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NEGOTIATED FLEXIBILITY IN WORKING TIME AND LABOUR MARKET TRANSITIONS – THE CASE OF THE NETHERLANDS

On the surface, four features characterise the current "full employment" labour market of the Netherlands: a high incidence of part-time jobs; widespread use of temporary agency and flexitime work; low registered unemployment; and a high disability rate. Part-time jobs have become the dominant transitional arrangement between education and employment for young people entering the labour force, and between domestic activities and employment, especially for women. Temporary agency work is used by young people, school leavers and students entering employment, and as a transitional arrangement from unemployment to employment. The unemployment rate, after reaching double-digit figures in the 1980s and still over seven percent in 1995, dropped to 2.5 percent in early 2001, the lowest rate since 1972. This good news is accompanied by strong job growth, almost two percent per year since 1983 and outpacing labour force growth by a wide margin. From 1975 to 1999 the participation rate of women between 15-65 years doubled from 30 to 60 percent. Older males, on the other hand, have increasingly disappeared from the labour market. The participation rate of men aged between 50 and 65 years dropped from 85 to 60 percent. The employment ratio of the 55-64 age group, men and women, was as low as 29 percent in 1993, but has risen since. The high disablement rate, 952,000 persons at the end of 2000 or twelve percent of the labour force, remains a sour spot in the Dutch welfare state. Disablement indicates a near irreversible and exclusionary transition from employment into non-employment, currently involving a growing number of younger people and women, with a strong incidence of stress-related complaints.

In this paper I intend to analyse the Dutch labour market from the perspective of working time arrangements and "flexicurity" regulation, making use of the concept of *transitional labour markets* (Schmid 1998; Schmid and Gazier 2001). Transitional labour markets can be re-

garded as institutional responses to critical events in labour markets: entry, exit, job change, unemployment, and non-employment connected with non-paid activities and responsibilities. Integrative or "good" transitional labour markets require institutional arrangements that allow or support entry into employment, mobility between jobs, life-course management of employment, including the combination of paid work in the formal labour market with other socially useful activities, including education and caring. It has been argued that working-time arrangements can play an important role in easing such transitions or mobility stages in current labour markets (Cebrián, Lallement and O'Reilly 2000).

In the following pages I shall examine to what extent this is true for the Dutch labour market of recent times, proceeding in five steps. Paragraph 1 offers a brief discussion of the classification of labour market transitions and working-time arrangements, and of the hypothetical relations between them, that will then be taken as the basis for my empirical investigation. Paragraphs 2 and 3 offer some descriptive statistics of the various transitions and working-time arrangements in the Dutch labour market. In paragraph 4 this is followed by a discussion of the regulatory regime of Dutch industrial relations combined with a brief description of the main institutions, actors and processes. Paragraph 5 discusses in greater detail the various steps towards "flexicurity" and "negotiated flexibility" in working-time arrangements, from the Wassenaar agreement of 1982 to the recent "Work and Care" bill of 2001. Paragraph 6, finally, tries an evaluation of the strength and weakness of the Dutch approach of recent times.

PROCESSES, TRANSITIONS AND WORKING TIME ARRANGEMENT

We can distinguish five types of transitions or mobility in modern labour markets: (*i*) between education and employment; (*ii*) between non-employment and employment; (*iii*) between unemployment and employment; (*iv*) within employment, between jobs, or between dependent and self-employment; (*v*) between employment and retirement (see: Schmid 1998). Each of these can be conceived of as a two-way process. While we mostly see (*i*) as a movement from school to work, in a perspective of life-long learning the reverse may become increasingly relevant. Similarly, we need not think of retirement as a final stage in all circumstances.

Cebrián, Lallement and O'Reilly (2000) have proposed a distinction between integrative, maintenance and exclusionary transitions. Integrative transitions refer to people who were initially outside paid employment, either being unemployed (iii) or outside the labour force, perhaps as "discouraged workers" (ii), or enrolled in education or training schemes (i). Maintenance transitions enhance what is sometimes called "employability" or employment (rather than job) security. Transitions of this type are the mobility processes (iv) between different jobs, employers or employment statuses, possibly alternating with phases of education (i) or other socially useful activities (ii), but avoiding unemployment (iii) and early withdrawal or disablement (v). Exclusionary transitions, on the other hand, lead to withdrawal (v), possibly proceeded by an extended period of unemployment, sickness or non-employment interrupted by brief spells of temporary or part-time employment. The latter definition suggests that processes of social integration, exclusion and maintenance in labour markets are closely intertwined with working time arrangements.

Flexibility has different sources and motives, and involves the dimensions of time, contract, task, and pay (Atkinson 1987; Esping-Andersen and Regini 2000; Streeck 1987). In this chapter the emphasis is on numerical flexibility, *i.e.* the ease with which working hours and/or the number of workers can be adapted to meet fluctuations in demand or supply shifts related to technological and social change. Within numerical flexibility two further useful distinctions are between internal and external flexibility (de Haan, Vos and de Jong 1994), and between active and passive flexibility (Passchier and Sprenger 1998). When firms solve the problem of adaptation to varying demand internally, by expanding or contracting the number of working hours, or through a more variable use of labour, we speak of internal flexibility. When they approach the problem through hiring or laying off workers, or by hiring "contingent workers" on short-duration or "on call contracts", we have external flexibility. Active and passive flexibility refer to the position of employees in the choice of contracts and working hours. When employees work flexible hours or work under flexible contracts involuntarily, because alternatives are lacking, flexibility is imposed and passive from the workers' point of view. Active flexibility is voluntary and tends to reflect workers' preferences for risk taking, variable hours and combination of employment with other activities.

Two well-known forms of *external flexibility* are temporary workers employed by temporary work agencies (TWA) and workers on temporary or fixed duration contracts (FlexC) without the prospect or promise of a regular ("open ended") employment contract. Specific and sometimes hazardous forms of FlexC are workers "on call", temporary replacements or "stand-ins", and contracts with unspecified but variable hours and earnings, like "zero-hours" and "min-max" employment contracts. Further forms of external numerical flexibility involve "home work", seasonal and vacation jobs, some forms of self-employment and some types of "labour pools".

Internal flexibility relates to increased variation in working hours and flexible working-time arrangements of regular workers who are employed on the basis of standard, full-time or part-time, employment contracts. Compared to external flexibility, workers need be less uncertain about the continuation of employment and earnings, whereas employers have less to worry about the availability or quality of staff. In this paper I distinguish eight relevant working-time arrangements: part-time work (PT); variable working hours or annual (and lifetime) working accounts (VarH); work in shifts (shift), so-called "unsocial" working hours during evenings, nights and weekends (24H); overtime (OT); temporary reduced hours (TRH); shorter working hours (SWH) and leave of absence (LEAVE). Table 1 locates these forms in a two-dimensional space defined by the two axes of flexibility and suggests which groups will be most affected by these forms of flexibility.

 Table I

 Types of numerical flexibility

	Internal			External
	Leave (women)			
Active	SWH (all?) TRH (men)			
	PT-large (women) VarH (parents, young)		TWA jobs (young)	
	OT (men)	24H (young, women)		
				Stand-in (women)
			FlexC (young) PT-small (women)	
Passive			· · · · · ·	Call (women)
	Shift (men/women)			Min-Max (women) 0-Hours (women)
				0-110urs (wolliell)

Part-time, overtime, temporary reduced and shorter worker hours are defined on the basis of some norm referring to the normal, contractual or average length of the working day or week. Variable hours or flex-time refer not to the length but to the variation in working hours during the day, week, month or year; shift-work to monthly or weekly changing working hours involving evenings, nights and/or weekends, 24-hours regimes to regular work involving any time during the day or week (24H); and leave of absence to interruptions from paid employment into non-employment, education or retirement while retaining employment status. All these categories need further refinement.

