

# Non-regular Employment in the Netherlands

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## Abstract

Non-regular employment has achieved an important position in the Netherlands. Part-timers nowadays account for over 50 per cent of total employment. At the same time, a process of 'regularisation' has resulted in an important equality with full-time employment in terms of wages, employment stability, social security, etc. Part-time employment therefore tends to be considered no longer 'atypical' or 'non-regular'. In addition, there have been important developments in the legislation of flexible employment, in particular through the Flexibility and Security Act from 1999 which aims to strike a balance between the needs for flexibility and security. All these developments have drawn extensive praise in recent years. The rise in part-time employment has been considered an integral part of the strong economic performance of the Dutch 'poldermodel' and the regulation of flexible employment a major example of 'Flexicurity'. This report discusses these developments by underlining the importance of various national agreements between employers and employees that have shaped industrial relations in recent decades. In addition, it discusses the current characteristics of part-time and flexible employment. The data illustrate that important challenges and concerns remain. This, for example, concerns the low participation of women in the labour market when expressed in terms of working hours and the rise in flexible employment in recent years. The latter may no longer be in accordance with the objectives of the Flexibility and Security Act and deserves particular attention.

## 1. Introduction

Several aspects set the development and characteristics of non-regular employment in the Netherlands apart. This holds for both part-time and flexible employment. First, the Dutch labour market knows a very high percentage of part-time employment, in particular among female workers, and the Netherlands have been described 'as the only part-time economy of the world' (Freeman 1998: 2). Visser et al. (2004: 192) have argued that 'the dynamics of transitions in the Dutch labour market largely revolves around part-time work'. Moreover, a process of 'regularisation' during recent decades has resulted in an important equality with full-time employment in terms of wages, employment stability, social security, etc. Part-time employment therefore tends to be considered no longer 'atypical' or 'non-regular' (Plantenga 2002; Visser 2002). Concerning flexible employment, a new legal framework was developed during the second half of the 1990s. At its heart is the Flexibility and Security Act from 1999 which aimed to strike a balance between flexibility and social security. The law, together with

the possibility of alternative provisions through collective labour agreements, has had a major impact on the position of flexible workers.

These developments have drawn extensive praise in recent years. The rise in part-time employment is considered to have provided an important contribution to the relatively strong economic performance of the Dutch 'Poldermodel' since the 1990s (e.g. Economist 2002a, 2002b; Visser and Hemerijck 1997). Moreover, this praise has extended to the regulation of flexible employment and the attempt to find a new balance between flexibility and security in the labour market. The Flexibility and Security Act and its wider framework have become a renowned example of 'Flexicurity', the 'policy strategy that attempts, synchronically and deliberately, to enhance the flexibility of labour markets, work organizations and labour relations, on the one hand, and employment and income security, notably for weaker groups in and outside the labour market, on the other' (European Commission 2006: 77). The developments in the Netherlands have been an important inspiration behind the current Flexicurity policies in the EU (e.g. Auer 2007; European Commission 2006, 2007; Storrie 2002; Wilthagen 1998, 2008; Wilthagen et al. 2004).

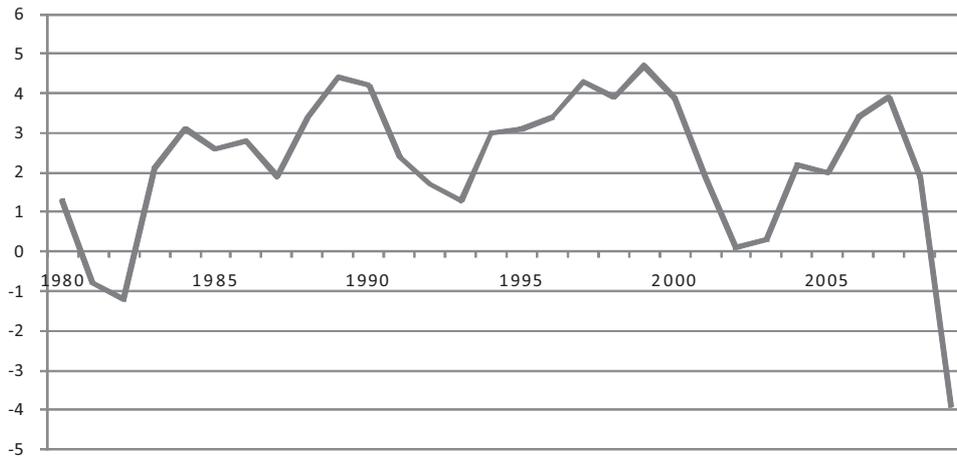
This report discusses the current characteristics of part-time and flexible employment. Although part-time employment may no longer be considered non-regular in the Netherlands, its inclusion is justified for comparative purposes. Moreover, we need to assess the extent of its regularisation. However, the report will predominantly focus on the position of flexible employment given its more atypical character. It draws on various sources, including official statistical databases, agreements reached by employers' representatives and unions, academic literature, and official evaluations of the newly introduced legislation. In addition, I have interviewed representatives of the major employers' organisation for temporary work agencies (ABU) and two unions representing flexible workers (FNV Bondgenoten, CNV Dienstenbond).

The structure of the report is as follows. It first presents some data about the Dutch economy and labour market to provide the necessary context for the discussion of non-regular employment. A subsequent section on the basic structure of industrial relations in the Netherlands provides further background. This section includes a discussion of the 'Wassenaar Agreement' from 1982 and the 'New Course Agreement' from 1993, two accords between employers and unions that have shaped the developments in recent decades. The report will then discuss the position of part-time and flexible workers in greater detail. In case of the latter, this includes an elaborate discussion of the current legislation and the importance it allows for collective labour agreements. The report ends with a discussion of ongoing concerns and some basic reflections.

## **2. Basic Data of Dutch Economy and Labour Market**

This section describes the Dutch economy and its labour market by focusing on several major economic indicators. The first figure shows the changes in Gross Domestic Product (GDP) since 1980. Striking is the weak economic performance in the early 1980s that inspired the Wassenaar agreement between employers and unions. Two other periods of decline are visible, in the early 1990s and the early 2000s. However, overall the data illustrate the relatively strong performance of the Dutch economy, in particular during the 1990s.

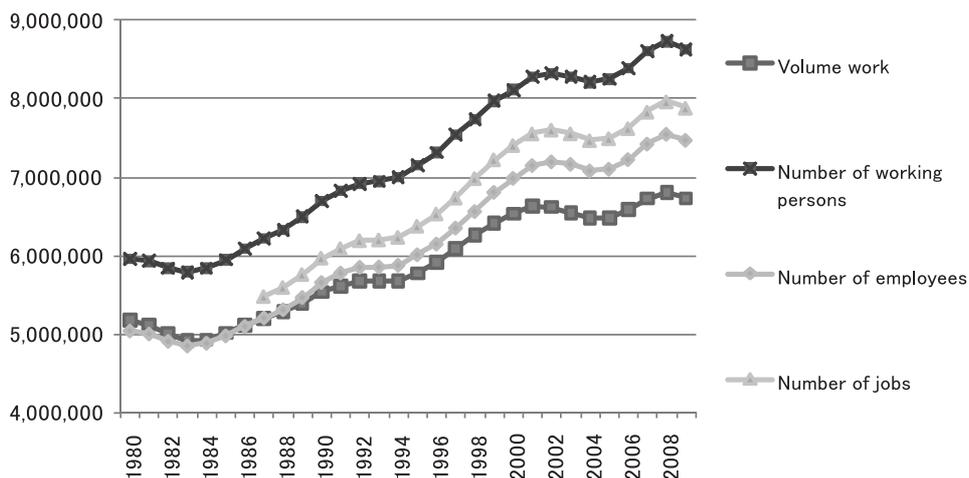
**Figure 1 Changes in Gross Domestic Product 1980-2009 (%)**



Note: The data for 2008 and 2009 are provisional.  
 Source: Statistics Netherlands (CBS), Statline.

The next figure shows the developments in terms of the volume of work and the number of working persons, jobs and employees. It illustrates the strong rise in employment since the 1980s, again in particular during the 1990s. The difference between the volume of work, expressed in annual hours of full-time jobs, and the number of working persons provides an early illustration of the importance of part-time employment. As illustrated by Figure 3, the rise in employment has had a major and positive impact on the participation rate, in particular among female workers. The data on unemployment are accordingly. After reaching its highest point in the early 1980s, there has been a long-term decline. So far unemployment has remained even rather low during the current recession (see Figure 4).

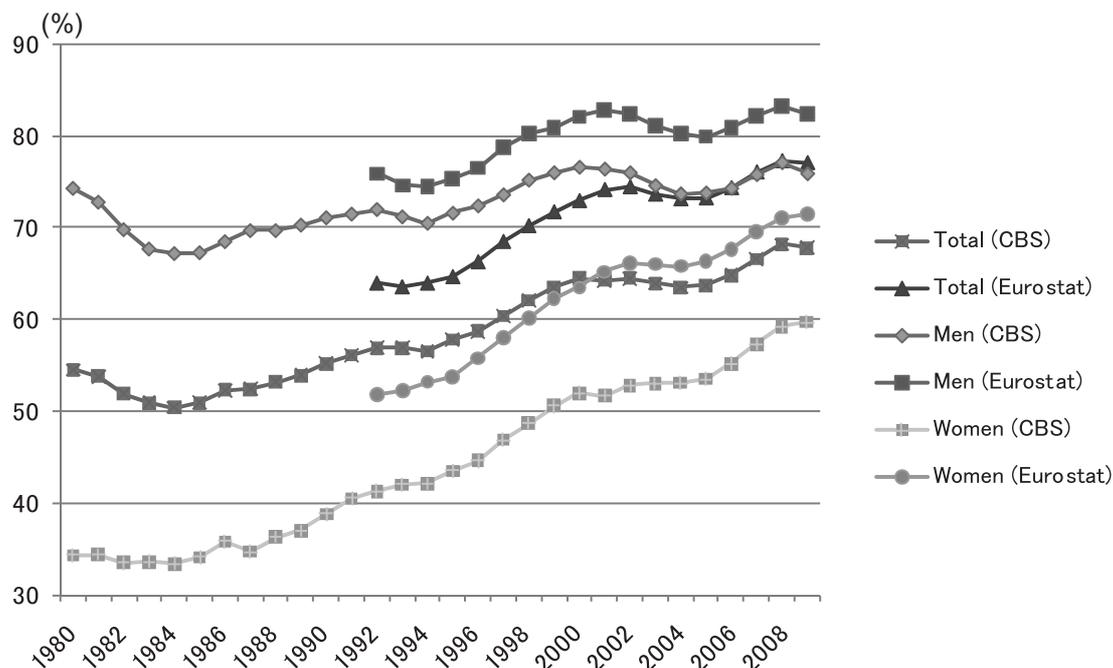
**Figure 2 Developments in volume of work (in annual hours of full-time jobs) and number of working persons, employees and jobs**



Notes:

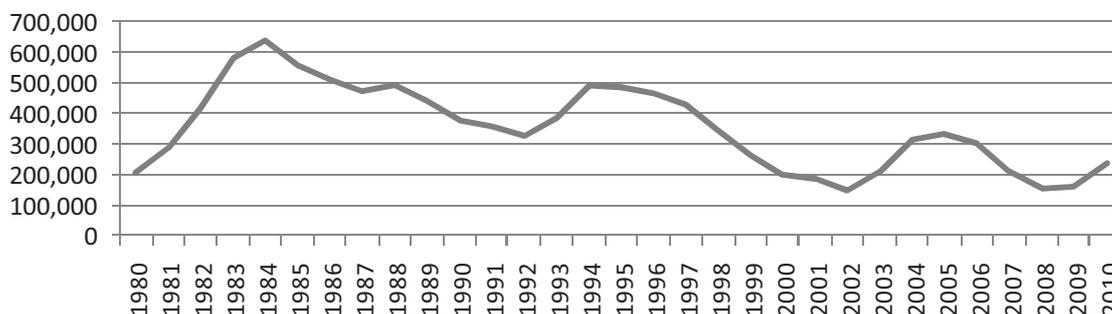
- Employees working less than 12 hours are usually excluded by Statistics Netherlands (CBS). This is illustrated by the higher number of employees when measured according to the international definition.
- The data for 2008 and 2009 are provisional.

Source: Statistics Netherlands (CBS), Statline.

**Figure 3 Net labour market participation (CBS) and employment rate (Eurostat)***Notes:*

- The net labour market participation is defined as the working share of the potential working population. The working population according to Dutch definition includes all persons who (1) work at least 12 hours per week, (2) have accepted work for at least 12 hours per week, or (3) are actively searching for work for at least 12 hours per week.
- The CBS data for 2008 and 2009 are provisional.
- CBS introduced a revision of its weighing method in 2001. The 2001 data according to the previous method were 65.0% for all, 76.5% for men and 53.2% for women.
- The employment rate represents employed persons (Labour Force Survey concept) as a percentage of the population. Persons in employment according to the LFS are those aged 15 years and over living in private households who did any work for pay or profit for at least one hour during the reference week of the survey, or who were not working but had jobs from which they were temporarily absent. Family workers are included.

Sources: Statistics Netherlands (CBS), Statline; Eurostat, Labour Force Survey.

