 2006. Face-to-face individual interviews were conducted in each of the companies with a range of managers, team leaders, production operatives, trade union and employee representatives. The interviews ranged in length from between 30 minutes and one hour for operatives, and from one to two hours with managers – all but a handful of interviews were recorded. In total, 75 interviews were conducted in the French plants and 70 in the UK plants. In most cases, a range of additional data was provided by the company in relation to business activities and personnel issues. Interviews were undertaken with a number of managers of temporary work agencies serving some of the relevant plants. Reflecting the centrality of the sectoral level in France, a further 22 interviews were held at the branch and/or regional level with professional and employers' organisations, trade union delegates, relevant actors in the field of training and working conditions and labour inspectors.

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<sup>8</sup> One UK case access to the company was refused, with interviews being conducted with a local union official and a workplace union representative.

**Table 3: Case study companies**

	Confectionery						Meat						
	France			UK			France				UK		
	Chochris	Chocind	Regsweet	Chocs	Sweetco	Novelty	Canpat	Hambac	Multiprod	Regsaus	Clucks	PoultryCo.	BaconCo
<b>Ownership</b>	Mid-sized French	Mid-sized French	Single site French	Mid-sized Europe	Single site UK	Two site UK	Single site French	Large USA	Two site French	Single site French	Mid-sized USA	Large USA	Mid-sized UK
<b>Workplace size Employees</b>	200-300	100-150	Up to 100	100-150	100-150	500-750	100-200	500-750	500-750	Up to 100	500-750	500-750	100-150
<b>Production</b>	Batch to mass	Mass	Batch	Large batch	Mass	Batch to mass	Batch to mass	Mass	Large batch	Large bass	Large batch	Large batch	Mass
<b>Market position</b>	High end	Low end	High end	High/Mid market	Mid market	Mid market	Mid market	Low end	High/Mid market	High end	Mid market	Low to High end	Mid market
<b>Company brand/retailer own label</b>	Brand/own label	No-brand	Brand/own label	Brand/own label	Brand	Brand/own label	Brand/own label	Brand/own label	Brand/own label	Brand/own label	own label	own label	own label
<b>Unionised</b>	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes
<b>Total Interviews</b>	15	9	10	17	8	11	15	17	9	15	18	14	2

#### 4.2. Firms strategies in terms of flexibility and their outcomes for workers

Companies in both France and the UK were subject to varying pressures to respond flexibly to both cost and delivery demands. All of the case study organisations were faced with some variations in production demands according to the season; confectionery had higher levels of demand at Christmas and Easter and meat products peaked at Christmas and during the summer. At five plants, these fluctuations were extreme. Regsweet, Chochris and Chocs generated between 60% and 70% of their turnover in the Christmas period. Regsaus increased output fivefold each winter and Novelty had two thirds of output derived from Christmas and Easter products. The expansion of sales via super/hypermarkets (see section 3) also increased the short-term variations in production, particularly for the meat processing companies. In some cases this was brought on by promotional campaigns and in others by last minute changes in orders, for example due to a ‘sunny spell’. At Regsaus, a sausage producer, promotions could lead to a rise in output of 30% from one week to the next.

**Table 4: Predominant forms of flexibility**

	High level of seasonal/ short-term fluctuations	Internal numerical	External numerical	Functional
<b>Confectionery</b>				
<b>Chocs (UK)</b>	Seasonal	Annualised hours	Agency workers	-
<b>Sweetco (UK)</b>	-	-	Agency workers	-
<b>Novelty (UK)</b>	Short-term Seasonal	Overtime	Agency workers	Across production lines
<b>Chocind (F)</b>	-	Annualised hours	Agency workers	Some job rotation across lines
<b>Regsweet (F)</b>	Seasonal	Annualised hours	Seasonal workers agency workers	Across production lines, job functions and departments
<b>Chochris (F)</b>	Seasonal	Annualised hours	Seasonal workers	Across production lines Polyvalence and multiskilling (in progress)
<b>Meat</b>				
<b>Clucks (UK)</b>	Short-term	Overtime	Agency workers	-
<b>Poultryco (UK)</b>	Short-term	Overtime	Agency workers	Limited across production lines
<b>Baconco (UK)</b>	-	Overtime	Agency workers	-
<b>Canpat (F)</b>	-	Annualised hours	Agency workers	Across workshops Polyvalence and multiskilling, accredited training
<b>Hambac (F)</b>	-	-	Fixed-term contracts agency workers	Limited across production lines
<b>Multiprod (F)</b>	-	Overtime	Fixed-term contracts agency workers	Polyvalence and multiskilling, accredited training
<b>Regsaus (F)</b>	Seasonal Short-term	Annualised hours	Seasonal workers agency workers	Seasonal: across skilled and low skilled jobs, polyvalence and multiskilling