Various classifications of part-time jobs have been proposed, mostly based on the length and stability of these jobs, and intended to separate marginal part-time jobs from their more gratifying and sustainable variants (Hakim 1996; 1997; O'Reilly and Fagan 1998). Thus, it would seem meaningful to distinguish small part-time jobs (for instance, less than 12, 15 or 20 hours weekly) from part-time jobs that involve half-time employment or more. Overtime, especially when leading to a regular call to put in long hours, is the opposite of part-time work. Shorter working hours refers here to the collective variant of working-time reduction below the contractual norm of 40 weekly hours on average, whereas temporary reduced working hours refers to the possibility to combine unemployment and employment during a limited period of crisis or restructuring, usually with support from unemployment insurance funds. Under variable working hours we may group a variety of arrangements, from annualised working hours, allowing variation of daily or weekly working hours schedules during the year, as well as life time (or time saving) accounts. Finally, there is also a great variety of leave arrangements in terms of what motivates a particular leave, its length, recurrence, entitlement and pay.

With regard to all types of numerical flexibility distinguished above, it is important to know how the decision to work a particular contract, number of hours or working-time schedule is framed by regulations; who takes the initiative or to what extent do arrangements reflect worker preferences; how the advantages and disadvantages are weighted or compensated; and how easy or difficult it is to change between arrangements. In addition to micro-social rationality, we may question the aggregate rationale of certain regimes of flexibility, from the point of view of overall economic performance or social justice. I will return to these questions in my evaluation at the end of the chapter. Table 2 summarises the proposed typologies by suggesting a set of hypothetical linkages between labour market transitions and working-time arrangements.

Hypothetical relationships between working-time arrangements (internal flexibility) and labour market transitions

Labour market transitions	Facilitated by the following working time arrangements
(i) education to employment(ii) non-employment to employment(iii) unemployment to employment	PT, FlexH, 24H PT, FlexH, 24H PT, FlexH
 (iv) employment to employment (i) employment with education (ii) employment with non-employment (iii) employment with unemployment (iv) employment with retirement 	Leave, SWH Leave, PT, SWH, ^OT Leave, PT, SWH, FlexH, 24H, ^OT TRH PT, ^FLEX, ^Shift, ^OT
(v) employment to retirement (iii) employment to unemployment (ii) employment to non-employment	Leave, SWH, PT, ^Shift, ^FlexH TRH, SWH, ^PTsmall Leave, PT, ^Shift, ^OT, ^PTsmall
	 (i) education to employment (ii) non-employment to employment (iii) unemployment to employment (iv) employment to employment (i) employment with education (ii) employment with non-employment (iii) employment with unemployment (iv) employment with retirement (v) employment to retirement (ii) employment to unemployment

Legend: PT = part-time work; OT = overtime; SWH = shorter working hours; TRH = temporary reduced hours; FLEX = variable hours (flex-time); 24H = evening, night and weekend hours; Shift = shift work; and Leave = leave of absence arrangements. ^PT = non-part-time, *i.e.* the part-time option is not available, *etc.*

THE DUTCH LABOUR MARKET IN THE 1990s

We can approach the various transitional stages in the Dutch labour market from the data in Tables 3 and 4. Table 3 confirms the growth of the labour force during the 1990s with 1 million and of the employed labour force with 1,2 million persons, raising the employment/population ratio by one percentage point per year. Almost 70 percent of this rise was due to the influx of women in the labour force. Unemployment, on the rise again in the recession of 1993-94, has since halved in the case of men, and decreased strongly in the case of women.

Considering the 1999 data, we observe that of the 10,7 million working age population (15-65 years), 7,1 million belong to the labour force and 3,6 million persons are defined outside the labour force when we apply the criterion of working or wanting to work at least twelve hours per week on a regular basis.¹ One-third (33.9%) of the *non-labour* force is enrolled in education; one-quarter (26%) receives a disablement pension, another quarter (22%) works in marginal jobs of less than twelve hours weekly, and 3.6% receive a pre-retirement benefit. The remainder receive social assistance, are not registered, perhaps discouraged from looking for a job or not available to accept a job on short notice, in education or on household duty. Of the female non-labour force, around half is (self-)defined as housewife and among females enrolment

Table 2

Table 3 Labour and non-labour force, by sex, 1990–1999

TOTAL	1990	1995	1999	of u	vhom	1000	1005	1000	
TOTAL	× 1000			in education		1990	1995	1999	
working age population	10,228	10,498	10,663	2,114	19.8%	par	ticipation 1	ates	
labour force (>12 hours)	6,063	6,596	7,097	906	12.8%	59	63	67	
1. employed	5,644	6,063	6,805	823	12.1%	55	58	64	
						une	mployment	rate	
2. unemployed	419	533	292	83	28.4%	6.9	8.1	4.1	
3. non-labour force	4,165	3,903	3,566	1,209	33.9%	invol	ved in paid	! work	
with small job (<12 hours)	690	712	796			16.6%	18.2%	22.3%	
with disablement pension	863	877	914			20.7%	22.5%	25.6%	
with pre-retirement pension	128	152	130			3.1%	3.9%	3.6%	
MALE									
working age population	5,182	5,329	5,400	1,126	20.9%	par	ticipation 1	rates	
labour force (>12 hours)	3,865	4,067	4,242	546	12.9%	75	76	79	
1. employed	3,686	3,814	4,121	504	12.2%	71	72	76	
						une	mployment	rate	
2. unemployed	179	253	118	42	35.6%	4.6	6.2	2.8	
3. non-labour force,	1,317	1,262	1,151	580	50.1%	invol	ved in paid	! work	
with small job (<12 hours)	236	242	279			17.9%	19.2%	24.1%	
with disablement pension	590	587				44.8%	44.6%		
with pre-retirement pension	107	126				9.5%	11.9%		
FEMALE									
working age population	5,046	5,169	5,263	989	18.8%	par	ticipation 1	ates	
labour force (>12 hours)	2,198	2,529	2,856	359	12.6%	43	49	54	
1. employed	1,958	2,249	2,684	319	11.9%	39	44	51	
			. = .				mployment		
2. unemployed	240	281	174	41	23.6%	10.9	11.1	6.1	
3. non-labour force	2,849	2,640	2,408	629	26.1%		ved in paid		
with small job (<12 hours)	454	470	517			15.9%	17.8%	21.5%	
with disablement pension	273	314				9.6%	11.9%		
with pre-retirement pension	20	26				0.7%	1.0%		

Sources: Central Bureau of Statistics (CBS), The Hague, various publications and STATline (http://statline.cbs.nl/statweb)

Table 4

Indicators of unemployment, 1992–2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
registered unemployment	336	415	486	464	440	375	287	221	188
of whom >= 1 year	49.1%	45.3%	50.2%	53.2%	50.2%	52.0%	54.0%	50.2%	43.6%
unemployment benefits	214				386	355	306	249	204
unemployed labour force	411	481	547	533	494	438	348	292	267
wants to work (>= 12 hours)	974				1,117	1,020	914	805	700
social assistance recipients	214				386	355	306	249	204
unemployment rate (registered)	5.3	6.5	7.5	7.0	6.6	5.5	4.1	3.1	2.6
unemployment rate (labour force)	6.5	7.5	8.5	8.1	7.4	6.4	5.0	4.1	3.7

Source: Central Statistical Office (CBS), press release of 17-5-2001, and historical series (http://statline.cbs.nl/statweb)

in education and entitlement to social benefits is much smaller than in the male non-labour force, whereas the incidence of marginal part-time jobs is higher.

From Table 3 we can deduce that the borderlines between the various subsystems - employment, education, social security - are porous. Half of all people in education are employed, reflecting both the growing importance of adult education and formal job retraining, and the rise of student work since the late 1980s. In 1998, 46 percent of school going youth and students under the age of 25 had a (part-time) job (de Beer 2000). Twelve percent of the employed labour force (in non-marginal jobs) is enrolled in (part-time) schools; among the unemployed this proportion rises to 28 percent (36% for men and 24% for women), possibly due to the new active labour market policy in which job seekers are offered training. Of the 914,000 people receiving disablement pensions in 1999, more than a quarter was partially disabled, possibly in combination with employment, unemployment and education, or support from social assistance, families or partners.