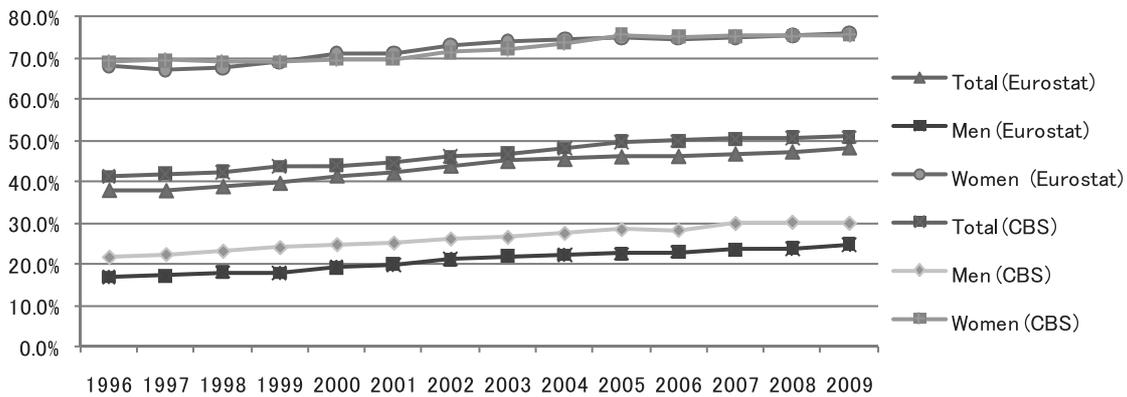
**Figure 4 Registered unemployment***Notes:*

- The data for the years 1980-1988 concern the month of January. The data for the years 1989-2010 concern the December-February average.
- The unemployed are defined as persons without work or working less than 12 hours per week, who actively seek employment for more than 12 hours per week and are immediately available.

Source: Statistics Netherlands (CBS), Statline.

A final issue concerns the share of non-regular employment. Figure 5 illustrates the importance of part-time employment, in particular among women. A part time job in the Netherlands is defined as ‘a job for which there is a permanent contract and for which a fixed number of hours was agreed that is less than the number of hours in a full day’s or working week’ (Statistics Netherlands, Statline). The figure includes both data by Statistics Netherlands (CBS) and Eurostat and although the precise numbers differ, the implications are clear. Over 50 per cent of all and over 75 per cent of female employees work part-time.

**Figure 5 Share of part-time employment (as percentage total employment)**

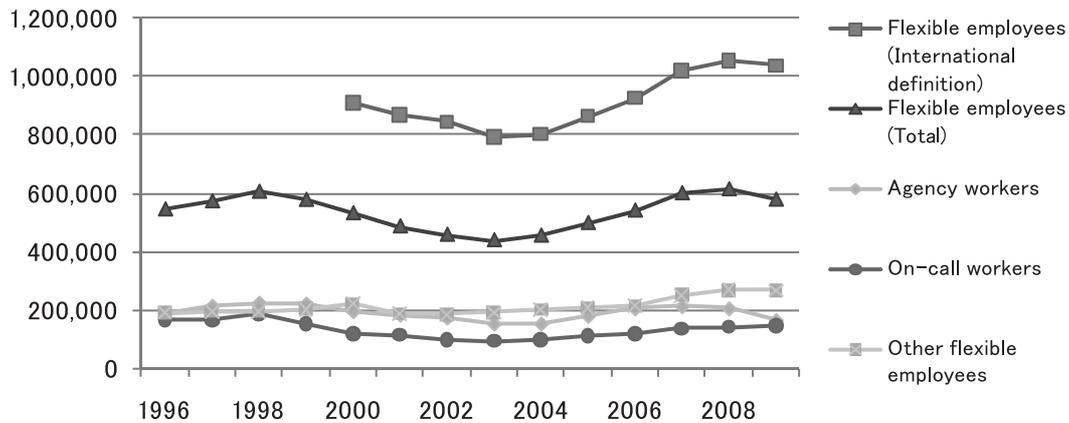


*Notes:*

- The CBS data included concern all employees who perform work, even if it is only one or several hours per week.
- The CBS data for 2008 and 2009 are provisional.

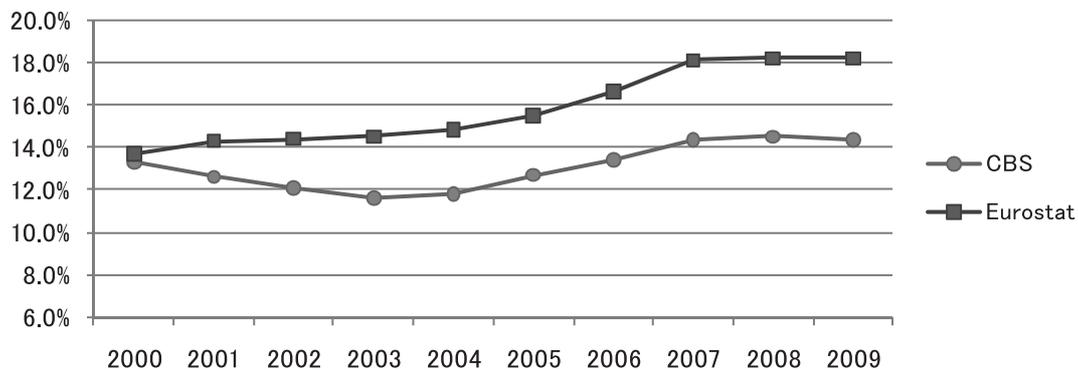
*Sources:* Statistics Netherlands (CBS), Statline; Eurostat, Labour Force Survey.

The data on flexible employment pose greater challenges. Figure 6 present the development of flexible employment according to Statistics Netherlands which defines a flexible employment contract as an ‘employment contract without a fixed relationship or specified duration’ (Statline). The figures are specified for workers at temporary work agencies (TWAs), on-call workers, and a rest category. The statistics do not specify fixed-term contracts but it is safe to assume that they constitute the majority of the rest category (Tijdens et al. 2006). The figure illustrates the dependence of flexible work on economic circumstances with a decline during the recession in the early 2000s. The number of flexible workers nevertheless seems rather stable in absolute numbers, although there are important changes in the importance of specific types, and thus translates into a relative decline given the rising number of employees (see Figure 2). 7.75 per cent of all employees in 2009 were flexible workers while that share, for example, stood at 10.4 per cent in 1998 (Ibid.). Given the practice of Statistics Netherlands to exclude employees working less than 12 hours per week, the data are likely to underestimate the number of flexible jobs as they often tend to be relatively small. This is illustrated by the inclusion of the data on flexible employees as calculated according to their international definition. It is also illustrated by Figure 7 which shows flexible employment as share of total employment.

**Figure 6 Flexible employment (absolute numbers)**

*Note:* Statistics Netherlands introduced a revision of its weighing method in 2001. The 2001 data included here are according to the new method. The revision resulted in the 'decline' of 17,000 flexible employees, 4,000 agency workers, and 14,000 other flexible workers compared to the previous method.

*Source:* Statistics Netherlands (CBS), Statline.

**Figure 7 Share of flexible employment (as percentage total employment)**

*Sources:* Statistics Netherlands (CBS), Statline; Eurostat, Labour Force Survey.

Studies on flexible employment in the Netherlands tend to use these data by Statistics Netherlands. However, other data are available. Statistics Netherlands measures the number of flexible workers at a particular point in time but others provide so-called 'flow figures', indicating the total number of workers in a single year (Wilthagen et al. 2005). According to this definition the number of agency workers amounted to 734,000 (ABU, 2009). Alternative data have also been provided by the UWV ('Uitvoeringsinstituut Werknemersverzekeringen'), the organisation commissioned by the Ministry of Social Affairs and Employment to administer the various employee insurances. Table 1 presents its figures on permanent and flexible employment as based on the number of insured employees. These data differ substantially from those by Statistics Netherlands and the UWV estimates the flexible share of all employees for 2009 at 34 per cent. One explanation for this higher figure concerns the inclusion of so-called 'independents without personnel' ('Zelfstandigen Zonder Personeel, ZZP-ers). They are one-person 'businesses' that are often in a similar position as employees.

Knecht et al. (2007) estimate that about one in every three ZZP-ers is quasi-independent because they work for just one or two principals, often their previous employer. The ZZP-ers are likely to be among the first to be affected by a change in labour demand as indicated by their decline since the fourth quarter of 2008 after years of a very strong growth (UWV, 2010). However, the inclusion of ZZP-ers and short-term flexible jobs up to 12 hours within the data by Statistics Netherlands still leaves a discrepancy of over 10 per cent. The UWV and Statistics Netherlands are currently evaluating the causes of this discrepancy (Ibid.).

**Table 1 Persons with an open-ended contract and in the flexible layer**

	1996	2006	2007	2008	2009	Growth 2007-2008	Growth 2008-2009
Flexible employees (1)	862	1,688	1,794	2,021	1,999	12.7%	-1.1%
Agency	247	368	377	389	323	3.2%	-17.0%
Other	615	1,320	1,417	1,632	1,676	15.2%	2.7%
Permanent employees (2)	4,108	5,065	5,080	5,134	5,108	1.1%	-0.5%
'Independents without personnel' (ZZP-ers) (3)	397	584	611	652	629	6.7%	-3.5%
Flexible layer (1 + 3)	1,258	2,272	2,405	2,673	2,628	6.7%	-3.5%
Share flexible layer	23%	31.0%	32.1%	34.2%	34.0%		

Source: UWV (2010: 32).

### 3. Major Aspects of Dutch Industrial Relations

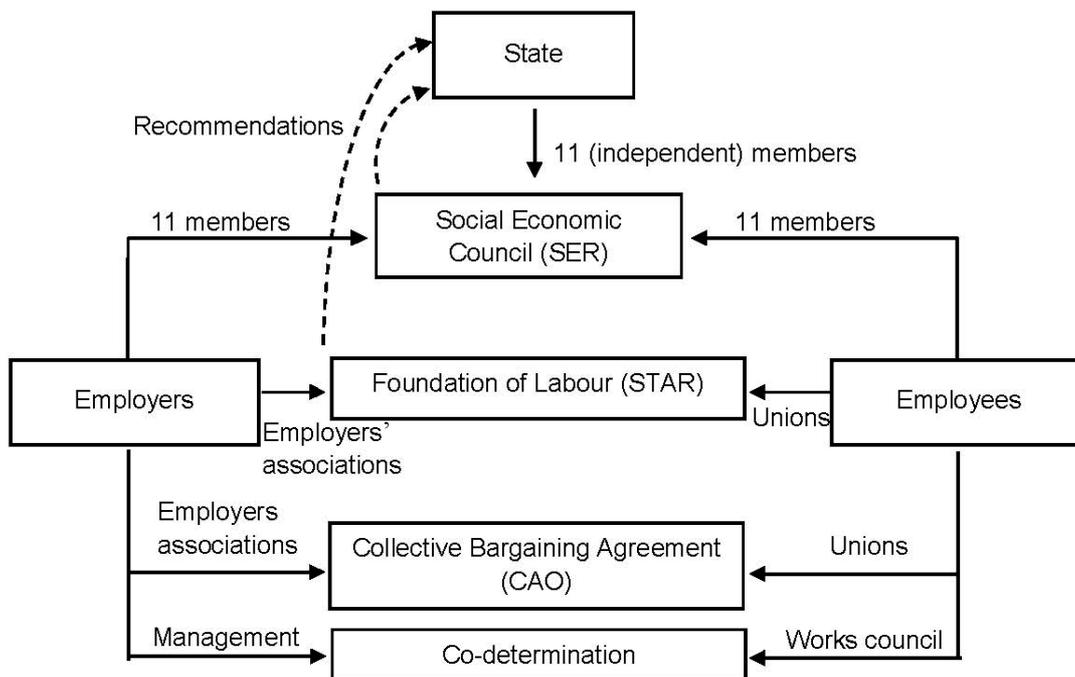
A major determinant to the developments in the Dutch labour market has been the consultation and cooperation between social partners through various consultative bodies. In the Netherlands, both unions and employers are well organised at the national level by three confederations. The three main union confederations are the Confederation of Dutch Trade Unions (Federatie Nederlandse Vakbeweging, FNV), the Christian-National Union Confederation (Christelijk Nationaal Vakverbond, CNV), and the Association for White Collar and Senior Staff (Vakcentrale voor Middengroepen en Hoger Personeel, MHP). The three employers' confederations are the Confederation of Netherlands Industry and Employers (Verbond van Nederlandse Ondernemingen - Nederlands Christelijk Werkgeversverbond, VNO-NCW), the Employers' Association for Small and Medium-Sized Enterprises (Midden- en Kleinbedrijf Nederland, MKB) and the Employers' Association for Agricultural Businesses (Land- en Tuinbouworganisatie Nederland, LTO).

At the industry level, employers and unions negotiate collective labour (bargaining) agreements (Collectieve Arbeidsovereenkomst, CAO). Two laws define the process of collective bargaining: the 1927 Law on Collective Labour Agreements (Wet op de Collectieve Arbeidsovereenkomst, Wet CAO) and the 1937 Law on the General Extension of Provisions in Collective Labour Agreements (Wet op het Algemeen Verbindend Verklaren van bepalingen van Collectieve Arbeidsovereenkomsten, Wet AVV). The latter law enables the government to declare an agreement generally binding. These laws make it possible that over 80 per cent of employment contracts in the Netherlands are covered by a collective labour agreement in spite of union membership being limited to about 20 per cent. Houwing (2010) points out how the high coverage rate can be ascribed to the organisation rate of employers (about 85 per cent), the general application of the agreement to non-union workers in

participating firms, and the extension of collective agreements by the government. At the organisational level, interaction is shaped by the Work Councils Act (Wet op de Ondernemingsraden) from 1971 which requires a works council in any firm with 50 employees or more.