The companies were also facing very different competitive environments reflecting the general patterns of the subsectors outlined in the previous section. All three UK and two French (Hambac and Canpat) meat processors were struggling to make a profit placing additional burdens on them to cut costs. This was less the case for Multiprod (F) and Regsaus (F), who were able to produce some own brand high quality products. The confectionery companies were generally in a better financial position than the meat processors in the UK, although Sweetco had a large debt to service following a management buy-out. However, such a systematic gap was not observed across subsectors in France.

The following sections explore how the companies use different forms of labour flexibility as a means to meet these changing business demands as well as to control or cut labour costs. We focus on three main areas: internal numerical flexibility, external numerical flexibility and functional flexibility. Table 4 summarises the nature of demand fluctuations and the key forms of flexibility found within the case study firms.

#### *Internal numerical flexibility: organising and adjusting working time*

Internal numerical flexibility can enable organisations to deal with some fluctuations in production by adjusting working time. A shift system was widespread in both countries – the exceptions were Canpat (F) and Baconco (UK), covering anything from 16 to 24 hour a day operations. There were some clear differences in the extent and ways in which companies obtained internal numerical flexibility. ‘Annualisation’ accompanied by a strict limit on the maximum working week was common in the French firms, while the British firms relied much more on paid overtime with, on average, a much longer working week.

In five French firms, ‘annualisation’ was adopted when the 35 hour law was implemented with working time computed on a yearly rather than on a weekly basis. Each firm had its own form of annualisation – with higher working time during the peak season (up to 45 hours in Canpat and 47 hours in Regsaus), and lower the rest of the year (down to 21 hours i.e. three days a week during some periods). Legally, two weeks notice should be given for expected changes to the time schedule (and three days for unexpected changes), but this was not always respected. In contrast, only one firm in the UK had a system of annualised hours, adopted by Chocs in 2000, and this was far more flexible than in the French companies. Operatives had been transferred from a fixed day of 8am to 4.30pm to working varied shift patterns: 10 hours a day, five days a week for between three and four months of the year, eight hours 15 minutes a day, five days a week on a two shift rotating system for



several months and then a fixed eight and a half hour day of between two and five days a week for the rest of the year. Similar to the French plants, two weeks notice was supposed to be given for changes in working time but this was often overlooked.

At Chocs, it was not uncommon for workers to be asked to ‘volunteer’ to go home early (and work longer another day) or stay later after their shift had finished (work less another day) in order to match numbers more closely to production demands. ‘Volunteering’ also took place in some French firms, such as Multiprod, but was not a regular occurrence. In both countries, the plants with annualised hours had seen an almost complete loss of paid overtime which had major consequences for monthly earnings of some workers. In the case of the French Regsaus, which was located in a relatively tight labour market close to the Swiss border, this had led some male workers to quit.