Having been used as the "velvet exit route" from the labour market for older (male, industrial) workers in the 1970s and 1980s (see Aarts and de Jong 1996), the current system is rapidly feminising. Half of the 100,000 disablement pensions starting in 2000 went to women, far in excess of their share in employment. One-third of these disablement pensions, starting after one year of absence due to sickness, was awarded on grounds of "psychological dysfunction or stress". Another disquieting factor is that nearly half of all new cases of disability affected people under 45 years. Of the 75,000 people whose disability pension was stopped, only a minority was reintegrated into (part-time) employment. 40 percent reached the official retirement age of 65, a small number died, and others were transferred to social assistance.² On the current rate of increase, the number of people of disability pensions will surpass the 1 million threshold in 2003, a figure that ten years ago alarmed politicians in drastic actions. However, the painful reforms of 1993 and later years, which reduced the Labour party nearly into opposition during the 1994 elections, did bring only temporary relief. Due to lower benefits, stricter selection, penalties for employers and medical re-examinations, the number of pensions dropped by almost 100,000 between 1993 and 1996, but starting again on its long-term upward trend. In typical Dutch "consociationalism cum corporatism" fashion, an all-party committee, with membership from government and opposition parties, and closed door negotiations with unions and employers, has in May 2001 proposed another major overhaul of the system, making a sharper distinction between full and irreversible disability on the one hand and partial and curable disability on the other. The committee proposes to improve the social care for the first group and to strengthen the incentives for employers and workers to invest in health recovery, job search and employment for the second group.

Finally, from Table 4 we learn that unemployment may be defined in different ways and include people who are currently defined outside the labour market or enrolled in (full-time) education. The indicators of long-term unemployment (since the mid-1980s roughly half of all unemployed are unemployed during one year or longer) and of an ill-defined "labour reserve" (some 700,000 or double the official number of unemployed want to work but may not be available to work twelve or more hours per week) suggest that, in spite of the sharp drop in unemployment in recent years, the transition out of unemployment and non-employment is problematic still for many people. The problem is mostly concentrated among those who have been unemployed for a long time and among ethnic minorities. Women with responsibilities for young children, especially when lone parent and unskilled, have great difficulty entering the job market or retain any but a small part-time job with no financial sustainability or job qualifying promise. The 1996 reform of the social assistance laws limited the exemption from (part-time) job search to lone parents with children under the age of five (the prior age limit was twelve). Older unemployed workers, mostly males of 57.5 years and more, have since 1984 been exempted from the requirement to engage in job search, without jeopardising their benefits under unemployment insurance and social assistance laws (though this exemption is currently under review).

Studies of mobility, worker turnover and flows into and out employment and unemployment offer the following picture of the Dutch labour market in the 1990s. From panel data, Hartog and Theeuwes (1997) estimate that on average fifteen percent of workers, almost one in seven, change jobs annually, a figure that compares well other OECD countries. Panel data of the Organisation of Strategic Labour Market Research³ show that eleven percent of all workers changed jobs while remaining with the same employer (OSA data, cited in de Lange and Thunissen 2000). Functional flexibility, or the degree to which workers perform tasks "outside their function, oc-

cupation or skill-level", appears to have increased from an average 13-14 percent between 1985 and 1994 to over 17 percent in 1998. This increase is observed across a variety of occupations and suggests that, in a tightening labour market, employers prefer workers with broader skill profiles as an alternative to numerical (and short-time) flexibility. Numerical flexibility is more prominent in small firms, under 99 employees, which together employ about half of the Dutch work force. In terms of employees involved, functional and numerical flexibility are equally important in larger firms (de Lange and Thunissen 2000).

Labour mobility, or change of employer, moves in a cyclical pattern; it decreases during recessions and rises when labour markets are tight. Around six percent of all workers changed their employer in 1998, about the same proportion as in 1991, whereas less than four percent did so in the recession year 1994.⁴ Incidentally, these figures neither indicate a strong rise in "job hopping", nor do they signal "the end of the career" for the majority of workers. In spite of the rise in flexible employment contracts (see below), the mean job duration, of people remaining with the same employer, has increased with a full year, from 8.4 years in 1992 to 9.4 years in 1998.5 Women have, on average, three years less tenure than men. This reflects in part the younger age structure of the female labour force due to lower participation of older cohorts. Average job duration of employees between 15-24 years is 1.8 years; increasing to 7.6 years for employees aged 25-44 and 16.0 years for employees aged 45-65. Age and sex differences in job tenure are larger than in countries like Austria, Denmark and Ireland (OECD figures, cited in Rubery 2001).

Employment growth is the balance of relatively large flows of job creation and destruction. For instance, the increase with 60,000 jobs in 1992 (+2.2%) was the sum of 240,000 new jobs (+15.2%) and the destruction of 180,000 jobs (-13.0%). Hassink (1995), on the basis of panel data for 1990, estimated an average annual inflow with new workers of around 11-12 percent. Micro-census data from the Dutch Central Statistical Office (CBS 1998) suggest a steady rise of inflow into employment - from education, unemployment and non-employment - from less than 13 percent before 1994 to 16 percent in later years, a pattern that is consistent with rising job growth during the decade. Gautier (1997), using administrative social security data, has computed a historical time series for 1970-91, both with regard to the outflow from employment into unemployment and non-employment, and the inflow into

employment from unemployment and non-employment. His figures show that inflow collapsed and outflow soared during the recession of 1981-83. After 1983 inflow was on a steady rise, whereas during employment outflow stabilised at a significantly higher level in the 1980s than in the previous decade, due to increased exits through unemployment, disablement and early retirement. During the 1980s outflow from unemployment into employment decreased and unemployment became hardened into long-term unemployment for a significant part of the (older, unskilled and ethnic minority) population (de Beer 1996; Krogt et al. 1990). In the 1980s, seven out of eight new jobs went to new entrants or re-entrants (youth and women) (see Visser and Hemerijck 1997, chapter 2, and sources cited there). A study by Russo et al. (1997) confirms that newly acquired skills and educational requirements may be decisive. Their analysis of the 1991-94 period showed that employers, when interested in higher educational standards, tend to hire from the stock of employed. In contrast, recruitment of unemployed workers tends to go with lowering standards. That study took place during a downturn and it may be that in today's tight labour markets employers cannot afford being choosy to the same extent.

Together, increased job tenure and high job turnover may point to a growing polarisation of the labour force, with some groups (new entrants, re-entering and part-time working women, people with low skills, unemployed) being sorted into highly unstable jobs while (male) insiders hold on to stable and full-time jobs. This is indeed the picture that, at least in the late 1980s, seemed to fit the Dutch case (Lindeboom and Theeuwes 1991). It is hard to say how much has changed in the 1990s. We know that until 1997 or 1998 most of the Dutch employment miracle was due to the expansion of part-time and flexible jobs filled by women and youth. After 1998 this type of expansion, emptying the reservoir of unused labour, seems to have exhausted, which explains why unemployment has fallen so much and is still falling in early 2001, in spite of faltering economic growth. More new entrants are offered a standard employment contract (with a one or two months trial period) than has been the case only few years ago, indicating the effect of a tightening labour market. More telling, from the perspective of overcoming polarisation and the prevention of social exclusion, is that almost half (47%) of all persons who in 1994 were employed under flexible contracts had a permanent job two years later. Of those with flexible jobs in 1996 (a larger group than in 1994), 57 percent had a permanent job in 1998. Transi-

tions out of unemployment into permanent jobs (or jobs with the prospect of permanent employment, after completion of the trial period) also increased. 22 percent of those unemployed in 1994 had found a permanent job two years later, rising to 33 percent in 1998 of those unemployed in 1996.⁶

These figures, apart from reflecting an improved labour market, suggest that large streams of people - perhaps one-third of the labour force each year, counting all transitions distinguished in Table 2 - are in transitional labour markets each year. From that perspective, it is hard to sustain that the Dutch labour market is lacking in mobility. On the negative side, however, we find people who remain in insecure transitional labour markets despite themselves, for instance because they fail to move out of (long-term) unemployment for lack of skills or preparation, or because they move from one badly protected flexible job to another for reasons of (partial) disability, dropout from education or lack of support in, for instance, the case of lone mothers. Before returning to these issues in the paragraph on policies, I shall survey the flexible contract and time arrangements distinguished in Tables 1 and 2 and discuss their use in transitional labour markets.