Figure 8 shows the different types of coordination that employers and employees engage in. As pointed out by Visser and Hemerijck (1997: 91), '[p]hysical and social distances in the Netherlands are small' and '[t]op officials and their advisors in trade unions and employers' associations meet frequently'. Two major organisations have been core to the consultation between employers, unions and the government. The Social-Economic Council (Sociaal-Economische Raad, SER) is a tripartite organisation established in 1950. It forms the main advisory body to the Dutch government and parliament on social and economic policies. Employers and unions each have eleven seats and the government appoints eleven 'crown' members. The second major consultative body is the Foundation of Labour (Stichting van de Arbeid, STAR), established in 1945. Both unions and employers have ten seats and the chair rotates between VNO-NCW and FNV. It is within the STAR that the important agreements, in particular the Wassenaar and New Course agreement, have been negotiated. The remainder of this section will discuss these agreements in greater detail.

**Figure 8 Consultation and bargaining social partners**



Source: Pot et al. (2001: 23).

### 3.1 The Wassenaar Agreement

The Wassenaar Agreement from 1982 has been referred to as the 'mother of all accords' and a watershed in Dutch industrial relations (Visser and Hemerijck 1997: 82). The agreement between the leaders of the main union (FNV) and employers' association (VNO) was originally known as the 'Central Recommendations regarding Aspects of Employment Policy'

but became known as the Wassenaar Agreement after the city where it was reached. Confronted with rising unemployment, the agreement exchanged wage moderation for collective working time reduction (work-sharing). Major objectives were the recovery of profitability of business and the reduction of (youth) unemployment. Part-time employment was listed as one of the ways to redistribute existing employment. The response to the agreement was fast and two thirds of all collective labour agreements were renewed (Visser and Hemerijck 1997). It brought a return to wage moderation, a first step towards the decentralisation of collective bargaining, and the introduction of collective working time reduction. Moreover, it contributed to the rise in part-time employment and provided new impetus to the consultation and coordination by the social partners.

The development and the consequences of the Wassenaar agreement have been elaborately discussed by Visser and Hemerijck (1997) in their seminal analysis of the Dutch 'Poldermodel'. In this section, which is highly based on this analysis, I would like to limit the discussion to some core aspects. The agreement was reached under challenging economic circumstances. The Dutch economy was severely hit by the second oil crisis of 1979 and the recession was severe. The representatives of employers and unions agreed that something needed to be done but repeatedly failed to achieve meaningful agreement. At several times during the previous years, the government had imposed a wage stop or a limit to potential wage increases. Moreover, the new government of Christian Democrats (CDA) and Conservative Liberals (VVD) announced its austere policies just two days before the Wassenaar agreement. In this context, there was a strong pressure on the unions to reach an agreement. Employers were also keen on an agreement as it would reduce the likelihood of direct government intervention.

The agreement itself was rather short and, including all signatures, limited to two pages. After several considerations concerning the existing employment situation, it argued the need 'to introduce a long-term approach aimed at re-distributing existing employment more effectively; i.e. an approach which encompasses several methods of re-distributing employment, such as working time reduction, part-time work, and efforts to reduce unemployment among young people' (STAR 1982). At the same time, 'a better distribution of existing employment should not result in higher costs' (Ibid.). In order to achieve these objectives, the parties subscribed to the need for 'collective bargaining partners having the exclusive right to renegotiate between them wage agreements already set out in collective bargaining agreements' and urged 'the Cabinet to do everything possible to enable the collective bargaining partners to negotiate freely with one another on the basis of the above recommendations' (Ibid.).

The consequences were several and they all contributed to the agreement's fame in subsequent decades. First of all, it resulted in wage moderation by Dutch unions as an important strategy to allow investment and job growth. Secondly, the agreement contributed to the decentralisation of collective bargaining, a development that was continued and strengthened by the subsequent New Course Agreement of 1993. The Wassenaar agreement was only a recommendation as exemplified by its content being limited to a single page. This was originally considered a weakness. However, as pointed out by Visser and Hemerijck (1997: 82), the willingness to settle for recommendations proved advantageous as 'soft agreements are easier to reach' and 'relieve the negotiators from the requirement to ask all of their members for approval of everything they sign and make approving members less vulnerable to pressure of members who disagree'.

Thirdly, there was the issue of work sharing. This issue had long divided employers and unions and the Wassenaar agreement therefore was a major development. At the same time, the actual achievements in working time reduction have been considered limited. Employers accepted a general round of working time reduction from 40 to 38 hours per week in exchange for the aforementioned wage moderation. However, they proved unwilling to accept further reductions (Portegijs et al. 2008; Visser and Hemerijck 1997). Moreover, unions became less convinced about the value of collective working time reduction; in particular because the results in terms of job creation had been disappointing. Visser and Hemerijck (1997: 103) refer to research by the Netherlands Institute for Social Research (Centraal Planbureau, CPB) which estimated that only '25 percent of the reduction of working hours in the private sector has been translated into extra jobs'. Instead, the agreement opened the way for an increase in part-time employment which was included in the agreement as one of the potential 'methods of re-distributing employment'. Unions had long taken a negative attitude towards part-time employment because it tended to have inferior working conditions. However, this slowly changed in the years after the Wassenaar agreement when the growth in part-time employment became dominant. As pointed out by Visser (2002: 30) '[n]early all job redistribution took the form of part-time work and part-time employment became the 'job motor' of the Dutch economy in the 1980s'. Tijdens (2006, as referred to by Portegijs et al. 2008: 28) has therefore described the Wassenaar agreement as the 'major turnaround' in the development of part-time work in the Netherlands. A later section on the rise in part-time employment discusses this development in greater detail.

The contribution of the Wassenaar agreement was not limited to these specific developments. Its success provided an important boost to national consultation as a means to address the challenges in the labour market and the agreement is inextricably bound up with the success and subsequent fame of the Poldermodel. Visser and Hemerijck (1997: 81) therefore describe the agreement as 'a celebrated symbol of corporatism regained'. They also make the important observation that consensus was as much an outcome as an input of the agreement. The following citation illustrates their assessment.

The Accord of Wassenaar market the return to a policy of voluntary wage restraint on the part of the unions, a policy which they did continue, with some hesitation, during the next 15 years. The renewal of the corporatist strategy of flexible adjustment in 1982 was the result of a strong signal from the market – in particular unemployment and the erosion of union bargaining power. The policy of wage restraint did not begin with a consensus, but produced a consensus. Nobody could assure success, and there was no apparent success in the first years after Wassenaar, at least not for the trade unions and their members.

Visser and Hemerijck (1997: 109-10)

The unions therefore deserved credit for their perseverance in spite of a lack of early results. As indicated, the success in terms of working time reduction was somewhat disappointing. The real success came with the rise in part-time employment but this took several years to develop and the influence of the Wassenaar agreement was therefore not directly visible (Portegijs et al. 2006). However, once the results became visible the Wassenaar agreement achieved its fame as the defining moment in Dutch industrial relations and this remains to this very day. The Poldermodel has received its fair share of criticism over the years (e.g. Delsen, 2001) but remains an important point of reference. An arbitrary overview of newspaper articles during recent years is insightful. Illustrative titles include 'New Wassenaar agreement needed' (Trouw, 28/02/2009), 'Exciting days for the

poldermodel' (Trouw, 13/03/2009) and 'Three cheers for the poldermodel' (De Pers, 09/11/2009).

### **3.2 The New Course Agreement**

The influence of the Wassenaar accord is well illustrated by another major agreement within the Foundation of Labour, the New Course Agreement from 1993 (STAR 1993). It was the response to a new period of economic decline in the early 1990s with renewed pressure for wage moderation. The full title of the agreement was 'A New Course: Agenda for collective bargaining in 1994 from a medium-term perspective'. The subtitle is insightful as the new course did not just concern 1994 but provided a perspective for the upcoming years. Core to the new course was a need for customisation and diversity as it was felt that representatives of both employers and employees needed more freedom to deal with the specific demands in the different sectors. It meant that only global agreements would be made at the central level while the specifics would be determined at the level of industries. Visser and Hemerijck (1997) provide the following assessment of the agreement.

Employers get further decentralization and flexibility, the unions promise that the central employers organizations will give up their blanket resistance against working hours reduction and that local union representatives will be involved in negotiations over local solutions. Both parties stress the need to increase the employment/population ratio and they recommend part-time work as a possible solution to the combined pressure of work and child care.

Visser and Hemerijck (1997: 107-8)

Several outcomes of this agreement are reminiscent of Wassenaar. First of all, it resulted in further decentralisation of the negotiations between industrial partners. Secondly, it contributed to wage moderation. Collective working time reduction also returned as a topic of collective bargaining because unions continued to see this as a means to job creation. In accordance with the greater decentralisation, the national employers' organisations no longer attempted to coordinate and veto its development through central coordination. However, the results were mixed and most employment growth continued to be part-time. There was a further decrease to 36 hours a week among large groups of employees but this reduction was far from universal. Finally, the agreement confirmed the importance of consultation as a means to address the problems in the labour market. Visser and Hemerijck (1997: 112) point out how the agreement came after 'the trust-building experience of eleven years'. Moreover, the agreement did not only build on but also confirmed the direction taken through the Wassenaar agreement.

## **4. Part-time Employment**

The original rise of part-time employment in the Netherlands has been a rather autonomous process but was eventually complemented and accelerated by labour market policies, the support of social partners, and new legislation. This section describes this process before it discusses the current characteristics of part-time employment.

### **4.1 The rise and 'regularisation' of part-time employment**

Part-time employment in the Netherlands developed from the 1950s when a few firms introduced part-time jobs for married women to compensate for the existing (female) labour shortage (Portegijs et al. 2008). However, the initial rise in part-time employment was

relatively modest, just like the overall labour market participation by women. In the early 1970s the Netherlands had a female participation rate below 30 per cent, the lowest rate among OECD countries (Visser 2002; Visser and Hemerijck 1997). However, the situation changed from the 1970s when part-time employment became the dominant form of rising participation in the face of limited childcare facilities and a related and well-established cultural principle of ‘home care’ for children (Pfau-Effinger 1998). Visser (2002) lists three important developments that supported the initial rise in participation: fewer women withdrew from the labour market after marriage, diminished labour market participation among older employees (where women were particularly underrepresented), and increased participation because of higher educational levels. Underlying factors included declining fertility rates and emancipation (Visser and Hemerijck 1997). The process was strengthened by the tight labour market of the 1970s which inspired employers to hire more married women. Regulatory changes provided further support. For example, 1973 saw the introduction of a law against the dismissal of women in case of marriage or pregnancy and tax reforms that diminished the extent to which the ‘extra’ income of the wife was taxed away (Visser 2002). Government policies first focused on part-time employment as one of the instruments to reduce unemployment and a means to strengthen the emancipation of women (SZW 1975).

The social partners did not yet play a role in the discussions on part-time employment but this changed during the 1980s in response to the Wassenaar agreement and its outcomes. Employers considered part-time employment as an ideal alternative to collective working time reduction ‘because it is an individual choice and allows differentiation across groups of workers, disconnects operating hours from working hours, brings actual and contractual working hours nearer as part-time workers tend to be sick in their own time, and is reversible’ (Visser and Hemerijck 1997: 34-5). Complemented by a strong supply of young and female workers, it proved a successful strategy. Moreover, there was strong support from the government. Not only because of policy considerations (SZW 1987) but also because the ambition of female civil servants to work part-time enabled the reduction of staff and thus state expenses.

As mentioned, Dutch trade unions originally shared the scepticism of their international counterparts that a rise in part-time employment would result in a secondary an non-unionised labour market (Portegijs et al. 2008). However, this attitude changed during the 1980s, partly in response to the Wassenaar agreement and its outcomes. They became less convinced about the positive results of collective working time reduction, especially when faced with continued opposition from employers. Moreover, the increased size of the part-time labour force provided this group with more cloud within the unions (Visser 2002). Visser and Hemerijck describe the change in attitude as follows.

In 1986, both FNV and CNV, under pressure of membership decline, began to draw up projects that could make them more effective in a changing membership market. A more market – or target group – oriented approach became the basis for a more positive policy towards women, part-time and flexible workers. Typically, Dutch unions have gone through the learning curve of, first, trying to deny, then, to prohibit flexibility... When that did not work, they demanded quantitative restrictions. Still later, they have come around and adopted a policy of negotiated flexibility, in which they try to regulate with bonafide employers a phenomenon the rise of which they cannot stop.