The reduction in the working time played an important role in the feminisation of our labour force..[...] There is no doubt, we lost some [male] staff at that time. [...] We are close to the Swiss border, and wages are twice as high over there, so you have no reason to work here; but you cannot benefit from the French social security if you work in Switzerland. As a consequence, your partner has to work in France, so we provide the second job of the household. (chief executive, Regsaus)

The predominant pattern across the UK plants, also found in two French plants, was the use of a fixed number of normal working hours per week either under the two shift rotating system (Clucks (UK), Poultryco (UK), Novelty (UK), Sweetco (UK), Hambac (F)) or without shifts (Baconco (UK), Multiprod (F)). In four of the UK plants, internal numerical flexibility was achieved through high levels of paid overtime, most of which was voluntary, with many operatives signing the opt-out of the European Working Time Directives (EWTD). High levels of overtime working reflected the short-term changes to orders demanded by the major retailers in the meat companies and to the rapid turnaround times for new products and problems of coordinating supplies for the confectionery producer Novelty. Eighty hour weeks had been fairly common for some workers in the meat factories, with examples of double shift working, ie.16 hours a day. However, hours were gradually declining partly following the incorporation of the EWTD and management concerns about company liability in the event of an accident. In two companies (Clucks and Poultryco) 60 hour maximum working weeks were imposed, although it was not unusual for production demands to override this.

we have a report every week which tells us which people worked more than 60 hours. And we speak to the factory and say look, you know, this person really shouldn't be working this amount of hours. Which didn't go down too well ... a lot of the time if they are on two till ten, they may work through the night... so

you could have somebody that is working from two o'clock in the afternoon right through to six o'clock the following morning. (HR manager Clucks)

Cost issues were also important as firms sought to shift away from overtime working with its typical time and a half premium (ie. internal flexibility) to agency workers (external flexibility). At the two French plants without annualised hours (Hambac and Multiprod), overtime was used but compensation was by days-off rather than through additional pay.

Overall the adjustment of working time to fluctuations in production operates broadly in different ways across the two countries. In France the model is predominantly one of seasonal variation in operatives hours around a 35 hour working week average with a 48 hour maximum and little overtime. In the UK, hours start from 40 hours per week and there can then be regular or seasonal paid overtime on top of that. The plant in the UK that had introduced annualised hours faced the most complaints about working time. Unlike their French counterparts, where concerns raised were minimal, the limited legal protection and weak collective regulation had allowed workers to be subject to very long working weeks. In addition, UK workers in other plants working long hours did so largely voluntarily and received premium rates of pay.

#### *External numerical flexibility: temporary and agency working*

Internal numerical flexibility is useful to meet some variations in production flows but may be limited if there are large changes in either short-term or seasonal fluctuations. A second way management can attempt to achieve numerical flexibility is to hire various forms of temporary labour. Contracting extra workers during the high season was common in both countries. Staff levels in six companies (Regsweet (F), Chocchris (F), Chocs (UK), Novelty (UK), Sweetco (UK) and Regsaus (F)) increased by between 25% and 55% in the high season. To fill seasonal positions in the French companies, workers were given either a seasonal contract (where the activity is legally recognised as being seasonal) or a standard fixed-term contract. In the UK, workers were hired via temporary work agencies. In two companies (Chocs and Sweetco) agency workers were normally taken on for the whole of the peak season. In other companies, for example Novelty, Poultryco and Clucks, orders fluctuated widely on a day-to-day basis, so that many agency workers were subject to considerable variation and uncertainty in the number of days they worked each week. At Clucks one of the managers reported:

I mean agency are our flex... retailers make mistakes all the time, they get their promotions wrong, they get new launches wrong, in preparation for that we will

book the number of people that we require from the agency... for example, based on a forecast for next week, tomorrow we will book from the agency ... ten people per shift each. ... So when it gets to Wednesday of next week if the guys can see then that there is going to be a problem on Thursday and Friday, I can switch those ten people off at no cost to us as a business. (General Manager)

Coping with fluctuations in activity levels was not the only reason for contracting non-permanent workers; their use could be extensive even in firms where activity rates were more constant over the year. In most of the French firms, standard fixed-term contracts were used to replace workers on summer holidays, while temporary agency work tended to be used to cover absence throughout the year. Such use was generally rising partly due to companies increasingly manufacturing all year round (for example Canpat and Chochris no longer closed their factory for one month in the summer) and the 35-hour working week, which had led to a significant rise in the number of days off (up to 23 in Hambac for instance, on top of the legal minimum of 5 weeks). Furthermore, increasing levels of absenteeism and sick leave had led to additional requirements for short-term replacements. At Hambac, where absenteeism was especially high (15% among operatives), agency workers made up between 15% and 20% of operatives on average throughout the year despite limited fluctuations in production. Temporary status also tended to be used much more systematically in French firms as part of an 'obstacle race' (HR Manager, Multiprod), that often lasted 18 months, to obtaining a permanent position.