FLEXIBLE CONTRACTS AND WORKING-TIME ARRANGEMENTS IN THE 1990s

The size of the market for flexible work has increased and may be larger in the Netherlands than in many other countries - the selection in Table 5 is chosen so as to represent countries with widely different industrial relations and welfare state systems, ranging from liberal-pluralist (US, UK), to conservative-familialist (Spain), corporatist (Germany) and social democratic (Denmark) (see Crouch 1993; Esping-Andersen 1990; van Ruysseveldt and Visser 1996; Visser 2001). Not only has the Netherlands become the champion of part-time work, but in TWA jobs the Netherlands holds the world's record as well. In the 1990s the market share of TWA's doubled from two to four percent (Dunnewijk 2000). With regard to flexible jobs or fixed duration contracts (FlexC), the Netherlands occupies a middle position. The OECD (1998) ranks the Netherlands as most rigid in terms of employment protection (EP),⁷ but this reflects legal rules rather than actual procedure, which is more flexible (Bertola 1990; Mayes and Soteri 1994; Wilthagen 1998). Temporary contracts tend to develop as a by-pass, around strict EP, as appears to be demonstrated by the case of Spain. Conversely, where EP is weak, as is the case in the US and the UK, there appears little need for additional flexibility. This makes the Netherlands, with strong job growth and additional flexibility through TWA and part-time jobs,⁸ but with an average use of flex-contracts, a somewhat odd case if one believes the OECD ranking of the Netherlands as highly rigid in its system of employment protection (for a critique: Nickell and Layard 1999). Jelle Visser Negotiated Flexibility in Working Time and Labour Market Transitions – The Case of The Netherlands

Table 5

Part-time, flexible and temporary agency work in selected countries

	Part-time a)		Flexibl	e jobs b)			TWA	1998 e)	EP f)	
	1983	1999	1983	1997	modal age class c)	average duration in months c)	% labour force	% sales per agency	value	rank-order 1–27
Netherlands	21.2	30.4	8.0	12.0	<25	7-12	4.50	13,300	3.1	25
Denmark	23.8	17.9	12.5	11.0	<25	7-12	0.25	1,100	1.6	7
Germany	12.6	17.1	10.0	11.0	<25	25-36	0.50	1,600	2.8	21
Spain	5.0	7.9	11.0	24.0	25-49	4-6	0.75	2,800	2.6	18
UK	19.0	23.0	7.0	7.5	25-49	7-12	3.00	3,500	0.8	2
US	18.4	18.3	d) 0.5	d) 1.9			2.25	8,400	0.2	1

a) OECD, *Employment Outlook 2000*, restricted definition (van Bastelaer *et al.* 1997): less than 30 hours weekly and (in the Dutch case) more than 11 hours weekly.

b) OECD, *Employment Outlook 1998*, jobs based on employment contracts of determinate length (in the Netherlands usually less than one year).

c) based on ELFS data for 1998, Eurostat, European Labour Force Survey 1998.

d) US figures (not strictly comparable) from NATS, the National Association of Temporary Staffing.

e) TWA-figures provided by CIETT, the *International Confederation of Temporary Work Businesses*. The figures refer to daily averages of working hours worked though temporary work agencies, as a percentage of man-hours worked.

f) OECD, Employment protection and labour market performance, Paris 2000.

Not shown in Table 5 is the development of flexible *time* use, offering greater variation in the use of labour but *within* standard labour contracts and with *less* uncertainty and variation of earnings. That development will be discussed shortly. Also outside Table 5, but an additional source of flexibility, is the development of new forms of *self-employment*, of those working in a sub-contracting rather than in an employment relationship. Self-employment has risen with some 150,000 persons to over 750,000 in 1998, representing a stable share in total employment of about twelve percent since the 1980s. Of these at most one-quarter, or three percent of total employment, are self-employed in a subcontracting relationship, avoiding social security contributions and not covered by standard labour law and social protection pertaining to employees.

In recent years a growing number of construction workers, truckers, computer specialists, health therapists, hairdressers and beauty specialists have swelled the ranks of the self-employed, joining the usual suspects of freelance workers among journalists, artists and professionals.

The transition from employee status to self-employment may produce a "regulation gap" with regard to pensions and social security coverage, with exclusionary consequences due to under-insurance in the future. According to union research just over 70 percent of self-employed truckers and construction workers, but only 20 percent of free-lance journalists, are fully insured against the risk of disability or sickness, guaranteeing an earnings-related benefit (Ilpenburg 2000). Insurance, guaranteeing 70 percent of last-earned wages in the case of full disability, is compulsory in the case of employees and most collective agreements since 1993, when the state lowered protection, provide additional insurance.

Table 6 shows a rising trend in external flexibility during the 1990s. Numerical flexibility based on flexible employment contracts, has increased from 12 to 17 percent of all jobs during the 1990s, and involves around fourteen or fifteen percent of all employed persons, or twelve percent if we exclude young people, students and re-entering women with small jobs of less than 12 hours per week. These estimates refer to *formal* employment relations. Given the low threshold of hours and the rather encompassing regime of social security, there is no reason to believe that informal labour other than "do-it-yourself", household cleaning and family help (including care for children and elderly people) is very widespread in the Netherlands. A high degree of flexibility and low thresholds for entry into the labour market and into social insurance tend to compress the market for informal employment (Delsen 1988).

Table 6 nal flexibility, by type		Flexible contracts	TWA	Call-contracts	Stand-in	Other
ntract (in thousands), 1992–1999	1992	399	102	78	39	181
1772-1777	1993	393	98	79	36	179
	1994	425	114	91	36	185
	1995	477	149	105	34	189
	1996	538	187	114	48	188
	1997	566	207	121	43	195
	1998	604	223	138	49	195
	1999	571	210	112	44	205

Table (

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Source: same as Table 2

Temporary Work Agencies

TWA jobs (in Dutch: *uitzendwerk*) are used in agriculture and industry in case of seasonal work or uncertain demand, and in services in case of temporary activities. Typically, TWA workers are young, without children; there are in fact many starting dual earner households involved in this kind of job. Traditionally, TWA's have specialised in buffering fluctuation, matching product demand changes and labour supply, for instance in the case of seasonal fluctuation or temporary replacements, but they are also used by employers to avoid dismissal protection requirements and as a screening device. On the supply side, TWA's have picked up the desire for more autonomy in matters of working hours, education and leisure of people in transitional labour markets, especially of young people and starting households.

TWA employment tends to expand cyclically. During recessions, TWA workers are the first to lose their jobs by not being recalled; in the upswing product demand is first met with extra effort (overtime) of existing employees as hoarding is reduced, followed by the hiring of additional temporary workers if future demand remains uncertain. If growth continues, temporary work tends to stabilise as some temporary workers may be offered regular jobs. Some of the larger TWA's operate on an international scale and are clearly moving "up market" by specialising in "human resource management", training and employability of skilled workers (for instance IT specialists and managers, or artists). TWA's are also active in the market for subsidised or additional employment and have made "contracts" with local governments in the Netherlands and Germany regarding the placement of the long-term unemployed, usually on the base of lump sum subsidies.