Visser and Hemerijck (1997: 87)

A new consensus on the need to develop high quality part-time employment was expressed in another memorandum by the Foundation of Labour (STAR 1989). In 1990 the FNV dropped the norm of full-time employment (Portegijs et al. 2008). Several legislative changes strengthened the position of part-time employees. From 1987 they were entitled equal access to the various employee insurances (e.g. unemployment benefits). In 1993 the government abolished the statutory exemption from the legal minimum wage for jobs less than one-third of the normal working week. In 1996, part-timers were awarded an explicit right to equal (pro-rata) treatment in terms of wages, overtime payments, bonuses and training (Visser and Hemerijck 1997; Euwals and Hogerbrugge 2004). Amendments of the tax system in 1990 and 2001 removed certain impediments to the participation of married women, in particular when it concerned small part-time jobs (Portegijs et al. 2008). Finally, the 2000 Adjustment of Working Hours Act/Working Hours (Adjustment) Act [Wet Aanpassing Arbeidsduur, WAA] gave employees the right to alter (reduce and extend) the number of working hours under certain conditions.

Together these developments have contributed to the aforementioned regularisation of part-time employment. Visser (2002: 33) concludes that '[p]art-time jobs are neither atypical nor flexible'. This assessment is shared by Plantenga (2002).

It seems fair to say that part-time jobs in the Netherlands have lost some of their negative image. Part-time jobs are no longer similar to marginal jobs, concentrated in the lower segment of the labour market. In fact, part-time work has become so widespread that it seems to have lost its 'atypical' character'.

Plantenga (2002: 59).

## 4.2 Current characteristics of part-time employment

The recent study by Portegijs et al. (2008) provides further insight in the character of part-time work. The data tend to be limited to female workers but its inclusion is justified by the dominance of women among part-time employment. A first interesting finding of the study is the lack of differences between women with and without younger children (0-11 years). The presence of younger children has often been associated with part-time work, either because women want to take care of their children or because they are unable to arrange childcare. Women with young children in the Netherlands indeed work part-time to a greater extent. However, the differences with other groups are minor. The share of women with older children that works full-time is only slightly higher, and even about 40 per cent of young women without children work part-time. Overall, only 41 per cent of all women working part-time have young children (see Table 2).

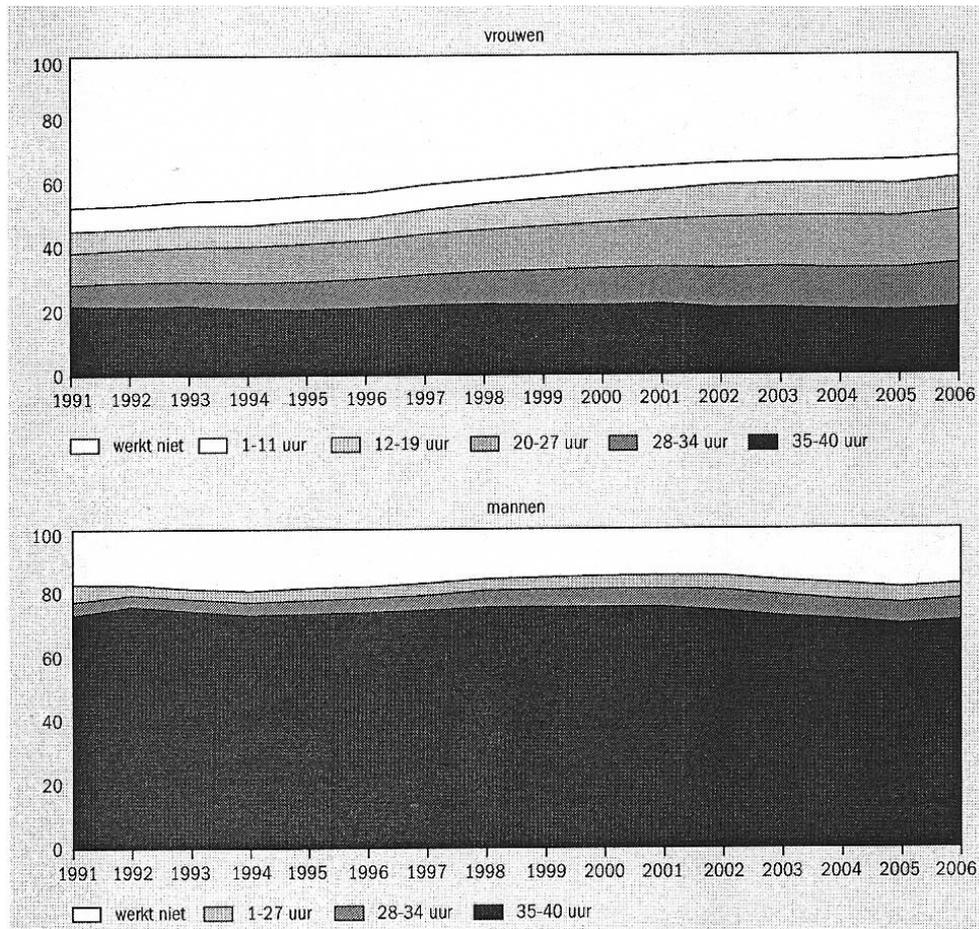
**Table 2 Share of part-timers among working women, based on stage of life (%)**

	1992	1995	2000	2006
Living with parents	27	32	40	48
Single, < 40 years	25	28	32	32
Living together, no kids, < 40 years	37	40	38	40
Living together, youngest child 0-3 years	87	89	89	88
Living together, youngest child 4-11 years	89	89	88	89
Living together, youngest child 12-17 years	83	85	85	85
Single parent, child(ren) 0-17 years	71	72	73	75
Single ≥ 40 years	45	50	53	58
Living together, no children, ≥ 40 years	78	78	78	78
Total	60	64	66	70

*Note:* the data are derived from Statistics Netherlands (CBS) and processed by the Netherlands Institute for Social Research (Sociaal en Centraal Planbureau, CPB) .

*Source:* Portegijs et al. (2008: 34).

As an interesting footnote to this prevalence of part-time employment, the data indicate a rise in longer part-time jobs. Figure 9 shows both the rise in labour market participation overall and the relative increase in medium (20-27 hours) and large (28-34 hours) part-time jobs, in particular among female workers. The figure also illustrates that the percentage of full-time working women has hardly changed since 1991 in spite of the rising participation rate.

**Figure 9 Working hours per week (%)***Notes:*

- The top half concerns women ('vrouwen'), the bottom half men ('mannen').
- The categories are from top to bottom: no work, 1-11 hours, 12-19 hours, 20-27 hours, 28-34 hours, and 35-40 hours.
- The data are derived from Statistics Netherlands (CBS) and processed by the Netherlands Institute for Social Research (Sociaal en Cultureel Planbureau, CPB).

*Source:* Portegijs et al. (2008: 33).

Another issue concerns the actual working conditions. They can be considered to be good. This shows probably best in a comparative perspective. Table 3 illustrates how the conditions compare positively to those in five other countries studied by Portegijs et al. (2008). In this sense the regularisation of part-time employment has indeed been achieved. Something similar holds for the job security of female part-timers. Among women, 12 per cent of part-timers have a fixed-term contract, a number that is actually lower than the 14 per cent among full-time workers. Among men, 18 per cent of part-timers and 8 per cent of full-timers have a fixed-term contract. This indicates that there are indeed differences in terms of employment security between full- and part-timers, in particular among men. The study by Portegijs also compares the Dutch situation to five other countries and finds that only female part-timers in the Netherlands and Germany do not have a higher share of fixed-term contracts than full-timers (see Table 4).

**Table 3 Summary of policies for part-time work in six countries**

	Netherlands	UK	Germany	Sweden	France	Spain
Part-time policies are primarily (1) to increase labour market participation by women or (2) to support employers	Women	Employers	Employers	Women	Employers	Employers
Employers and employees contribute to social insurance	Yes	Not for jobs < 100 ponds p/w	Reduced for jobs < 400 euro p/m	Yes	Yes	Yes
Qualify for unemployment benefits	Yes	Not for jobs < 100 ponds p/w	Not for jobs < 400 euro p/m	Not for jobs < 12 hours p/w	Yes	Yes
Qualify for healthcare	Yes	Yes	Not for jobs < 400 euro p/m	Yes	Yes	Yes
Pension scheme	Yes	Not for jobs < 100 ponds p/w	Not for jobs < 400 euro p/m <sup>a</sup>	Yes	Yes	Not in marginal part-time jobs
Right to part-time work	Yes	No <sup>b</sup>	Yes	No <sup>c</sup>	No <sup>b</sup>	No
Right to full-time work	Yes	No	Yes	Part-timers receive priority	Part-timers receive priority	No
Stimulus part-time pension	No	No	Yes	Yes	Yes	Yes

<sup>a</sup> Exception: women in part-time jobs with children under 10 years.

<sup>b</sup> Employers need to give serious consideration to requests by employees.

<sup>c</sup> Only parents of children up to 8 years.

Source: Portegijs et al. (2008: 55).

**Table 4 Share of part- and full-timers with a fixed-term contract, excluding students (%)**

	Women		Men	
	Part-timers	Full-timers	Part-timers	Full-timers
Netherlands	12	14	18	8
UK	6	4	15	3
Germany	8	9	21	8
Sweden	23	11	33	10
France	15	10	22	9
Spain	44	30	48	30

Note: the data are derived from Eurostat, Labour Force Survey 2005.

Source: Portegijs et al. (2008: 57).

However, the regularisation does not extend to all aspects of part-time employment. This holds, for example, for the functional levels at which part-timers work. Table 5 shows that part-time work exists at all levels but continues to be more dominant at lower functions. However, the growth of part-time work has been stronger at medium than at other levels and all levels are now characterised by a majority of part-timers among female employees. Figure

10 compares the share of part-timers and full-timers at different functional levels. In all six countries included there is a greater share of full-timers than part-timers among higher functions (Table 4 and 5). The differences are largest in the UK and Sweden, smallest in France and Spain. It illustrates that the Netherlands do not perform particularly well when it concerns the career possibilities for part-timers. Portegijs et al. (2008) conclude that part-time employment in the Netherlands may be easier to achieve but does not contribute to better career possibilities than in other countries.

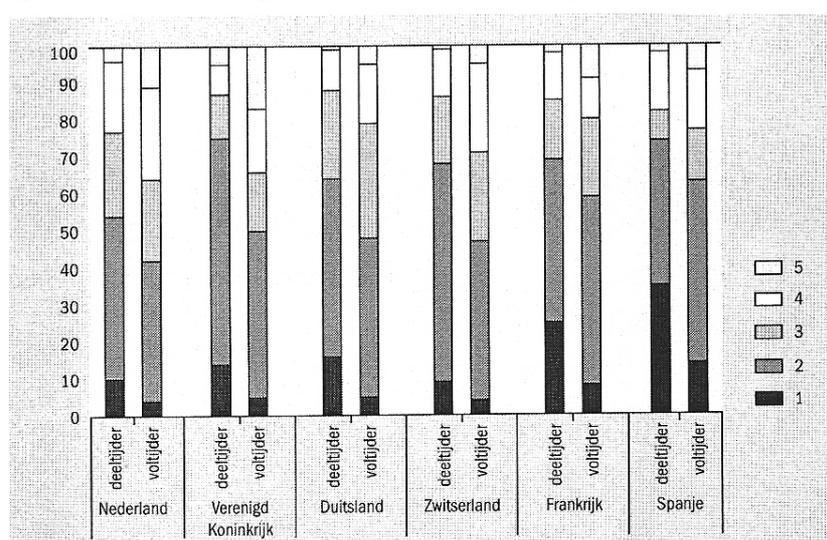
**Table 5 Share of female part-timers by functional level, excluding students (%)**

	1995	2000	2006
Elementary level	71	80	82
Lower functions	64	74	77
Middle-level functions	54	63	70
Higher functions	52	61	62
Scientific functions	48	52	57
Total	64	66	70

*Note:* the data are derived from Statistics Netherlands (CBS) and processed by the Netherlands Institute for Social Research (Sociaal en Centraal Planbureau, CPB).

*Source:* Portegijs et al. (2008: 35).

**Figure 10 Share of part- and full-timers by functional level (%)**



*Notes:*

- The countries included are from left to right: the Netherlands, UK, Germany, Switzerland, France, and Spain. 'Deeltijder' translates as part-timer, 'voltijder' as full-timer.
- Students are excluded from the data.
- The data are from Eurostat, Labour Force Survey 2005.

*Source:* Portegijs et al. (2008: 58).

There are also important differences between sectors. Part-time employment has been traditionally prevalent in agriculture, construction, retail, catering, education and healthcare. The growth in recent decades has been particularly strong in sectors where it was less present but part-time employment remains most prevalent in these sectors (see Table 6).

**Table 6 Share of female part-timers per sector (%)**

	1981 <sup>a</sup>	1985 <sup>a</sup>	1995 <sup>b</sup>	2000 <sup>b</sup>	2006 <sup>b</sup>
Agriculture/fishery	47	66	69	70	#
Industry	31	39	48	52	60
Construction	44	58	49	68	66
Retail/catering	40	49	57	64	67
Transport/storage/communications	39	44	53	55	61
Banking and insurance/financial services	32	42	52	54	62
Other services	53	60	-	-	-
Public government	-	-	50	54	55
Education	-	-	65	70	67
Health and welfare	-	-	74	81	83
Culture/other services	-	-	65	66	69
Total	47	54	64	66	70

<sup>a</sup> Including students<sup>b</sup> Excluding students

*Note:* the data are derived from Statistics Netherlands (CBS) and processed by the Netherlands Institute for Social Research (Sociaal en Centraal Planbureau, CPB).