Non-permanent jobs were also used as a means to more directly cut labour costs, particularly in the UK. Agency workers were used extensively and increasingly throughout the year at four British plants as the number of core workers declined (Chocs, Baconco, Clucks and Poultico). This was not just related to the ability to respond flexibly to production needs or as a screening device, but also offered a considerable cost advantage to employers. Agency workers received lower pay than direct employees, at or close to the NMW, and were not entitled to any additional company benefits that were available to direct employees (a sick pay scheme, pension, additional paid holidays etc.). Across the six plants agency workers were paid around 75% (ranging from 66% to 90%) of an average direct operative's wage.

In France, non-permanent workers may have been paid the lowest wage rate on the job evaluation scheme and did not benefit from several existing premiums and bonuses (for example seniority premiums and gain sharing), but those on standard fixed-term contracts, as well as agency workers, were entitled to a 10% legal 'precariousness' wage premium. They also received money in compensation for their holidays instead of days-off. As employee's

social contributions were lower than for those on a permanent contract (i.e. open ended), according to some interviewed workers, a temp could make almost 300€ more a month than a permanent worker with no seniority (not taking into account gain sharing to which permanent workers are entitled). As a result, there is little direct financial gain to be made by firms from using agency workers or standard fixed-term contracts. However, those on 'seasonal contracts' are not entitled to the 10% premium and, therefore, there is a cost incentive to use these workers. Nevertheless, there are some legal restrictions in that these contracts are only available in those sectors which are officially recognised as being strongly seasonal, and the worker cannot be employed for longer than eight months. Recent legislation (2005) has also granted seasonal workers entitlement to the main benefits and premiums of the branch collective agreement (notably the seniority premium for those who return to the same plant each year). Our evidence, however, suggested that these new legal regulations were not always being followed.

**Table 5: Approximate number of permanent and non permanent workers**

	Permanent plant employment	Agency workers	Temporary workers	Seasonal	Approximate non-permanent as % of permanent workforce
Chocs (UK)	190	20-111	0	0	58
Sweetco (UK)	120	5-45	2	0	39
Novelty (UK)	586	0-320	0	0	55
Chocind (F)	122	23	-	0	19
Regsweet (F)	62	15-20	0	58	126
Chochris (F)	254	0	9	78	34
Clucks (UK)	625	60-95	0	0	15
Poultryco (UK)	566	100-150	0	0	27
Baconco (UK)	140	80	0	0	57
Canpat (F)	187	0-15	4	0	10
Hambac (F)	560	77	203	0	50
Multiprod (F)	550	100	50	0	27
Regsaus (F)	92	15-20	54	0	80

*Note: in UK: range of agency workers throughout the year, in France: Chocind: FTE throughout the year; Regsweet: agency workers during the high season; Canpat: FTE throughout the year; Hambac: average monthly number of agency workers, and annual number of temporary workers ; Multiprod: number of agency workers during the highest season;*

Table 5 gives the approximate numbers of permanent and various forms of temporary labour used by each of the plants. The French plants used a range of different forms of contracts to achieve extensive numerical flexibility while the UK organisations focused

almost exclusively on agency workers. It seems that an 'insider/ outsider' approach was operating in all plants to varying degrees, although the 'outsiders' in France were far better protected than in the UK.