Temporary or fixed-duration contracts

Temporary jobs (*arbeidscontracten voor bepaalde duur*, also *tijdelijk werk*) involve slightly more women than men, are usually found at the lowest skill and pay levels, and are mostly filled by young people. Screening is only one of the reasons mentioned by employers for the growth of temporary contracts (van Bolhuis 1996); other reasons are related to fluctuating and uncertain demand. Tijdens (1999) associated the apparent increase of risk-avoidance to employers' attempts to increase long-term (*internal*, numerical and functional) flexibility under an EP regime that makes it costly to dismiss workers (at least before the legal changes of 1999). Changes in social security laws may

have made employers more hesitant to start hiring employees on the basis of standard employment contracts. Changes in sickness pay and disability legislation in the mid-1990s have increased obligations on employers (Visser and Hemerijck 1997) and may have made them intent on risk avoidance, though no sound empirical research on this exists to date. Under the new "flexicurity" legislation (1999), employer responsibility and social insurance coverage has been widened to a larger category of flexible and TWA workers.

Employment on call, temporary substitutes and unspecified hours

These are the least secure forms of jobs, promising little sustainability of income and employment, though somewhat better social security coverage after the legal changes of 1999. Like some TWA jobs, these are the jobs with the largest variability in time schedules, which may be changed from day to day and week to week. In seven out of ten jobs of this type we found women (compared to four out of ten in total employment); mostly, these are married or single mothers with children. Employment "on call" (oproeparbeid) is in 85 percent of all cases a job of less than 20 hours per week; unspecified hours contracts (nul-uren or zero-hours and min-max contracts) are even smaller, whereas substitutes or stand-ins (invalkrachten) are found in jobs of all lengths. Unspecified hours contracts are mostly used in retailing and in hotels and restaurants; the other two types are also much used in the health service and education. Employment "on call" and unspecified hours contracts are used to increase the (short-time) flexibility of firms which want to limit the size of the regular staff. Surveys among these workers suggest a problematic "employment relation" even though in 57 percent of all cases there is a written contract and in 90 percent a wage and tax slip is provided (hence, we are not referring to informal employment). Yet, research by the Ministry of Social Affairs and Employment shows that most workers are poorly informed about their wages, rights, holiday claims, and so forth (Tijdens 1999).

Flex-time employment and shorter working hours

Flex-time employment, variable and irregular hours, and longer opening hours became the main issue in collective bargaining during the 1990s. This must be seen in the context of growing fluctuation in demand, just-in-time production, increased (fixed) capital costs, longer operating and shopping hours, traffic congestion, shorter working

hours, more leisure time and the pressures related to reconciling work and family responsibilities in a dual earner society. A survey among firms shows that one of every two firms is confronted with some kind of demand fluctuation. Sixty percent of the firms experiencing demand fluctuation indicate that they prefer to deal with it through internal (time and job) flexibility; 16 percent prefer external flexibility and 24 percent have no preference either way (de Jong and van Bolhuis 1997). This preference of internal over external flexibility is shared by the trade unions (Passchier and Sprenger 1998) and has become the basis for the central agreement of 1993 ("New Course") and new legislation on working time (1996).

Annualisation of working hours and the concept of weekly or monthly average working hours made its full entrance in the second half of the 1990s. As a consequence, employers can more easily match working hours to changing demand conditions or shifting workloads, reducing the likelihood of "overtime" hours. In exchange, workers gained shorter working weeks, more holidays or additional hourly pay, in some cases more autonomy over schedules. The main union in industry introduced the concept of vari-time, allowing variable working hours over the month or year but with guaranteed monthly and annual earnings. In many services and in retailing employers wanted a better match of working hours and consumer behaviour. with peak hours more often falling in evening hours or in weekends, and varying during the year, with Christmas and holiday sales. The banking agreement, for instance, introduced a "corridor" of working hours, between 32 and 40 hours, and exempted a large group (with scarce skills) from the reduction. Furthermore, the agreement introduced longer "normal daytime" working hours, work on Saturday, lower overtime rates, and more variation during the year. Unions gained stronger social clauses in case of work restructuring and protection of workers against redundancies (Visser and Jongen 1999).

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Variable Hours

Unsocial Hours and Shift Work

According to the 1997 Labour Force Survey, excluding very small jobs of less than 12 hours per week, around 43.3 of all employees work irregular hours (alternating evening and night hours, including shift work: 14.4%; evening hours: 14.2%; weekend hours: 15.1%) (Visser and van

Rij 1999). More recent figures suggest a significant rise in evening work during the 1990s from 7.8% to 17.4% between 1992 and 1998 and a slight increase in work during weekends (OECD 2000). Shift work is mainly found in industry; a high incidence of irregular and unsocial hours is found in catering and entertainment (87% of all employees); transport (66%); health; commerce; and agriculture (each 55%). With the exception of transport and agriculture, these are sectors with an over-representation of women and young people. However, women do not more often work in shifts or unsocial hours than men (they do work shifts in different sectors however, e.g. in health rather than industry). Young people tend to work less in varying shifts but more during weekends, evenings and nights. Part-time workers are not significantly more likely to work "unsocial" hours; 48% of part-time workers, compared to 51% of full-time workers, never work during evenings, nights or weekends (de Beer 2000).

Shorter Working Hours

Since 1979 the Dutch trade unions began their campaign for a shorter working week as a means to combat rising unemployment through work sharing (de Lange 1988; Visser 1989). Unlike the earlier movements towards shorter working hours – leading to the five-day working week in 1962 and a standard 40 hours week for full-time workers in 1975 – the reduction of contractual working hours that took place in the 1980s and 1990s did not produce convergence but *divergence* in working hours across society. Working hours standards began to vary more than before, and the process of working time reduction itself encouraged variations over the year, with a further fragmentation, and individualisation, of working time schedules, including a boost of part-time employment (Visser 2000).

The bargaining rounds between 1983 and 1986, following the central agreement of Wassenaar in November 1982, produced an *average* reduction of working hours by five percent, from 40 to 38 hours per week for the majority of Dutch employees. In 1986 the working week was reduced for 77 percent of all employees in the private sector. In addition to measures promoting early retirement and more part-time jobs, the working-time reduction took mostly the form of *extra days off* per year or per month and in most cases the reduction of working time corresponded with a reduction of operating time (Tijdens 1998). Between 1986 and 1993 effective and contractual annual working hours of full-time and part-time workers hardly changed. Only ten percent of all full-time workers had gained a 36 hours working week by 1993, mainly in sectors or firms in which major restructuring and manpower reduction had taken place (Tijdens 1998).

In the wake of the 1993 recession, the unions revived their campaign for a 36 hours working week. At the end of 1993 they signed a major central agreement ("New Course") with the employers, offering wage moderation in exchange for negotiations over shorter working hours while introducing the possibility of increased flexibility in time-use and individual choice. Negotiations proved difficult and in the bargaining rounds of 1994-95 and 1996-97 only half of all employees covered by collective agreements reached a contractual working week of 36 hours on average. Where the unions did succeed (e.g., Heineken, banking, department stores, health and education, local and central government), variation in working hours across groups of workers increased. In major industries and firms (e.g., Philips, metal engineering), employers successfully resisted a further working time reduction and pressed for a return to 40 hours working week instead. Similar pressures have emerged in the small firm sector and in the health sector (with a contractual working week of 36 hours), where employers are faced with severe recruitment problems. Compared to 1987, when male workers clearly exhibited two spikes of working hours around 40 and 38 hours per week, the recent pattern shows three spikes of 40, 38 and 36 hours, and longer left tail of male employees working part-time. Among female employees there is no dominant pattern or spike, and the pattern has not much changed between 1987 and 1997 (Bosch 2001; OECD 2000).

Given rising fixed costs, it is easy to predict that shorter working hours will increase the pressure from employers to work more overtime hours. Where shorter working hours are not (fully) compensated by higher hourly wages (as was the case in the Netherlands, where the Wassenaar agreement had opened the door to "cost-neutral working-time reduction" only), some pressure to work overtime will also arise from insiders, especially men with breadwinner responsibility. Case studies in the 1980s showed that staff shortages were initially met by fixed-term contracts and, as predicted, an increase in the use of paid *overtime hours* of permanent staff (de Lange 1988). Unpaid overtime hours, though more difficult to gauge, probably increased Jelle Visser Negotiated Flexibility in Working Time and Labour Market Transitions – The Case of The Netherlands

Overtime Hours

also (and make up about half of the total number of overtime hours, see Bosch 2001). Overtime hours decreased somewhat in the 1990s, partly as a consequence of the recession but also on account of the annualisation and, hence, more efficient use of labour time. In recent years we witness again an upward trend in the use of overtime hours, now connected with labour shortages all around.