*Source:* Portegijs et al (2008: 141).

A final issue concerns the contentment among part-time employees concerning their working hours. The next three tables list the preferences based on the current number of hours and the age group of workers. It shows that most employees are satisfied with their current number of working hours. The relative exceptions are part-time men and women working less than 24 hours, where a certain percentage would prefer working longer hours, and women working full-time, where a certain percentage would prefer working shorter hours. It is particularly young (till 25 years) and older (over 60 years) employees that would prefer a change in hours. The relative contentment concerning working hours is also illustrated by the reasons women provide for working part-time. Portegijs et al. (2008) provide the following reasons (multiple answers): the care for children (38%), housework (21%), personal time (17%) and time for socialising and hobbies (13%). Only 3 per cent of women work part-time because they cannot find a full-time job. This number rises to 9 per cent for young women without children.

**Table 7 Employee preferences for number of working hours/week, by current number of hours (2009)**

	Total			Men			Women		
	12-24	24-35	>=35	12-24	24-35	>=35	12-24	24-35	>=35
Prefer more hours	17.0	10.8	3.0	21.6	13.8	3.2	16.0	9.8	2.2
Prefer equal hours	78.2	81.6	89.3	71.6	80.5	90.6	79.5	81.9	84.9
Prefer less hours	4.9	7.6	7.7	6.8	5.7	6.2	4.5	8.2	12.9

*Source:* Statistics Netherlands (CBS), Statline.

**Table 8 Preferences of male employees for number of working hours/week, by age group (2009)**

	15- 20	20- 25	25- 30	30- 35	35- 40	40- 45	45- 50	50- 55	55- 60	60- 65
Prefer more hours	11.7	11.3	9.4	6.3	5.1	4.4	3.8	2.8	1.9	2
Prefer equal hours	79.9	83.9	86.6	88.3	90.3	90.5	91.6	90.6	89	79.2
Prefer less hours	8.4	4.8	4	5.4	4.6	5.2	4.7	6.6	9.1	18.9

Source: Statistics Netherlands (CBS), Statline.

**Table 9 Preferences of female employees for number of working hours/week, by age group (2009)**

	15- 20	20- 25	25- 30	30- 35	35- 40	40- 45	45- 50	50- 55	55- 60	60- 65
Prefer more hours	14.7	17.6	9.7	6.8	8.4	10.7	10.9	8.4	5.2	2.4
Prefer equal hours	73	74	79.1	81.7	83.9	83.3	83.7	85.5	86.7	82.2
Prefer less hours	12.3	8.4	11.2	11.5	7.7	6	5.3	6	8.1	15.4

Source: Statistics Netherlands (CBS), Statline.

A striking issue concerns the development of organisations and functions where 32 hours per week has become the default working week, in particular among women (Portegijs et al. 2008). This can be because of financial constraints in organisations but also because women believe it improves the quality of their work and organisations appreciate the additional flexibility it offers. It contributes to a somewhat changed and more negative perception of part-time employment in recent years. Another important concern that informs this changed perception is the high number of women with small part-time jobs as it does not contribute to their economic independence, nor is it considered sufficient to compensate for the ageing of society (TK 2007/2008). It has inspired the establishment of a taskforce (Taskforce Deeltijdplus) in April 2008 to stimulate larger part-time jobs among women ([www.meerurenwerken.nl](http://www.meerurenwerken.nl)).

## 5. Flexible Employment

The development of flexible employment in recent years has been strongly shaped by the legislation that was developed in the second half of the 1990s, namely the Flexibility and Security Act (Wet Flexibiliteit en Zekerheid, Flexwet) and the Allocation of Workers via Intermediaries Act (Wet Allocatie Arbeidskrachten door Intermediairs, WAADI). This section discusses this legislation together with the possibility it offers to negotiate alternative provisions in collective labour agreements. In addition, it discusses the characteristics of flexible employment and the extent to which flexible employment provides a step towards open-ended contracts.

### 5.1 The rise of flexible employment

Flexible employment in the Netherlands has seen important growth since the 1980s when temporary agency work (TWA) became the dominant type, a development that continued during the 1990s (Pot et al. 2001). Important legislation during these years included the Law on the Deployment of Workers (Wet op de Terbeschikkingstelling van Arbeidskrachten) from 1965 (but only actively implemented in 1970) and the Law on the Provision of Labour

(Arbeidsvoorzieningswet) from 1990 (amended in 1996). Both laws included a licensing scheme that required approval of TWA companies. During these years agency work became more accepted in the Dutch labour market and increasingly seen as performing an important intermediary role. Houwing (2010: 50) has described this development as follows: ‘The Dutch TWA industry went from being an industry with a bad reputation in the 1960s, through a process of gaining some legitimacy in the 1970s, to achieving a certain degree of acceptance as a useful tool to temporarily solve labour market rigidities in the early 1980s’.

The following tables present the current importance of flexible employment beyond the aggregate data presented in section two. Detailed data on the relative importance of flexible employment across industries is not widely available. However, a study by Knegt et al. (2007) among 1050 employers provided the data as presented in Table 10. The top half of the table shows to what extent firms in certain industries make use of the various employment types. The bottom half of the table shows the quantitative importance of these types in the various industries. The table shows the relative importance of fixed-term contracts in ‘trade, retail, reparation, hotel and catering’ and ‘services’, and the relative importance of TWA in ‘trade, retail, reparation, hotel and catering’. Tables 11 and 12 present the main reasons firms provide for hiring respectively flexible employment and fixed-term contract workers.

**Table 10 Firms with open-ended and flexible types of employment, and the average share of employment types, by sector (%)**

	Agriculture, industry, utilities & minerals	Construction	Trade, retail, reparation, hotel, catering	Transportation, storage, communication	Services	Social care and welfare	Total
Percentage of firms with employees through							
Open-ended contract	94.7	100	95.3	97.8	100.0	98.3	97.6
Fixed-term contract	60.4	44.5	58.3	65.3	74.4	71.8	63.0
TWA	46.1	30.8	15.1	38.7	32.8	28.0	27.7
On-call/ replacement workers	26.6	11.3	37.9	34.3	18.9	49.8	30.3
Freelancers, ZZP-ers	15.8	31.3	5.0	18.4	20.7	12.9	14.4
Homeworker	2.0	1.9	0.0	0.7	5.7	0.2	1.9
Average percentage of employees							
Open-ended contract	82.6	77.6	59.7	74.2	73.5	83.7	74.8
Fixed-term contract	8.4	8.1	15.2	10.6	16.7	8.9	12.1
TWA	7.0	8.5	15.9	5.3	5.3	1.6	7.5
On-call or replacement workers	1.3	0.8	9.0	2.4	2.4	5.4	4.5
Freelancers, ZZP-ers	0.7	4.9	0.2	1.5	1.5	0.4	1.0
Homeworker	0.1	0.1	0.0	0.5	0.5	0.0	0.1
Total number of firms	154	155	150	147	151	152	909

*Note:* the data are from a telephone questionnaire among 1050 employers, including 150 temporary work agencies, at the end of 2006.

*Source:* Knegt et al (2007: 18).

**Table 11 Firms' reasons for using flexible employment, by sector (%)**

	Agriculture, industry, utilities & minerals	Construction	Trade, retail, repairment, hotel, catering	Transportation, storage, communication	Services	Social care and welfare	Total
Changes in work amount	69.0	80.2	60.4	75.9	62.8	67.5	65.5
Illness	30.4	30.2	50.4	40.8	28.9	75.2	42.8
Longer probation	45.6	40.5	39.4	35.9	54.5	36.5	43.7
Avoid employers' risks	36.2	44.4	34.4	46.3	28.6	43.7	35.7
Easier to 'dismiss' personnel	29.7	27.6	21.2	19.4	34.9	27.0	27.0
Other	22.4	13.9	20.7	20.7	21.4	26.2	21.5
Number of firms	126	118	124	116	134	126	744

*Note:* the data are from a telephone questionnaire among 1050 employers, including 150 temporary work agencies, at the end of 2006.

*Source:* Knegt et al. (2007: 19).

**Table 12 Main reasons for using fixed-term contracts (%)**

	Probation	Internal flexibility	Temporary nature of the job	Uncertainty future	Replacement for illness/leave	Internship	Other
Total	61	10	8	7	4	2	8
Industry and agriculture	68	10	5	7	0	2	8
Construction	61	10	8	6	1	4	10
Trade, catering, reparation	64	9	14	5	3	1	5
Transport	57	20	7	8	0	2	6
Business services	68	13	2	5	3	0	10
Social care and welfare	46	10	8	16	11	1	7
Other services	47	12	11	7	2	8	13
Government	55	13	5	6	1	1	19
Education	52	3	9	5	12	3	16

The data is acquired through a telephone questionnaire among almost 2,900 firms during spring 2007.

*Source:* OSA/CPB (2009: 76).

## 5.2 Major legislative developments

Until the Flexibility and Security Act in 1999, the Netherlands had a rather liberal regulation of flexible work with few restrictions through statutory law. The main provisions included the following (Pot et al. 2001).

- No reason was required for using a fixed-term contract; however, such reasons could be specified in a collective labour agreement.
- No minimum and maximum contract term was indicated; again, this could be specified in a collective bargaining agreement.
- Conversion into an open-ended contract occurred if a fixed-term contract was continued beyond the expiry of its term but a new fixed-term contract could be offered after an interruption of one month.

This legislation contributed to the strong rise in flexible employment during the 1980s and 1990s to over 10 per cent of total employment. It raised concerns about the possible development of a dual labour market. Of particular concern was the so-called ‘revolving door’ (draaideur) construction. As mentioned, the law stated that any renewal of a fixed-term contract would automatically result in an open-ended contract. Firms therefore often dispatched and ‘reemployed’ a worker through a TWA after completion of the fixed-term contract and rehired the worker after one month, when the fixed-term contract was interpreted as the start of a new employment relationship (Tijdens et al. 2006).

These concerns inspired a response by the government and the social partners (Knegt et al. 2007). A first major outcome was a memorandum called ‘Flexibility and Security’ by the Ministry of Social Affairs and Employment in December 1995. It aimed to strike a balance between flexibility and social security, to address the strong rise in flexible employment and the limited security it offered. However, no agreement could be reached within the government and the Foundation of Labour was asked for a formal advice which was published in April 1996 as the Flexibility and Security Memorandum (Nota Flexibiliteit en Zekerheid). It stated that ‘flexibilisation’ can be considered a positive development if implemented under the right conditions, if it not only serves employers but also enables workers to find a better balance with their personal circumstances. This asks for ‘working patterns that differ from the usual full-time employment pattern but nevertheless offer a reasonable level of stability, predictability and regularity so that employees are able to organise their personal around their working life (translation from STAR 1996: 2). The agreement related this to a context in which employees have developed a new attitude to work (e.g. preference for part-time, rise in dual income families) and firms strive for a more flexible organisation. It formulated the challenge ‘not to lapse into a system of hire-and-fire but nevertheless to offer space for a modernisation of the labour relations that does justice to the aforementioned developments’ (Ibid.). The government included nearly all recommendations of this advice in its proposal for a new Flexibility and Security Act which came into force in January 1999.

The various provisions of the Flexibility and Security Act are discussed in Table 13. Some of the core provisions include the following. First of all, the number and duration of fixed-term contracts have been regulated by the so-called ‘chain’ provision, also known as the 3x3x3 rule. It states that after 3 years or 3 consecutive contracts an open-ended contract exists unless there has been an interruption of 3 months or more. Another major provision concerns the definition of a worker’s contract with a TWA as a regular employment contract. The exception concerns the first 26 weeks when the so-called ‘agency clause’ applies. During this period the end of the agency placement is the end of the employment relation. Another important aspect concerns some changes in the dismissal procedures for regular employees in accordance with the Flexibility and Security memorandum that agreed an exchange between regular and flexible employees in terms of security and flexibility. The Netherlands know a dual system of dismissal in the sense that both public and private law apply. To terminate an open-ended employment contract, employers can either apply for permission from the UWV, the organisation that administers the employee insurances, or take the case to court. Employers have criticised the former route as ‘unnecessarily restrictive, a burden on business and source of uncertainty’ (Houwing 2010: 54). The second route can be rather costly as the courts developed certain informal formulae to calculate the severance payment. These restrictions contributed to an imbalance between regular and flexible employment which the

Flexibility and Security Act attempted to address by a relaxation of the statutory dismissal protection for regular employees. The specific changes introduced are included in Table 13.