*Internal functional flexibility: job rotation and multiskilling.*

A third way of achieving flexibility is to enhance the mobility of workers between different jobs within a plant. Increasing levels of functional flexibility can allow workers to move from one production line to another depending on orders or to undertake a broader range of tasks, for example quality checks or minor repairs, that reduces the down-time of equipment. In all of the UK plants, despite products being fairly standardised, there were large numbers of simple, repetitive manual tasks, for example, placing chocolates in packets by hand, placing chicken pieces onto a moving line, putting one tomato into a packet, moving trays on, off and between production. In four plants the organisation of production was very rigid with line operatives assigned to work on one line and higher skilled operatives on a set of particular tasks. Job rotation for line operatives had been introduced in most areas but this simply involved moving around one production line undertaking very similar operations. The objective was to reduce the risks of health injuries due to repetitive actions rather than to extend workers' jobs. At two plants (Novelty and Poultryco), there was some use of workers in different areas of production to meet variation in orders. As one operative described it, 'when it gets busy on other lines and they are short, we help out' (Novelty). For line operatives, jobs were generally very simple operations and only required minimal levels of training. At Novelty, due to the frequently changing orders, higher skilled operatives who set up, monitored and controlled the lines were expected to work across different product lines. In contrast, at the other plants more skilled operatives tended to work in only one area or production line.

In France, simple forms of job rotation had been developed to reduce the repetitiveness of tasks, to reduce slack times and to replace absent workers. However, in some firms permanent operatives were often required to perform a variety of semi-skilled or skilled tasks corresponding to different jobs, in order to be allocated according to production needs. During the low season, at Regsaus and Regsweet permanent workers were rotated each week around all the jobs in their production areas from low-skilled jobs such as handler to the higher skilled ones such as line manager. At Canpat, Chochris and Multiprod (in the convenience food plant) job rotation was organised across production lines and across job function, within and across each department both for health reasons but also to match

production demands. In these three plants management had promoted multiskilling by on-the-job training and, in two cases, by a very active training policy. In Canpat and Multiprod, where the production process was highly automated, additional training had been introduced linked to the acquisition of a vocational training diploma. Jobs had also been extended as a result of the adoption of quality norms that required continuous quality checks. Some operatives were required to undertake the first quality tests (e.g. Chochris), recording inputs and outputs on computers.

Many workers in both countries complained about work intensification. In the UK plants this tended to be related to the speeding up of line or reduced staffing levels. As one union representative claimed:

he [the new manager] makes us work harder....It's more products coming through. ... before we were killing 800 a day to 1,000 a day, we kill up to 1,200, 1,300 a day. So. And no extra money.... people are shattered. It's causing lots and lots of, we are getting lots of problems. ... Through the whole factory, across the board. (shop steward, Baconco)

While most of the operatives in the UK were able to talk as they worked, in France the pace of work or the physical distance between operatives made this largely impractical. Along with other observations, this suggested that the pace of work was on average somewhat greater in France. Some French operatives were concerned that job rotation was contributing to increased levels of mental strain due to the need to pay more attention to detail and the potentially large costs involved in making mistakes.

we're always asked to do more ... we're fed up... they're taking us for a ride, there's always more to learn, we've really had it. (operative, Canpat)

In comparing the UK and France, our research suggests that the UK plants operated for the most part with very narrow job tasks and a high division of labour, partly reflecting a less automated process that still required considerable manual labour. The French workplaces were generally more automated and management attempted to maximise their utilisation of labour by the use of relatively functionally flexible operatives with broader job roles.

## **5. Why and how institutions matter**

Faced with similar competitive pressures, there is evidence that there are country-specific factors that lead firms to pursue different approaches to labour market flexibility. It is difficult, however, to conclude that one set of plants had been able to achieve more numerical flexibility than the other. The French organisations tended to adopt annualised hours that allowed management considerable discretion as to how they varied workers' hours over the

year. However, this flexibility was highly constrained by a fixed maximum working day and week. On the contrary, in the UK workers were faced with a much more fixed set of standard working hours, that were then supplemented by high levels of paid overtime with few limitations on daily or weekly hours. Across the two countries, employers had access to and largely made use of a flexible external labour force, strongly linked to seasonal and short-term demand fluctuations. In France there appeared to be some element of using temporary contracts to avoid the employment protection rules associated with open-ended contracts, while in the UK substantial cost savings could be made through the use of agency workers.