Temporary Reduced Hours

Temporary reduced hours (tijdelijk korter werken) arrangements in case of a severe shortfall in business activity, not related to structural factors or normal business risks, does occur for the purpose of maintenance of employment and experience ("hoarding") and offers workers compensation through unemployment benefits (up to 100% of last earned wages). Recently, TRH was applied to help slaughter houses workers who were made redundant during the foot and mouth disease in the spring of 2001. TRH can be used for six weeks, in exceptional cases to be prolonged to six months. Restrictive legislation has made that this arrangement is much less used than in for instance Germany. On an annual basis, less than 0.2 percent of the labour force participates in TRH, with an average spell of 2.5 months, in total requiring less than one percent of all the money spent on unemployment benefits (CPB 1997: 294-5).

Part-time Work

This discussion of working time reduction, flex-time and variation in hours, would not be complete without considering the development of part-time employment and leave arrangements. Part-time employment has been an effective measure of work-sharing in times of high unemployment and strong labour force growth. Of the more than two million extra jobs since 1983, at least 60 percent were part-time (less than 35 hours per week). The rising share of part-time workers explains half of the average reduction of 14.5 working hours per employee per year between 1989 and 1999 (OECD 2000, Table 2).

Currently, there are some 2,8 million part-time jobs (796,000 from 0-11 hours, 559,000 from 12-19 hours and 1,534,000 from 20-34 hours per week) (Table 7). During the 1980s the growth of part-time employment accelerated in unison with the rise in female employment. The female share in total employment soared from 25 percent in 1977 to 39 percent in 1999 (43 percent if marginal jobs are included). This increase is almost entirely due to *married*

Table 7						
Employment by status,	type of	contract,	working-time,	and sex,	in	1999

	Total	Male	Female	Share of	Total	Male	Female
		× 1000		women in %	in %		
all (>=12 hours)	6,805	4,121	2,684	39.4			
self-employed	733	497	235	32.1	10.8	12.1	8.8
employees	6,072	3,624	2,449	40.3	89.2	87.9	91.2
standard contract	5,502	3,369	2,133	38.8	90.6	93.0	87.1
flexible contract	571	255	316	55.3	9.4	7.0	12.9
0-11 hours	(796)	(279)	(517)	(64.9)	(10.5)	(6.3)	(16.2)
12-19 hours	559	99	460	82.3	7.4	2.2	14.4
20-34 hours	1,534	370	1,164	75.9	20.2	8.4	36.4
total part-time	2,889	748	2,141	74.1	38.0	17.0	66.9
total full-time	4,712	3,653	1,060	22.5	62.0	83.0	33.1
grand total	7,601	4,401	3,200	62.0	100.0	100.0	100.0

Sources: Central Bureau of Statistics (CBS), The Hague, various publications and STATline (<u>http://statline.cbs.nl/statweb</u>)

women. The employment rate of married and cohabitating women between 30 and 50 years doubled from 36 percent in 1985 to 74 percent in 1998. In 1973, one in ten mothers with children in pre-school age (under six) worked outside the house for wages; in 1998 more than half of these mothers did (CBS 1998). This is closely connected to the availability of the part-time option (Visser 2000). In 1999, 67 percent of all employed women worked part-time, compared to 57 percent in 1985 and 45 percent in 1981. Among men there was a rise from three percent in 1981 to seven percent in 1985 and 17 percent in 1999, a development reflecting the growth of part-time jobs among young people and students (Delsen 1998). Still, part-time work is overwhelmingly a female affair. The female share in part-time employment is 74.1 percent, compared to only 22.5 percent for full-time employment (Table 7). Only a minority of Dutch women work full-time; they tend to be younger, unmarried, or married without children, and have more education.

There exists a well-established view of part-time jobs as sub-standard jobs because of inferior rights, entitlements, earnings or status, insufficient social security and pension coverage, and lower career prospects (Meulders, Plasman and Plasman 1995). The full-time job is taken as the norm by which to assess part-time jobs and the welfare of workers is evaluated only or mainly on the basis of occupational status or earnings. Against this view Blossfeld and Hakim (1997), Hakim (1996) and O'Reilly and Fagan (1998) have developed an alternative approach in which

they differentiate between types of part-time jobs, take account of gender roles and position in the household, and allow for different work orientations and preferences of men and women. There is a large difference between small and large part-time jobs, and between voluntary and involuntary part-time work. The quality of part-time jobs relative to full-time jobs, in terms of earnings and entitlements, tends to be higher if part-time employment is driven by supply rather than demand and if the choice to work part-time is made by workers already in employment, *i.e.* when these are "retention" part-time jobs (Tilly 1991).

In the Netherlands, part-time jobs are neither atypical nor flexible, though they have probably increased the aggregate flexibility of the Dutch labour market.⁹ From the employers' perspective, part-time jobs may serve different purposes. A survey in 1991 showed that 60 percent of the firms judged part-time jobs as a means to meet extra demand; 30 percent viewed it as the main benefit that they opened a new labour reservoir; 29 percent mentioned that part-time work helped to match shorter working with longer business hours, while one in five firms stressed that part-time jobs helped to limit costs related to overtime (SZW 1997). Employees, when asked why they work part-time, mention study, social responsibilities (family, childcare) or a preference for more leisure time (Kunnen *et al.* 1997).

Most part-time employees are covered by collective agreements and most part-time jobs (81 percent, compared to 91 percent for full-time jobs) are standard jobs of indeterminate length, subject to full employment protection. Flexible part-time jobs are mostly those of very small hours (0–11 hours weekly), located in catering, retailing and cleaning, and held by young people (male and female), or re-entering women without formal education. 25 percent of all young people in employment have a marginal part-time job. This is strongly related to the explosion of secondary jobs taken up by students, which in turn is related to the expansion of higher education and a decade of reduction of student grants.

The hypothesis that the hours threshold for "retention" part-time jobs in the Netherlands lies around 18–20 hours (*i.e.* half-time jobs), is confirmed by the statistic that flexible contracts is just as unlikely (<10%) among part-time employees working 20–24 hours per week as among full-time workers. Among those working 12–19 hours per week the incidence of flexible contracts rises to 17 percent, in the 0–11 category it soars to 44 percent. Part-time employees, especially those working in small

part-time jobs, earn less, although recent research by Tijdens (AIAS research report 2001) shows that in 2000 net hourly wages of female part-time workers are higher than net hourly wages of female full-time workers. In 1995, median hourly earnings of part-time employees stood at 69.8 percent (males) and 93.1 percent (females) of median hourly earnings of full-time male and female employees. This reflected both the lower seniority of part-time workers (especially among men) and the relative concentration of small part-time jobs in low-pay service sectors, such as cleaning, retailing, and hotel and restaurants (Evans et al. 2000).¹⁰ Controlled for sector, occupation and seniority, earnings differentials between full-time and part-time jobs have narrowed to seven percent in the private sector (STAR 1997). A troublesome finding from the International Adult Literacy Survey of 1994-95 is that part-time employees tend to participate significantly less in job-related training than full-time employees (OECD 2000). This finding should be corrected, however, for the fact that many (young) part-time workers are enrolled in formal, not-job related education programs.¹¹

According to Eurostat, only six percent of mothers with children under the age of ten were full-time employed in 1996 - by far the lowest percentage in Europe. The average in the European Union is 30 percent. The flipside is that 41 percent of Dutch women with children under the age of ten worked part-time, nearly three times the European average. Panel data conform the picture that Dutch women tend to switch from full-time to part-time jobs once they have children (de Graaf and Vermeulen 1997; Kragt 1997; Wetzels 1999). In 1997 the majority of women expecting their first child worked full-time. After childbirth, the share of women with full-time jobs decreased to fifteen percent. 60 percent switched to a part-time job, while 25 percent stopped. Unlike the pattern (uniquely?) found in Sweden (Anxo and Storrie 2001), few Dutch women return to full-time jobs when the children grow older (Dekker et al. 2001). Whether this is because women, after shifting from full-time to part-time, do not want to work (again) fulltime hours, or cannot find full-time jobs is not known. Recent legislation, effective from July 2000 (see below), has introduced an individual right to choose longer or shorter working hours. Under conditions of full employment, this should help preferences to show.