**Table 13 Important provisions of Flexibility and Security Act**

Provision	Contents
Chain-provision ('ketenbepaling): renewal contracts of limited duration (3x3x3 rule)	The firm can employ workers through the repeated use of fixed-term contracts. However, the number and period of these contracts is constrained. After 3 years or 3 consecutive contracts, an open-ended contract exists, unless there has been an interruption of 3 months or more (that is why this provision is known as the 3x3x3 rule).
Deviation by collective bargaining is allowed.	This differs from previous legislation which required that a continuation of a fixed-term contract within 31 days would subsequently require a dismissal procedure to terminate the relationship.
Agency agreement ('uitzendovereenkomst) and agency clause ('uitzendbeding')	The contract between the temporary work agency (TWA) and the agency worker is an employment contract and thus subject to all provisions of the law on employment contracts. The exception concerns the first 26 weeks when both sides can terminate the relationship without further obligations ('the agency clause').
Deviation by collective bargaining is allowed.	This differs from previous legislation which set the maximum duration for which an agency worker could be hired by an organisation at 6 months.
Minimum wage guarantee on-call workers	Workers with on-call jobs of less than 15 hours per week and with flexible working hours are entitled to at least three hours of pay for every call.
Exclusion from continued payment provision ('loondoorbetalingsplicht')	The employer can rule out the risk of continued salary payment through a provision in the formal contract but only so during the first 6 months.
Deviation by collective bargaining is allowed.	
Probation	The maximum probation period is two months. For contracts up to 2 years there is maximum probation period of 1 month. Deviation by collective bargaining is only allowed to a maximum of 2 months.
Deviation by collective bargaining is allowed.	
Refutable presumption of contract ('weerlegbare rechtsvermoedens')	The employee can under certain conditions make an appeal to a formal employment agreement that reflects his/her working conditions even when parties did not formally agree a contract or when they have agreed differently. An employment contract is assumed after one has performed paid work for 3 months and at least 20 hours monthly. Contract hours are based on the average number of hours that were worked during the 3-months period.
Cancellation and dismissal	Relaxation of statutory dismissal protection for regular employment contracts: (1) the formal dismissal procedure at the Public Employment Office (Centrum voor Werk en Inkomen, CWI; since January 2009 reorganised and renamed as UWV Werkbedrijf) is shortened (from six to four weeks); (2) the period of giving notice to employees after permission is granted is shortened to 1 month in principle and 4 months at maximum (this used to be 6); and (3) the dismissal procedure can be continued for employees on sick leave if the sick leave starts after initiation of the dismissal procedure. It has become possible to terminate fixed-term contracts early if the parties have agreed this option within the contract. However, there is an explicit prohibition against the change of open-ended into fixed-term contracts to by-pass dismissal protection.

Sources: Houwing (2010), Pot et al. (2001), Van den Toren et al. (2002), Wilthagen et al. (2005).

The Flexibility and Stability Act is complemented by the Allocation of Workers via Intermediaries Act which has been in force since July 1998. It liberalised the TWA industry by abolishing the licensing system and the ban on agency work in the construction industry. Important other provisions include the prohibition against the use of agency workers to replace workers on strike (no change from before), the stipulation that agency workers in principle should receive similar pay as workers in a similar position at the user firm, and the requirement that agencies provide sufficient information to their workers about the safety regulations in the user firm (Tijdens et al. 2006). The law quickly resulted in a sharp rise in the number of, especially small and specialised, agencies (Pot. et al. 2001). Finally, other legislation has contributed to the rise in flexible employment. The Law on Opening Hours (Winkeltijdenwet) from 1996 increased the possibilities for extended opening hours and thus the need for flexible employment. Moreover, new legislation in the 1990s increased the costs of sickness and occupational hazards for employers and contributed to the appeal of flexible employment (Tijdens et al. 2006).

### **5.3 Alternative provisions through collective labour agreements**

The Flexibility and Security Act provides substantial leeway to social partners as several provisions have ‘three quarters compulsory’ or default status and allow alternative arrangements in collective labour agreements. This possibility applies to the chain provision, the agency agreement, the probation period, the dismissal notification period, and the exclusion from the continued payment provision. A large number of agreements have indeed included alternative provisions. Van den Toren (2002) refers to research by the Labour Inspection (Arbeidsinspectie) from 2001 among 120 collective labour agreements. It showed that the most prevalent alternative provisions concerned probation (52%), the dismissal notification period (39%), and the chain provision (32%). Tijdens et al. (2006) found that 36 per cent of agreements included clauses concerning agency work by drawing on a 2004 FNV database of agreements concluded over the years 2001-2003. Table 14 presents some alternative arrangements as included in the agreements from 2006.

**Table 14 Deviation through collective labour agreements**

<b>Provision</b>	<b>Deviation through collective labour agreements and outcomes</b>
Chain-provision ('ketenbepaling')	The maximum number of temporary contracts has been adjusted in 23 of the 110 studied agreements; in about half the cases has the number been reduced, in the other cases increased or made unlimited. This is rather similar to the findings from 2001 (Van den Toren et al. 2002).
Exclusion from continued payment provision ('loondoorbetalingsplicht')	The maximum period of exclusion has been adjusted in 14 of the 110 studied agreements. It is extended in the TWA agreements, it has been abolished in the Catering agreement.
Probation	About half the agreements includes an alternative probation period for contracts up to 2 years. The number of employers that uses longer probation times than allowed is limited but has risen from 10% in 2001 to 11.4%.
Cancellation and dismissal	There has been a rise in the number of alternative provisions in agreements concerning cancellation and dismissal towards more uniform notice periods that are similar for employer and employee and usually longer (2 or 3 months) than the standard period for employees (1 month). Overall, 32% of agreements had alternative provisions for employees and 41% had alternative provisions for employers.  The option of early cancellations of fixed-term contracts is often included in contracts and also used.

*Note:* The findings are from a study by the Ministry of Social Affairs and Employment on the collective labour agreements as they were agreed in 2006.

*Source:* Knegt et al. (2007).

Of particular importance are the collective labour agreements reached within the TWA industry. The introduction of such a collective labour agreement had been part of the original Flexibility and Security Memorandum in the Foundation of Labour (Van den Toren et al. 2002). The main parties to these agreements are, on the employers' side, the ABU (Algemene Bond Uitzendondernemingen) and the NBBU (Nederlandse Bond van Bemiddelings- en Uitzendondernemingen). On the union side, it concerns the FNV Bondgenoten, the CNV Dienstenbond, De Unie en the LBV (Landelijke Belangen Vereniging). The ABU is the dominant organisation of employers in the TWA industry and the remainder of this discussion will focus on the agreements it has concluded with the unions. There have been three agreements in the years since the Flexibility and Security Act, from 1999-2003, 2004-2009 and 2009-2014. They are highly complementary to the Flexibility and Security Act because the agreements introduced the so-called 'phase system' that affects the application of the law's provisions. This, for example, holds for the provisions on dismissal, social security, pensions and training. Table 15 lists some of the main provisions in the first and third agreement (the second agreement was very similar to the third).

**Table 15 ABU collective labour agreements in the TWA Industry**

	1999-2003 agreement	2009-2014 agreement*
Phase system	<p>Phase 1: first 26 weeks of agency work.</p> <p>Phase 2: second half year of agency work.</p> <p>Phase 3: lasts 26 weeks if working through one agency ('the short route') or 24 months when working through different agencies ('the long route'). The agency has to offer fixed-term contracts of 3 months at minimum.</p> <p>Phase 4: the worker is offered an open-ended contract with the temporary work agency (TWA).</p>	<p>Phase A (former Phases 1 &amp; 2): first 78 weeks of agency work. In case of an interruption of 26 weeks or more, the 78-weeks period must be counted anew.</p> <p>Phase B (former Phase 3): if you are placed within 26 weeks after completing Phase A at the same agency. Fixed-term contract with the agency with a maximum of 8 contracts in a 2-year period. In case of an interruption between 13 and 26 weeks, the period must be counted anew. In case of an interruption of 26 weeks or more, the worker has to start Phase A anew.</p> <p>Phase C (former phase 4): if you are placed within 13 weeks after completing Phase B at the same agency. Open-ended contract with the agency after a maximum of 3.5 years of temporary agency work.</p> <p>If the user company terminates the assignment in Phase B or C, the TWA must try to find suitable replacement work (defined as no more than two levels lower than the previous position). If the previous assignment is terminated early, the worker is entitled to the same wages when doing alternative work during the remainder of the contract period. The worker receives a reversion wage in case there is no work. This is 90% of the actual wages of the most recently terminated assignment and must be at least equal to the legal minimum wage. Any new assignment must pay wages at least equal to the amount received when there is no work.</p>
Wage	In accordance with the so-called 'SMU arrangement', collective labour agreements in other industries can explicitly extend their more generous provisions to agency workers.	<p>Pay is according to ABU agreements during the first 26 weeks. Subsequently it is similar to other workers in similar position at the user firm.</p> <p>For phase C employees, the agreement distinguishes 9 position groups for determining wages. After working at the same company for 26 weeks, the agency is obliged to pay in accordance with the remuneration in the user company.</p> <p>The user firm is always free to pay the agency worker a higher wage through its own collective labour agreement.</p>
Training	A worker in Phase 2 is entitled a 'training needs assessment' but this assessment is not clearly defined. 1.02% of total wages is to be spent on training.	1.02% of total wages to be spent on training. 1% is used for an individual training account (Persoonlijk Opleidingsbudget) and becomes available to the worker from phase B. Money is made available as cash payment if not used during the tenure with the agency.
Vacation	Holiday rights are accrued for each day worked. Pay is continued during holidays for workers in Phases 3 & 4.	Holiday rights are accrued for each day worked. Pay is continued during holidays for workers in phases C & D (unchanged).
Agency clause	During Phases 1 and 2 (one year) the end of an assignment means the end to the agency work employment contract. The worker can also terminate the contract without reason.	<p>During Phase A (first 78 weeks) (a) the end of an assignment means the end to the agency work employment contract. The worker can also terminate the contract without reason; (b) fixed-term contracts which can be unlimited in number but should not exceed 78 weeks of employment.</p> <p>In Phase A, the duration of the assignment determines the notice period from zero calendar days for assignments until 12 weeks to 14 days for assignments from 52 through 78 weeks. The worker can terminate the contract within one working day. The notice period in phases B &amp; C for the TWA is 1 month and varies from 7 till 28 days for the worker.</p>
Pension	Workers of 21 years or older are entitled pension contributions from Phase 2	Workers of 21 years or older are entitled pension contributions after 26 weeks (unchanged). Different arrangements exists for phases A and B/C (more information on <a href="http://www.stippensioen.nl">www.stippensioen.nl</a> ).

\*The agreement on wages and working conditions runs from 2009-2011.

Source: ABU (2010), Houwing (2010), Tijdens et al. (2006), Wilthagen et al. (2005).

The first agreement allowed the TWA to choose between two systems. Either the agency followed the stipulations of the Flexibility and Security Act or it employed workers according

to the phase system. The latter enabled the firm to extend the period when the agency clause applies from 26 weeks to a full year. On the other hand, the rights and working conditions after 26 weeks were improved, for example in terms of pension rights. The subsequent two agreements are very much in line with the first. However, they include important changes to this phase system. First of all, the number of phases was reduced to three by combining the first two phases. In addition, the maximum period for this initial phase was extended to 78 weeks. Overall, the maximum period before an open-ended contract was extended from three to 3.5 years. The new agreements have also provided further clarification about the application of respectively the TWA agreement and the collective labour agreement of the user firm (for example concerning wages).

#### 5.4 Current characteristics of flexible employment

This section discusses the character of flexible work. It starts out by presenting the reasons for taking flexible employment and some important characteristics of agency workers. It subsequently discusses the issues of training and the contentment of flexible workers about their employment. The section ends by discussing the possibilities to progress to open-ended contracts.

The first table shows the reasons workers provide for performing the different types of flexible employment. Knegt et al. (2007: 30) point out that these reasons are rather similar to those listed five years earlier by Van den Toren et al. (2002).

**Table 16 Reasons for performing flexible work (%)**

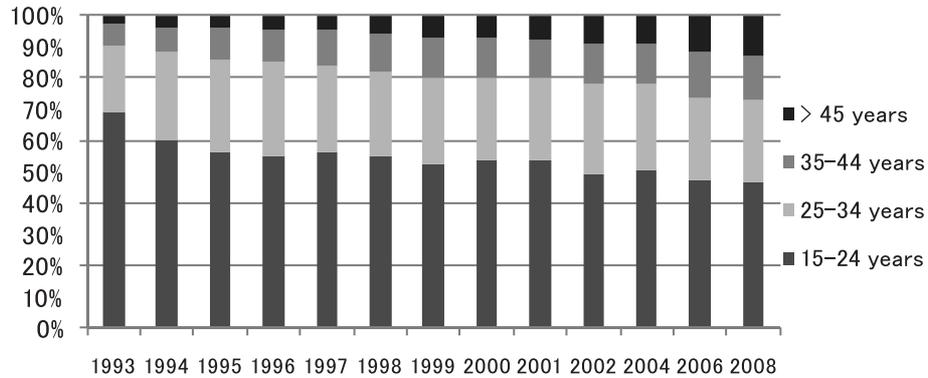
	TWA contract	On-call contract	Fixed-term contract	Total
Freedom	16.9	23.5	4.9	12.9
Not (yet) found a permanent job	28.2	9.2	32.9	24.9
Combine work and care responsibilities	9.9	9.2	9.1	9.3
Only limited time for work	14.1	14.3	4.9	9.6
Gain experience	7.0	4.1	6.1	5.7
Temporarily earn additional money	14.1	23.5	3.0	11.4
Other reason	9.9	15.3	36.0	24.3
Unknown	0.0	1.0	3.0	1.8
Total number of respondents	150	152	151	453

*Note:* The data are from an internet questionnaire among 450 flexible employees in 2006.

*Source:* Knegt et al. (2007: 30).