There is a clearer distinction to be made in relation to functional flexibility. A number of the French firms had both introduced and experimented with a range of initiatives designed to move operatives across tasks and functions around the factory and to give them a wider range of skills. This type of work organisation emerged in those companies with relatively highly automated production process. It may be that the higher degree of functional flexibility in France is an outcome of the more stringent constraints on both internal and external numerical flexibility, as well as the higher relative labour costs (in particular the firm's social contributions) that push firms towards more capital intensive processes. The research indicates that the French firms were generally more automated than those in the UK and had fewer workers engaged in very simple manual operations. Nevertheless, in the most highly automated factory in the UK where wages were also significantly above the other plants and labour turnover rates were extremely low, there had been no movements in the direction of functional flexibility.

Regulations clearly play a role in determining the forms and extent of flexibility across the two countries. Employment protection legislation is much stronger in France and can be seen as a reason for a relatively high number of temporary and agency work contracts in some firms that were continued throughout the year. However, other rights to equivalent pay and benefits for non-permanent workers, the levels of which are determined by the branch, ensure not only 'a level playing field' but also limit the cost advantages that casual labour can bring. In contrast, in the UK, where employment protection legislation is weak, it is predominantly the cheaper cost of agency workers in the absence of rights to pay and benefits parity, that account for their widespread and increasing use. The differences in regulation of working time has also seen different patterns of internal numerical flexibility – although in the French case this was generally increasing (through annualisation) while in the UK it was declining (with reductions in overtime).

However, the extent to which different forms of flexibility are used is not just dependent on employment regulations and the needs of the firm. The way that local management-employee relations are configured and the related labour market contexts are also crucial. All but one of the UK workplaces recognised trade unions for the purposes of collective bargaining over wages and conditions. However, the extent to which unions engaged with issues of workforce flexibility was limited. Most union reps were unsuccessful in attempting to recruit agency workers, citing lack of time, language difficulties and their temporary status. One shop steward made no excuses arguing that there was no point: ‘so union-wise what can you actually do for that individual unless they are working on Poultryco’s books?’ At Chocs, the only plant with annualised hours, union reps had been pushing to tighten up the agreement, as the terms used were so vague that they allowed management almost complete freedom in the allocation of working time. They also brought up the issue of agency workers but to little effect.

we said you know why are they still agency they have been here for nearly two years. They should now be fully employed with all the benefits. It’s difficult to get the company to do it.... we are not strong enough. (Trade union representative, Chocs)

One union rep (Baconco) was more successful and had recruited agency workers and negotiated better overtime rates for both direct and agency workers. He had also organised a meeting between the union, agency and plant management in order to begin discussions on improving the pay and conditions of agency workers.

Similarly, unions in France paid relatively little attention to the non-permanent workforce. Those temporary workers that were interviewed felt they were poorly represented by the unions. This was particularly the case for seasonal workers who frequently described themselves as ‘second class workers’. This lack of representation by the unions was confirmed by some employee representatives: the *délégué du personnel* at Regsaus admitted that ‘we don’t know the temporary workers, we have little contact with them.’ Moreover, traditionally unions had been relatively unconcerned with a key problem faced by temporary workers, that of poor working conditions. Union claims typically focused on wages and bonuses – in other words on the potential compensation for bad working conditions – rather than on their improvement. Nevertheless, the role of unions and/or workers’ representatives has the potential to be very important in improving working conditions. At Hambac, the only firm we visited in which unionisation had a substantial impact, the local union had launched an information campaign about occupational diseases and cumulative trauma disorders. The



objective was not just to put pressure on management, but also to make workers more conscious of the risks they were facing.