The choice for part-time jobs by women, or young parents, is constrained by the absence or presence of facili-

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Leave of Absence

ties for family services and childcare. Enrolment in elementary schools begins at the age of four. By its own admission, the Dutch welfare state ranked in 1996 lower than most European welfare states in terms of provisions and services supporting young families (SZW 2000; confirmed by rankings in Daly 2000; Korpi 2000; Rostgaard and Fridberg 1998.) Only eight percent of children under the age of three have a place in nurseries, day schools or crèches with long opening hours, compared to, for instance, 48 percent in Denmark (Rubery 2001, Table 4.17). Dutch parents, and in particular mothers, assume a much larger share of household burdens than in the Scandinavian countries and this is one main feature in which the Dutch "Social Democratic" welfare state model deviates from its Northern variants (Esping-Andersen 1999; Korpi 2000; Lewis 1992).

The Dutch Central Planning Bureau has come to the conclusion that the lack of childcare facilities is becoming a constraint in labour force and economic growth. Demand for childcare grew in the 1970s but it took until 1987 before unions, under pressure of their female members, began to demand childcare facilities in collective agreements (Tijdens, van der Lippe and de Ruijter 2000). The Centre-Left government (1989-1993) introduced subsidies for childcare facilities, so as to promote female labour participation. Companies could qualify for subsidies or tax rebates. The alternative - more and longer arrangements for paid leave - hardly played a role. Paid leave arrangements were rare. A right to unpaid parental leave (13 weeks full-time, or six months part-time) was introduced in 1991. Only in few sectors, mainly in the public services, is leave compensated, usually at 70 percent of earnings.

The growth of day-care places notwithstanding, supply lags demand by a large margin and waiting lists are common. In 1998 the second of the two Lib-Lab cabinets (1994-1998, 1998-) decided to double the day-care places to 150,000, but a shortage of staff prevents rapid expansion. A new bill, guaranteeing ten days of paid leave per year in order to meet emergencies or provide care, has been introduced to Parliament in 2001.

Negotiated change and corporatist industrial relations

Part-time, flex-time and flexible work arrangements are an important ingredient of the Dutch employment miracle (Auer 2000; Bosch 2001; Schmid 1997; Visser and Hemerijck 1997). The "miracle" was consolidated through a process of "negotiated change" between unions, employers

and legislators, even though its basis lies in pressures from below, with a strong element of "spontaneous" or non-negotiated (at least not collectively negotiated) flexibility offered by, and required from, women in a society which moved halfway from a breadwinner to a two-earner households economy.

Negotiated flexibility in the Netherlands involved all four dimensions distinguished above, though not at the same time: wages, time, and contracts, and less, later and indirectly, tasks or functional flexibility. Thus, the changes in the Dutch labour market - increasing its overall flexibility and expanding the size of transitional labour markets by inducing more people to enter or stay in the labour market, even when assuming other tasks and responsibilities - can be related to the politics of voluntary wage moderation starting in the early 1980s. Wage moderation was tied to a collective work-sharing strategy with help of various forms of working-time reduction, tax exemptions and subsidised employment. The two union campaigns for working time reduction (1982-1985 and 1993-1996) led to shorter average working hours and to de-standardisation, partly through the rapid diffusion of part-time work, partly through a negotiated policy of flexibility and annualisation of working hours. The increased use of part-time and flexible jobs has encouraged the trade unions to seek better protection for this group ("re-regulation") in exchange for somewhat less protective rules for core workers on standard employment contracts ("de-regulation"), adopting a more procedural and self-regulatory approach to working-time and employment protection issues (Wilthagen 1998). Similarly, in the 1990s Dutch trade unions, with support from the government and, occasionally, from central employers' organizations, have chosen a strategy of "normalisation" of part-time work, trying to diminish the differences, in pay, standards, and status, between part-time and full-time work (Visser 2000). Dutch trade unions have engaged in these trade-offs in an attempt to favour "internal" and "active" flexibility over "external" and "passive" flexibility (see above, Table 1). As a part of that approach they have generally fought against employers' initiatives to increase the scope for pay flexibility, especially where that implies the tying of workers' earnings to individual or team efforts, or company profits. Finally, skill-upgrading, training, broader task profiles, and functional flexibility have received more attention in recent years under the impact of skill shortages and the tight labour market. Before discussing the politics and policies of negotiated flexibility with regard to working hours,

part-time work and flexicurity in the next paragraph, I shall first present a brief sketch of the scenery in Dutch industrial relations.

In the international literature the Netherlands has been labelled as a democratic corporatist (Crouch 1993; Katzenstein 1985; van Ruysseveldt and Visser 1996). In response to its dependency upon exports, the imperative of competitiveness and the inability to exert control over external events, it developed tightly-knit networks of consultative bodies at the national level, oriented towards the advancement of economic and social progress, and the preservation of social peace. Through a range of national joint bodies, the umbrella organisations of employers and unions are involved in consultation and social partnership, between them and with the state. The corporatist consultation economy (in Dutch: overlegeconomie) was reorganized after 1945 and has had its ups and downs since. After a very successful initial period it went through a difficult and contentious phase in the 1970s, but did recover in the 1980s and is again celebrated in the 1990s (Visser and Hemerijck 1997).

The post-war consultation machinery was prepared during the last phase of the war in illegal meetings between union leaders and employers. Their first decision was to create the Foundation of Labour (Stichting van de Arbeid), a joint body under private law with equal representation of unions and employers. The Foundation is the main seat for the preparation of joint opinions and central agreements, such as the Wassenaar agreement of 1982, the New Course agreement of 1993, or the Flexibility and Security agreement of 1996 (Visser 1998). It is also the principle seat for consultations over macroeconomic policy and budget issues between the social partners and the Cabinet, taking place twice every year. The other main institution is the Social-Economic Council (Sociaal Economische Raad, SER), a tri-partite organisation, of the social partners and government-appointed experts, founded in 1950 under public law as the apex of a three-tiered (national, sectored, company) system of consultation. Until 1995, when Parliament withdrew this prerogative, advice from the council in matters of social and economic legislation was mandatory. Practice, however, has not changed and the SER has regained some of its former influence by producing quicker, and more unanimous, advice. The SER has also supervisory tasks, for instance over the works councils.

The Works Council Act of 1979 (changed from earlier versions in 1950 and 1971) provides for mandatory works councils elected by and from employees, independent from employers and endowed with significant powers of information, consultation and, in restricted matters, co-determination (Visser 1995). The current law (last changed in 1997) applies to establishments of 50 and more staff in both the private and public sector, except in schools and in the military. In small firms the law mandates two annual consultation meetings with staff. Though barred from wage negotiations, the councils have a large role in company restructuring and an enhanced role in the management of working-time under the Working Time Act of 1996 (see below) and the New Course agreement of 1993.

State involvement in industrial relations had been considerable through regulation of wage setting (until 1962 wages had been set by a government-appointed Board of Mediators, after consultation with unions and employers and controls continued in the public and subsidised sector until the 1980s), statutory minimum wages (introduced in 1969), and a considerable body of legislation on information and consultation rights of workers (see above), on working hours (under the act of 1919, changed in 1996), health and safety in workplaces, and equal opportunity (introduced in the 1970s and expanded since under the impact of European Community law). Legislation on union (and employer) representation is light and there is no law regulating strikes or lockouts.

