

Investing in the Future of Jobs and Skills. Scenarios, implications and options in anticipation of future skills and knowledge needs for the Other Services Sector.

Policy Summary

The other services sector includes: “other personal services”, “domestic personnel employed by households”, and some other categories. Employment in the EU in the other services industry totals about 14 million jobs. The overwhelming majority of the jobs, 90% are to be found in EU 15. The industry faced a structural growth between 1995 and 2006, with an annual average of 2.6% in the EU. The growth in the new Member States lies on a slightly higher level than in the EU as a whole. Employment growth is twice as high as value added growth – indicating limited possibilities for productivity growth in this sector. The occupation structure is dominated by other personal service workers and other service workers (51% in EU 15 and 45% in new member states) and domestic helpers, cleaners and launders (16% in EU 15 and 22% in new member states). Only a few figures are available for the education level combined with occupations. It is clear, however, that the majority of the services in this sector do not require more than elementary skills. Regarding the gender distribution it is clear that in the EU female employment is very high, except for craft and related trade workers. For domestic personnel the share of female workers climbs up to 94% in the EU. An important characteristic of employment in this sector consists to significant extent of “undeclared work”. In addition to many self employed service providers there are a growing number of professional service companies providing personal services.

Strengths of the sector are that it has low barriers to entry and provides employment for low educated workers. The sector provides customized services, personalized, one-on-one services to clients. Sector weaknesses are low value added and limited scope for productivity growth and economies of scale. A threat to the sector is difficulty to enforce rules and regulations. On the positive side opportunities exist because of growing demand (incomes, ageing clients).

Compared to other sectors the number and types of new skills needed in this sector is relatively limited, especially for functions such as helpers and cleaners and service workers. Key new skills are social skills, e-skills, especially for self-employed, entrepreneurship, self-management. For new migrants language and intercultural skills will be important. Knowledge on laws and regulations (labour, environment) is important for management functions.

Recommendations for education and training are: 1) to improve the information provision on skill needs and job requirements which is essential for improving training and education, 2) to collaborate with all relevant stakeholders and intensify co-operation in education and training, 3) to improve the flexibility of the vocational education and training (VET) and general education systems, 4) to promote Life-Long-Learning and develop incentives and cost sharing mechanisms between governments, companies and individuals, 5) to supply special courses dedicated to sector characteristics – taking into consideration that the workforce is often low-educated, and working part-time, 6) to supply special courses for older workers, 7) to develop and increase the use and acknowledgement of certificates, 8) to provide career guidance for labour market entrants, and finally 9) to promote re-training and up-skilling of skilled occupational functions.

More general conclusions and recommendations are: 1) to focus on change – anticipating new trends and developments in the sector is of key importance, 2) to expand the possibilities for legalising undeclared work in this sector amongst others by fiscal measures, service checks or vouchers, 3) to improve collaboration between all stakeholders in the sector – especially important as this sector is not well organised.