Overall, however, the main pattern showed limited engagement with temporary workers both in the UK and in France. This reflected a number of factors. In the UK, union organisation tended to be fragile, partly reflecting the reality of management (with the exception of Poultryco) that provided few facilities and little time-off and had, in the past, resisted or attempted to undermine union organisation. The situation was very similar in French firms. According to the trade unionists interviewed at the branch level, union officials or representatives suffered a certain degree of harassment in many firms (and not just in the smallest ones). Membership was also in decline in both countries as long-standing and older employees left and unions made few inroads into recruiting younger or foreign worker. In most of the UK organisations the response to dissatisfaction was to quit, with labour turnover rates at two plants of over 30%. In France, labour turnover among permanent workers was relatively low, mainly because most plants were located in rural areas with high unemployment which limited the number of alternative opportunities available in the local labour market.

The ability of companies in the UK to cope with high labour turnover (rather than doing anything about it) partly depends on how easy it is to recruit new workers. Institutions such as the legal regulation of immigration, as well as the national welfare system (which impacts on the 'reservation wage' of workers) can play an important role in constraining or enabling managers to pursue different forms of labour flexibility. In the UK, employers traditionally supplemented the local labour force with the use of migrant workers from overseas. In a number of companies within the study, seasonal workers had been drawn from the local area (often a relative of an existing employee) and from other countries predominantly in the EU, for example Portugal. In 2002, a work permit scheme was introduced enabling the recruitment of individuals from outside the EU, specifically to undertake low skill jobs (Salt and Millar 2006). This was followed in 2004 by the opening of the UK labour market to the Accession countries, which saw a dramatic switch to predominantly Polish or Eastern European workers. The estimated number of foreign workers in food processing rose from 13,000 in 2000 to 135,000 (just agency workers) in 2005 (Dobson *et al.* 2001, Precision Prospectus 2005). In most of the plants in our study the core number of workers had dropped as agency working increased. Eastern Europeans, in particular, were seen to be hard working and uncomplaining and in a number of cases significant numbers were being transferred to permanent jobs

(Novelty, Clucks, Poultryco). In two companies recruitment to permanent jobs was only undertaken from the pool of agency workers:

You see the people is leaving now is only people from here, English people. .... The foreigners come in to do the job. They come in to learn the job, they finish the hours, they doing any overtime, they coming in because they are good workers. But we have the people from here. And the people from here, to be honest, is the one complain. They complain all the time, about this, about this, about this. (team leader, Italian-origin, Poultryco)

In France, immigration policy has been much more restrictive, and there were very few foreign-born workers in the case study companies. Notably, almost all the non-permanent workers were French-born and from the local area. Seasonal workers were mainly married women and youth, 'stuck' in the local labour market, with few outside opportunities because of their very low skill levels or lack of access to transport. Even if local unemployment was relatively high, several French companies complained about the difficulty of finding and keeping 'good' non-permanent workers from one year to the next. Several strategies emerged to cope with this difficulty. Capital-labour substitution was a option: in one case (Regsweet), managers explicitly mentioned that computerised equipment had been introduced in order to reduce the need to employ seasonal workers who were in short supply. The participation in 'multi-employer groups' was a more innovative strategy (e.g. Multiprod, and, more recently, Regsweet). These groups of employers offer permanent contracts to workers enabling them to share the benefits of this status (in particular seniority premiums and profit-related bonus etc.) and it allows them to develop their skills. Member firms 'share' workers according to their needs so that employees work in several companies during the year, usually in firms with opposing high-seasons (for example, in the autumn and winter for one company, and in the spring and summer for another). These institutional arrangements are rare and tend to develop where local labour markets are particularly tight. They require effective coordination between employers, local authorities and institutions<sup>9</sup> and can be constraining and complicated to set up. Thus, two companies in our sample which had tried to use such a scheme (Regsaus and Chochris) dropped out because it failed to match their needs

## 6. Conclusion

There are trends in competitive pressures in the food processing sector that show certain similarities across the two countries. Cost and flexible delivery requirements are fundamental,

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<sup>9</sup> The multi-employer group, in which Multiprod participates, was initially subsidized by an association of employers and the local authorities of the area.

a power imbalance between suppliers and the retail sector and the need to meet ever more stringent quality standards. However, there remains differences in the structure and the nature of the subsectors we explored across the countries. The UK is not necessarily more pressurised by the power of the supermarkets – in meat this would seem to be the case, but in confectionery company brands and alternative outlets remain an important counter-balance that is less prevalent in France. Despite the apparent contrasts between the two sub-sectors of meat and confectionery in the nature of the product and market, this did not seem to lead to substantial differences in how they utilise forms of labour flexibility.