The next three figures illustrate important developments among agency workers. Figure 11 and 12 show that the shares of older agency workers and the share of breadwinners among agency workers have increased. Figure 13 lists the growing share of vulnerable groups among agency workers. These vulnerable groups are defined as people over 45 years, ethnic minorities, the long-term unemployed and those partially (disabled) to work.

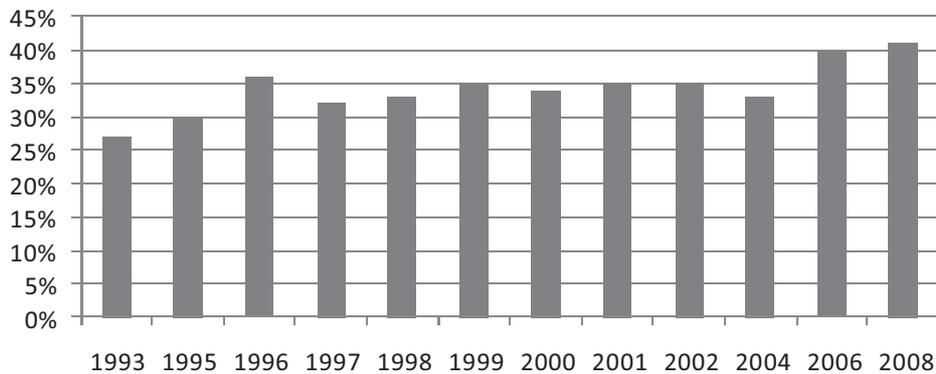
**Figure 11 Age structure of agency workers (%)**



*Note:* The research is performed by Ecorys, a European research and consultancy company, on behalf of the ABU. It involves questionnaires among agency workers by phone and e-mail. The responses for 2008 were respectively 1,018 and 7,106. This also holds for the subsequent data by the ABU.

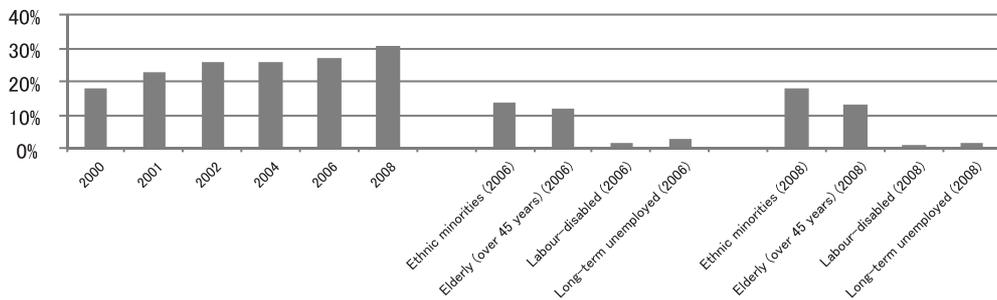
*Source:* ABU (2009: 12).

**Figure 12 Share of breadwinners among agency workers (%)**



*Source:* ABU (2009: 15).

**Figure 13 Share of vulnerable groups among agency workers (%)**



*Note:* Vulnerable groups are defined as people over 45 years, ethnic minorities, the long-term unemployed and the (partially) disabled to work.

*Source:* ABU (2009: 19).

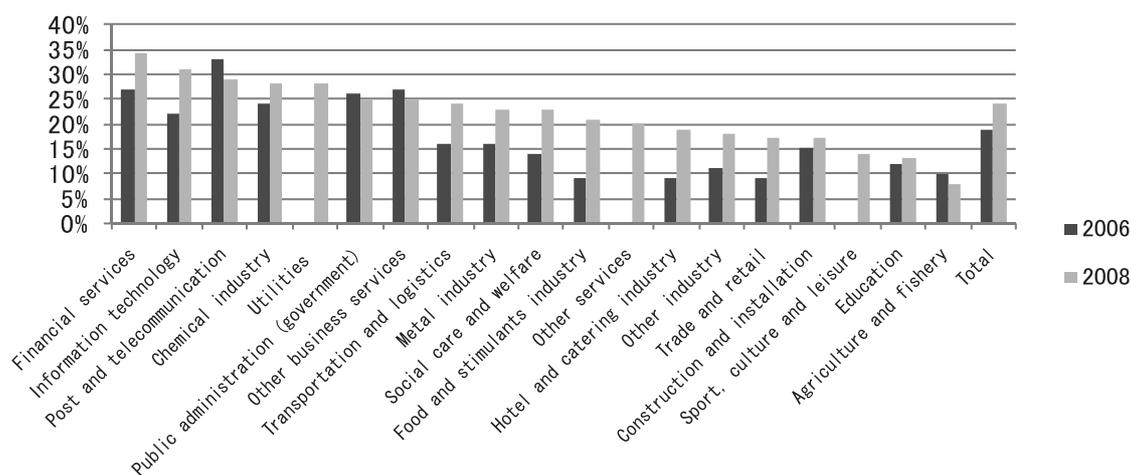
An interesting issue is the allocation of agency workers over the different phases as the latter phases provide substantially better working conditions, including an open-ended contract in Phase C. Table 17 shows that only 7 per cent of agency workers are employed as Phase B or Phase C workers. These percentages are similar to those found during the earlier study by Van den Toren et al. (2002). Training is an issue that has received greater attention in recent agreements, in particular through the training levy of 1.02 per cent. Figure 14 shows the share of agency workers that have received training.

**Table 17 Share of agency workers at respective phases (%)**

Characteristics agency worker	Phase A	Phase B/C
15-24 years	97	3
25-34 years	90	10
35-44 years	91	9
45 years and older	87	13
No Ethnic minority	93	7
Ethnic minority	92	8
Low educational background	93	7
Medium educational background	94	6
Higher educational background	91	9
Total	93	7

Source: ABU (2009: 20).

**Figure 14 Share of agency workers who have taken a work-related training course (%)**

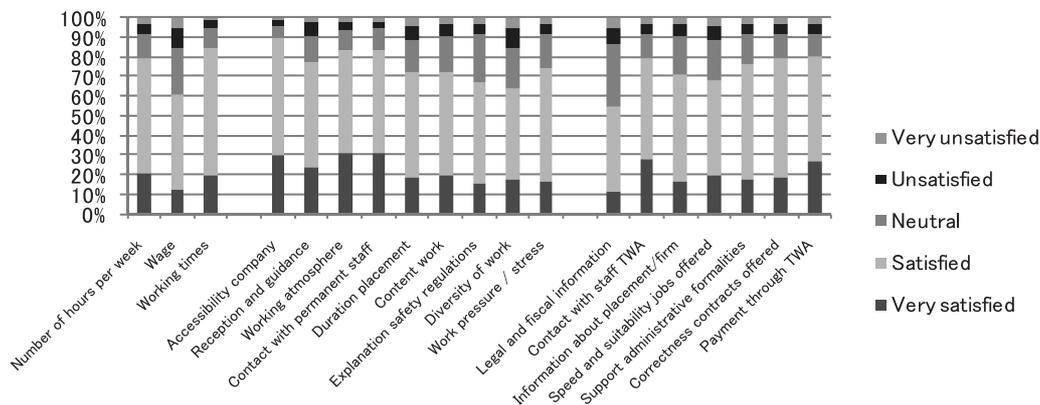


Source: ABU (2009: 39).

Two final issues to consider are the satisfaction of agency worker about their working circumstances and their chances to acquire an open-ended contract. Figure 15 shows the satisfaction among agency workers about working conditions, the user firm, and the TWA.

Table 18 compares existing jobs to those preferred in 2002 and shows that most flexible workers preferred an open-ended contract. It is only on-call/home workers and, to a lesser extent, agency workers who were reasonably satisfied with their position. The remaining figures and table show the chances of flexible employees to achieve an open-ended contract. Figures 16 and 17 show the chances of agency workers as assessed by respectively the ABU and the UWV. Table 19 specifies the overall percentages for the different groups among agency workers. Figure 18 shows the chances of those with a fixed-term contract as assessed by the UWV.

**Figure 15 Satisfaction of agency workers about working conditions, the user firm and the agency (%)**



Source: ABU (2009: 31-2).

**Table 18 Desired employment relationship according to current job characteristics (2002)**

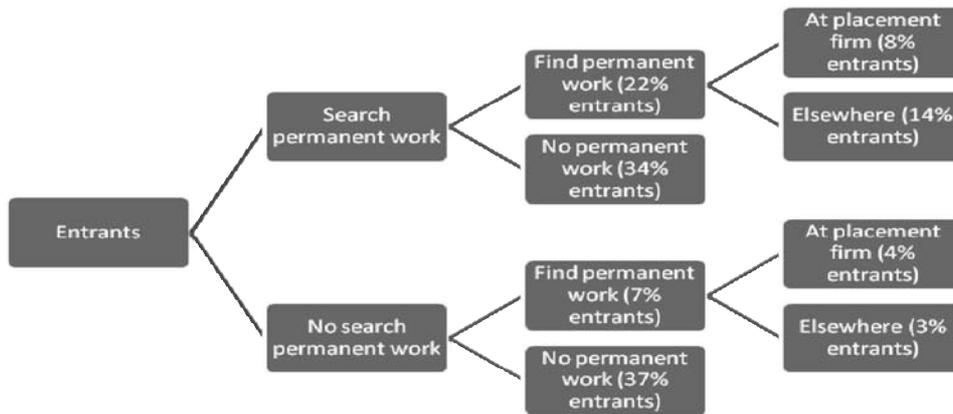
	Desired employment contract					Total
	Open-ended*	Fixed-term contract	TWA	On-call work	Other	
Flexible characteristics	61.9	4.4	13.5	16.5	3.8	100
TWA	55.6	2.9	35.4	1.3	4.8	100
Detached, loaned	89.6	2.0	4.5	60.8	3.9	100
On-call / home workers	25.8	9.9	1.2	0.3	2.4	100
No flexible characteristics	96.4	0.9	0.2		2.3	100
All	93.4	1.2	1.3	1.8	2.4	100

\*Including fixed-term with future possibility of an open-ended contract.

Note: This research has been repeated since (every two years) but the later studies did not include this data.

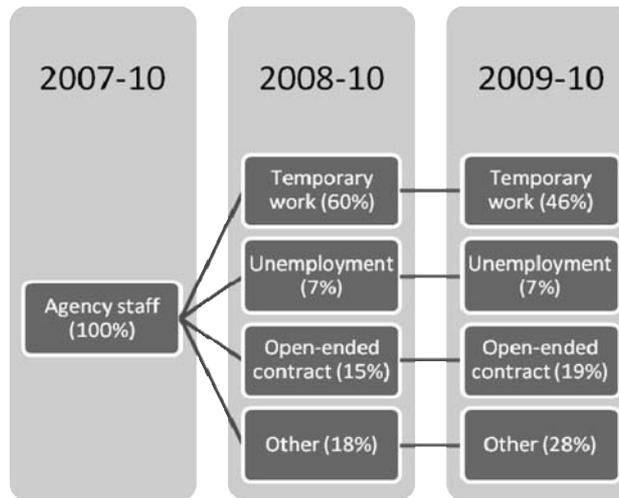
Source: OSA/CPB (2004: 90).

**Figure 16 Searching and finding permanent work by agency workers (%)**



Source: ABU (2009: 35).

**Figure 17 Perspective of agency workers**

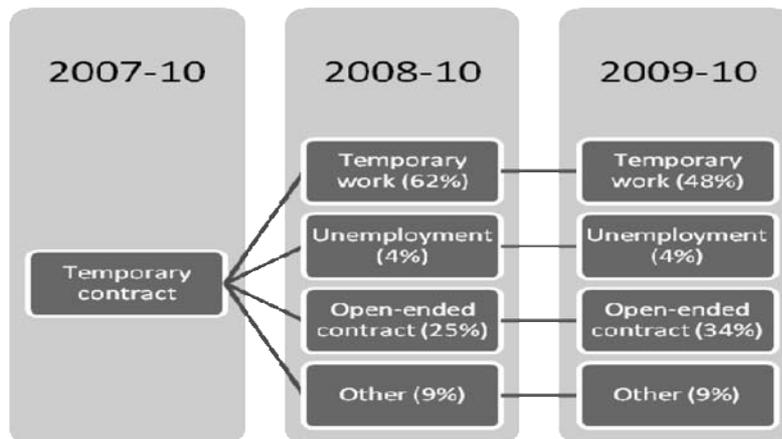


Source: UWV (2010: 35).

**Table 19 Vulnerable groups among agency workers and permanent employment**

Specific groups	Search permanent work	Find permanent work	At user firm
Vulnerable groups	57	21	10
Ethnic minority	56	19	9
Disability benefits	70	23	10
1 year unemployed or more	71	18	10
Over 45 years	59	24	12
Non-vulnerable workers	56	32	12
<b>Total</b>	<b>56</b>	<b>29</b>	<b>11</b>

Source: ABU (2009: 37).

**Figure 18 Perspective of employees with a temporary contract, excl. agency staff**

Source: UWV (2010: 35).

### 5.5 Illegal practices in the temporary work agency (TWA) industry

A particular problem in the TWA industry is the prevalence of illegal practices. Tijdens et al. (2006) refer to a 2004 research report which concluded that one out of every seven workers was placed by an illegal agency.