Firms use a combination of different forms of numerical flexibility although there appears to be a slight move away from internal flexibility (overtime) to external flexibility (agency workers) in the UK and possibly in the opposite direction in France with the widespread use of annualised hours. The research also seems to suggest that there is not a simple trade-off between numerical and functional flexibility. In France, the organisation of work indicates a more functionally flexible core, with a less skilled, numerically flexible periphery. However, in the UK there is little evidence that firms are utilising the core workforce in a similar way. Part of this may be due to the more stable workforce found in most of the French plants – although one UK plant also had very low levels of labour turnover. But perhaps more importantly, this is likely to be due to the high cost of labour in France which creates an incentive for firms to replace many of the lowest skilled jobs by machines.

According to the OECD (2004b), the labour market is more dualistic in countries where employment protection is higher. Certainly high levels of EPL in France provided incentives for companies to use non-permanent workers and there was widespread use of a range of different forms of non-permanent contracts. Other regulations, however, ensured that this did not provide firms with short-term cost advantages. Furthermore, there have been some recent improvements in seasonal work conditions in France, resulting from changes in regulation. In the UK, weak EPL alongside EU legislation requiring equal treatment, was associated with very little use of temporary contracts for direct employees. Agency workers are not provided with similar rights and thereby offer potentially significant on-going savings for those firms which pay direct employees somewhat over the minimum wage and/or provide additional benefits above the legal minimum (e.g. holidays, sick pay, maternity pay, pensions).

It is difficult to state whether the levels of dualism are higher in France than in the UK in the food processing sector, partly because our cases were not matched and the UK official

data is extremely unreliable in relation to agency workers. Nevertheless, the number of permanent and temporary workers across our case study firms shows that organisations in both countries were using an ‘insider/outsider’ approach, with substantial proportions of non-permanent workers. The research is more helpful in allowing us to explore the substantive differences that this dualism allows and it shows that the gap in the terms and conditions of employment between permanent and non-permanent workers is far greater in the UK than in France. Thus, if we focus purely on numbers there appears to be a ‘convergence of effect’ yet by examining the outcomes for workers it is clear that there remains substantial differences.

There were, however, some common trends found in both countries. In most cases there was a deterioration in the quality of work for ‘insiders’, with declining relative wages and work intensification. Nevertheless, in France there had been some improvements in terms of a shorter working week and/or additional holidays linked to the 35 hour week, although this was at the expense of premium overtime payments and, in some cases, higher levels of work effort. In the UK the lack of sectoral collective institutions and a different welfare regime, meant that there had been a gradual erosion of additional social benefits (pensions, sick pay etc.) provided by individual employers.

The food processing sector has been relatively protected from international competitive pressures compared to many other areas of manufacturing. Despite the predominance of national markets, weak trade unions have found it difficult to resist the downward pressures on working conditions at workplace level. The availability of a large pool of migrant labour in the UK had dampened the negative consequences for management of high levels of exit, while unemployment and the lack of alternative employment opportunities in France has produced a form of constrained ‘loyalty’. In both cases, firms have sought to take advantage by using high numbers of non-permanent workers. The French institutional framework provides more protection and ensures that dualism has less negative consequences for the ‘outsiders’ than in the UK. However, French firms are able to find other means to be flexible and competitive, such as functional flexibility and increased work intensity, that can still have negative consequences for workers. Despite some similarities, the roads to flexibility remain distinctive across the two countries, largely because of the contrasting national institutional contexts.

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