750 registered (!) temporary agency companies were suggested to engage in illegal activities. It was estimated that these registered companies are mediating 7,500 - 15,000 illegal workers. In addition, a considerable group of non-registered small firms was traced, leasing another 40,000 - 65,000 illegal temporary workers per year.

Tijdens et al. (2006: 19-20)

Illegal agency work can concern both workers, because they are illegal or because they are legal but not allowed to work, and agencies, because they do not pay the required taxes and social insurance premiums. The ABU has been particularly active in this area by protecting quality standards. Agencies require a license and financial review from the ABU and in 2007 it created the so-called NEN 4400-1 norm, a private initiative which offered certification to law-abiding agencies by the 'Stichting Normering Arbeid' ([www.normeringarbeid.nl](http://www.normeringarbeid.nl)). Another development has been legislation on 'user responsibility' (inlenersaansprakelijkheid) since January 2010. Agency workers who receive less than the legal minimum wage and additional holiday premium can now hold the user firm responsible. This is an attempt to better uphold the minimum wage and to fight fraudulent agencies. The user responsibility does not apply if a firm uses a certified agency (MSZW 2010). The interview with a representative of the ABU confirmed the challenges involved and the importance the organisation ascribes to preventing illegal behaviour.

### 5.6 Official evaluations of new legislation and its outcomes

Several official evaluations, the first as early as February/March 1999, have assessed the impact of the Flexibility and Security Act together with the WAADI and the collective labour agreements. The two most comprehensive studies were performed in 2001 (Van den Toren et al. 2002) and 2006 (Knegt et al. 2007). The latter was considered necessary as the first

evaluation took place during an economic boom period and it was felt that the Act was not yet critically tested.

Several expectations were expressed when the legislative framework was introduced. For example, it was expected that fixed-term contracts would become more attractive because of the greater room for contract renewal. In addition, the conclusion of open-ended contracts should become easier because of the simplification of dismissal procedures. The three-hour minimum payment would motivate greater care and better planning when hiring on-call workers. No changes were expected in the intermediary role of TWAs but the law should improve the security of agency workers. At the same time, this greater security could constitute a threat to the growth of agency work, in particular given the wider possibilities to use fixed-term contracts (Pot et al. 2001). These expectations have come true to a large extent. The actual evaluations are rather detailed and hard to do justice within the context of this report but Table 20 provides an overview of several important findings.

Several aspects deserve special mention. First of all, flexible workers have not been overly positive about the supposedly greater security. As pointed out by Van den Toren et al. (2002) this is somewhat understandable if we take into account that the new balance between security and flexibility does not necessarily affect the individual flexible worker or specific employment types. The increased security is not just realised within but also between the different types of flexible employment. Van den Toren et al. (2002) provide the example that the security of workers has been strengthened by the rise in fixed-term and open-ended contracts at the expense of the less secure on-call contracts. A second issue is the transfer from flexible to open-ended contracts. The evaluations consider this disappointing. Van den Toren et al. (2002: 59) conclude that the transfer to permanent employment has become less achievable than originally hoped for. Both major evaluations ascribe this to the discretionary freedom of employment agencies and the organisations using flexible workers. They are free to just use fixed-term contracts and Phase-A agency workers and cannot be forced to promote workers to open-ended contracts or later phases. Neither the Flexibility and Security Act nor the collective labour agreements in the TWA industry provide any monitoring instruments that increase the likelihood of conversion (Knegt et al. 2007). The low number of agency workers in Phases B and C are particularly indicative of this situation.

A final issue to be considered is the development of other types of flexible employment. As pointed out by Knegt et al. (2008), they cannot be ascribed directly to the Flexibility and Security Act but have clearly been shaped by the existing framework. Section two already introduced the so-called ‘independents without personnel’ (‘Zelfstandigen Zonder Personeel, ZZP-ers), one-person ‘businesses’ that are often in a similar position as employees and provide an important contribution in terms of flexibility. Another development is the rise in ‘payrolling’. It involves the provision of employees to principals whereby the principal is responsible for the recruitment, selection and treatment of employees. It is rather similar to agency work with the important distinction that the agency does not perform its customary allocative function but usually takes over personnel from a principal. In other words, the legal employer changes with important consequences for the working conditions. In particular dismissal tends to become easier as the payroll firm can refer to a loss of contract with the user firm as the basis for dismissal. Payrolling has grown and continues to grow in importance, with about 70,000 pay-roll workers in 2007, 144,000 in 2009 and an expectation of almost 180,000 employees in 2012 (EIM 2010). The industry has its own employers’ organisation (Vereniging Payroll Ondernemingen, VPO) and collective labour agreement.

**Table 20 Major evaluations of Flexibility and Security Act*****Van den Toren et al. (2002) 'Effects and Effectiveness of the Flexibility and Security Act'***

- On balance, there has been no increase in the share of flexible employment.
- The refutable presumption of contracts has had a largely preventive impact through the development of alternative and better drafted contracts.
- The fixed-term contract has clearly become more popular in relation to on-call and agency contracts. Firms renew fixed-term contracts much more than originally expected by the legislator. In one-fifth of cases employees have been offered an open-ended contract at the end of the 'chain' of fixed-term contracts. In 10% of the relevant cases do firms wait for three months at the end of the 'chain'.
- Only 18% of workers to whom the minimum wage guarantee applies claim that they receive the minimum of three hours pay per call.
- The number of transfers from Phase 3 to 4 is three times as high as the number of cases where the relationship is terminated at the end of Phase 3. One would expect that in time the number of agency workers with a permanent contract increases. The data in 2002 did not show such an increase.
- The increased flexibility of regular employees mostly concerns more flexible working times. The ambition to promote open-ended contracts through the simplification of dismissal procedures has hardly been realised as the changes have not motivated the majority of employers (over 80%) to change their dismissal strategies or to hire more personnel. One-third of employers have included the possibility of early termination in fixed-term contracts.
- Flexible workers are not very positive about the increased security. In particular, the transition to an open-ended contract is not as easy as possibly thought when the act was introduced.
- Most TWAs and other organisations for placement agree that the position of vulnerable groups has hardly improved.
- To the extent that the law has not lived up to the expectations, it is because of the discretionary freedom of employers and problems of compliance.

***Knegt et al. (2007) 'Second Evaluation Flexibility and Security Act'***

- The refutable presumption of contracts has indeed had a largely preventive impact.
- The number of times that someone on a fixed-term contract is offered another fixed-term contract is rather high (58%). The number of times an open-ended contract is offered has diminished (to 14%).
- Only a quarter of on-call workers to whom the minimum wage guarantee applies claim that they indeed receive the minimum of three hours pay per call.
- The attitude of TWAs concerning the education of agency workers has become more positive and the size of educational efforts, although still somewhat smaller than in 2001, is considerable.
- Two-thirds of the regular employers believe that the law has not contributed to administrative costs. This differs among TWAs where over two-thirds believe their administrative costs have increased.
- The following developments have improved the flexibility of firms: (1) wider possibilities to use fixed-term contracts (which has translated into greater use); (2) the possibility to end fixed-term contracts early; (3) the extension of the period during which can be worked according to the agency clause; (4) the simplification and shortening of dismissal notification have reduced the costs of dismissal for employers; (5) the changes in the dismissal procedures for regular employees have made this more accessible.
- The following developments, amongst others, have influenced the security of employees: (1) the refutable presumption of contract has made employers careful when contracting employees but employees have hardly made use of this provision, largely because they often are not interested in increasing the size of their job; (2) more than five years ago, a fixed-term contract is followed by another contract. However, this is often another fixed-term contract; (3) the security of agency workers has increased although some of the improvements of five years ago have been undone.

## 6. Ongoing Concerns

This section discusses some of the ongoing issues as they were discussed during the interviews with union representatives. They expressed serious concerns about the rise and consequences of flexible employment, concerns that may require a reconsideration of the predominantly positive evaluation of the Dutch labour market policies in recent years. As this report does not allow for a detailed discussion, the section merely introduces some of the more pressing concerns.

A first major development is the rise in flexible employment. The data by Statistics Netherlands have long suggested that the share of flexible to total employment was rather stable. The recent data by the UWV, presenting a flexible group constituting 34 per cent of total employment, have therefore had quite an impact (see Figures 6 and 7 and Table 1). It has raised concerns about flexible employment becoming a new norm for substantial groups of employees. The working conditions of regular employees with open-ended contracts may remain good at many firms but the size of this group continues to diminish. A particular issue concerns a group of agency workers who find it almost impossible to progress from Phase A. The ABU and unions have recently instigated a cooperative study about its size as the unions claim the group to be much bigger than the employers believe.

The reasons for hiring flexible employment are not limited to flexibility. An important reason seems the ease that flexible employment offers because it requires less personnel management on issues like planning and training. This appears to have resulted in much greater use of flexible employment than necessary to handle business fluctuations. In addition, cost considerations appear relevant as well. Agency workers offer certain advantages in terms of costs, partly as they are paid according to the collective labour agreement for the TWA industry during the first 26 weeks. Moreover, pension costs tend to be lower for agency workers. Finally, there is hardly any increase in wages because of seniority considerations if new agency workers are hired every so often.

These developments have raised serious concerns among the unions. In the case of agency work, the original union argument for acceptance was threefold: (1) to replace sick employees and handle occasional high demand, (2) to offer an important entry into the labour market and open-ended contracts, and (3) to enable employees to achieve an open-ended contract at the TWA. The first argument still holds. The transfer to open-ended contracts also takes place although not as much as hoped for. However, the transfer towards Phase C has been very disappointing. As a consequence, agency workers may find that they cannot continue beyond Phase B and have to find alternative employment. One union representative mentioned how certain agency workers in a works council had even suggested that the C-Phase could be better abolished as it would allow the continuation of work through the fixed-term contracts of Phase B.

Another major issue is the collective labour agreement for the TWA industry. The union representatives are well aware that their willingness to sign these agreements has contributed to the legitimacy of the industry. Something similar holds for the payrolling agreement. At the same time, the unions expressed serious concerns about these agreements. They are critical about the outcomes as it has created a group of employees with significantly worse working conditions. The lack of members among agency workers also weakens the unions' position. In accordance, there is little that can be achieved through collective bargaining. This relates to the difficulties to organise agency workers as it requires knowledge about and entry into the companies where they work. In response to these complexities, the unions are in the process

of considering an alternative approach directed at the user firms. This strategy, which is only from the last 1 to 2 years, involves calling on the user firms to point out their responsibility for the working conditions of flexible workers. It also means the inclusion of provisions for flexible workers within the collective labour agreements for these firms. This strategy faces some important challenges. First of all, it provides no direct line between unions and TWAs, and thus with the actual employers of agency workers. In addition, it requires other unions to represent flexible workers in addition to their 'regular' members and thus the ability to convince members about the need for this change in policy. However, the representatives believe that the time may be right. Regular employees see flexible workers more and more as colleagues, they recognise the pressure on their own working conditions, and are aware that they may be forced to accept flexible employment if they would lose their current job. At the same time, the danger is real that better working conditions for flexible workers are exchanged for other demands that are closer to the interests of regular employees during the process of collective bargaining.

## 7. Reflections

As mentioned in the introduction, the growth of non-regular employment in the Netherlands has been an important aspect of its relatively strong economic performance since the 1990s. It has contributed to the rise of the 'poldermodel' and provided a major inspiration for discussions on Flexicurity. The regularisation of part-time employment has contributed to its quality and availability across sectors and functions. In addition, a new and innovative framework was developed to regulate flexible employment. Previous discussions and evaluations of these developments have thus been rather positive. However, some serious concerns have developed in recent years. In the case of part-time employment, this particularly concerns the number of female employees who work a small number of hours. This hardly contributes to their economic independence, nor does it help in handling the ageing of society. In addition, part-time employment may be easier to achieve than in other countries but is not less harmful to career progression. More pressing are the developments in flexible employment. Both its rise and the limited progression it offers towards open-ended contracts have become grounds for concern.

In this context, it is insightful to look at the objectives as they were originally formulated in the Flexibility and Security Memorandum. As mentioned before, it aimed to strike a balance between the issues of flexibility and social security, to develop 'working patterns that differ from the usual full-time employment pattern but nevertheless offer a reasonable level of stability, predictability and regularity' and 'not to lapse into a system of hire-and-fire'. It can be questioned whether these objectives have been achieved. The developments of recent years seem to illustrate the almost complete dominance of economic considerations. This shows clearest in the failure of the Phase system to offer progression to the open-ended contracts of the C Phase. Moreover, it is also shows in the extensive use of short-term contracts, often without much chance that they become open-ended. The original agreements aimed to support such progression but actual results have been disappointing. Payrolling in many ways take the next step in flexibilisation as it changes the legal employer solely for flexibility considerations. It raises serious concerns whether the developments in recent years are still in line with the intentions of the Flexibility and Security Act. As mentioned by one of the interviewees, if the negotiators to the memorandum had known that the future would bring payrolling, they would probably not have signed.

We need to conclude that the attempt to re-address the balance in terms of flexibility and security between regular and flexible employment has not been sufficient. It has been expressed by earlier evaluations that employers were not overly convinced about the relaxation of the dismissal procedures for regular employees (e.g. Van den Toren 2002). The rise in flexible employment seems to underline this assessment. It suggests that the social partners need to re-address the balance on the side of either regular or flexible employment. Given the strong rise of flexible employment beyond flexibility considerations, it appears wise to start there.

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