Collective bargaining is framed under the law of 1927, which determines that collective agreements overrule individual contracts and must be applied to all comparable workers in the same firm or industry (*erga omnes*). Employers are not under obligation to negotiate with trade unions and there are no recognition rules for unions, except that they must register, have independent means and declare socio-economic aims. Under the law of 1937, the Minister may extend a collective agreement and declare some or all of its clauses binding on employers in the same sector. Extension does not affect firms that have negotiated a company agreement and can only occur if, the signatory parties demand extension and the agreement for which they ask extension covers 55-60 percent of the sector's employees.

Two more laws of relevance for tripartite bargaining between unions, employers and governments are the 1970 Wage Act (changed in 1987) and the Minimum Wage Adjustment Act (revised in 1992). The Wage Act of 1970 abolished the Board of State Mediators, which was bound by wage guidelines issued by the Minister of Social Affairs, and handed the responsibility for wage setting back to un-

ions and employers. The government retains however the power to order a temporary wage stop or impose a ceiling on wages if the economic situation does in its view justify such a step. Following the 1973 oil shock several statutory measures occurred, following the failure of unions and employers to reach agreement over voluntary wage restraint. After the success of the bipartite central agreement of Wassenaar at the end of 1982, wage bargaining has been free of government intervention. In recognition of the new policies of unions and employers, and in agreement with the deregulatory preferences of the then Centre-Right government (1982-1986 and 1986-1989), the revised Wage Act of 1987 further restricts the conditions of government intervention to really dire economic circumstances. Although the government did prepare an intervention in 1993, in order to speed up the adjustment of (union) negotiations to the changed conditions after the EMS crisis and ensuing European recession, most observers agree that this would not have stood the test of law, and that Dutch unions and employers have gained what the Germans call Tarifautonomie.

The other legal shadow over the bargaining table is the national minimum wage, introduced in 1969.¹² The minimum wage was initially determined on the same basis as public sector wages, but new legislation since 1980 (revised in 1992) has made upward adjustment, in step with private sector wage developments, contingent on a decline of the dependency rate, *i.e.* a rise in the ratio of persons depending on benefits to persons in paid employment. From 1995 the dependency ratio has indeed decreased and minimum wages have been fully indexed to contractual wage rises. The same applies to social benefits like old age pensions and social assistance, the calculation of which is based on the minimum wage. Between 1983 and 1989, and between 1992 and 1994, indexation had been suspended, causing a significant real and relative decline in minimum wages, cushioned for the so-called "real" minima and the poor by special measures of Parliament.¹³ The number of adult workers receiving the minimum wage has decreased from twelve percent in 1983 to two percent in the mid 1990s. Nearly all collective agreements guarantee wages above the statutory minimum.

Today, the 1937 extension law, mentioned before, casts only a fading shadow over the bargaining table. In 1994 the (outgoing) Christian Democratic Labour Minister, encouraged by advisors from the OECD, the Economics Ministry and the Central Bank, proposed to drop this piece of legislation. This threat encouraged unions and employers to defend the extension mechanism by allowing more flexibility in its application, for instance by exempting starting firms and introducing lower "entry level" wage scales for young and inexperienced workers. Such a game of threats and improved self-regulation is not untypical for the Dutch model. In this case, the incoming (Social Democratic) Labour Minister withdrew the proposals from his predecessor.¹⁴

Around 11 percent of all Dutch employees are covered by extended agreements, in addition to some 70 percent who are directly covered by one of the 800 company agreements (covering 15% of all employees) or one of the 200 industry agreements (covering 55%) (Hartog 1999). The number of company agreements has doubled in 25 years, whereas the number of industry agreements is stable. In the 1990s coverage appears to have increased from 71 to 80 percent (Traxler 1994; Visser 2001), partly as an effect of the inclusion of the public sector and the establishment of multi-employer bargaining units in (subsidised) social and personal services.¹⁵ This offsets the slight tendency towards increased single-employer bargaining in industry and commercial services. However, sectoral or multi-employer bargaining remains dominant and the recent trend towards decentralisation takes mostly the form of framework bargaining, allowing more local variation, especially on working-time.

Since the recent merger of four unions in services, transport and industry, the largest union in the market sector, FNV Allies, negotiates as many as 700 agreements.¹⁶ Bargaining is conducted under the supervision of appointed union officials, though in most unions the results are subject to membership ballots. This ensures a high degree of horizontal coordination across bargaining units, in addition to the role of peak federations and central-level concertation (van den Toren 1996). Most companies of significant size (50 and more staff) are member of one or more employers' associations and nearly all, even when they sign their own collective agreement with the unions, are assisted by advisors from one major employer organisation, the General Employers Federation VNO-NCW (AWVN, Algemene Werkgevers Vereniging). This association is affiliated with the main peak association VNO-NCW, with which it is currently preparing a merger. VNO-NCW itself was in 1995 formed from a merger between the general (VNO) and Christian (NCW) confederations. It is the undisputed representative of Dutch business, except in agriculture and in the small and medium-sized firm sector, where there are other highly representative peak associations.

VNO-NCW counts nearly all sectoral employers' associations (some 150) of importance among its affiliates and allows for individual membership of large multi-national companies such as Philips, Shell, AKZO or Unilever.

In all, the organization rate of Dutch firms, measured by the size of their staff, is estimated at a stable 80 percent (Visser 2001). It is only in sectors with many small firms (construction, retailing) or many new entrants (TWA's, professional services, cleaning and security business, computer and organizational specialists) that employer organizations are weak and not fully representative for the sector. This may then be a hindrance to the "self-regulatory" approach to employment protection, labour time regulation and social security (occupational pensions), which is so much appreciated by Dutch employers as an alternative to legislation.

Table 8Union density rates, in 1997

			Female	Part-time	Youth	Flexible
all		25	20	21	12	10
working week	35 hours and more	31				
	20-34 hours	25				
	12-19 hours	13				
	0-11 hours	3				
tenure	longer than 5 years	31				
	less than 5 years	12				
sectors	manufacturing	31	16	25	13	10
	construction	41			30	
	retail and wholesome trade	14	10	9	7	6
	hotels and restaurants	17	16	12		
	transport and communication	39	22	29	17	
	financial services	19	16	21		
	business services	14	11	13		
	public administration	45	32	32	33	
	education and research	43	41	40		22
	health and welfare services	24	22	21	9	9
	recreational / cultural services	26	23	23	17	

Sources: Ebbinghaus and Visser 2000: Tables NE.D and NE.E, and Visser and van Rij 1999.

With the exception of construction, unions are weak in these very sectors (see Table 8). On aggregate, Dutch workers are not highly unionised. The current density rate lies around 25 percent, which is below the European Union average (Ebbinghaus and Visser 2000). As one can see from Table 8, among female and part-time workers, but especially among young and flexible workers, trade unions are underrepresented.

After the troublesome decade of the 1980s, the 1990s have been reasonably kind to the Dutch trade unions. Between 1979 and 1987 union membership fell by some 20 percent, while 20-25 percent of the remaining union members were retired, unemployed or depending on benefits, and density declined from 35 to 25 percent. In the 1990s union membership increased every year except in 2000, though increases were just enough to keep pace with employment growth and aggregate density stayed more or less put at 25 percent. The strongest rise in membership came from women and union density of women increased from 13 to 20 percent in fifteen years (whereas male density decreased). Union density among workers in longer (half-time and more) part-time jobs also increased, but among workers in flexible (and TWA) jobs the unions have hardly made headway, and among young people unions have nearly disappeared (Visser and van Rij 1999). The lower female and part-time unionisation rate is only in part related to the sectoral distribution. Female and part-time employment is widespread both in ill-unionised sectors such as retailing and catering, and in unionised sectors like education and public administration. However, the incidence of small part-time and flexible jobs tends to be much higher in retailing and catering.

The main Dutch union confederation is the Dutch Confederation of Trade Unions, FNV, which emerged from a merger between the social-democratic and the Catholic union currents in 1981 (prepared by a federation in 1976). It organises in all industries and occupations, both in the private and public sector, and attracts two-thirds of all union members in the country. Two other confederations are the Christian Trade Union Confederation (CNV) and a Union Centre for Senior and Middle-ranking Staff (MHP). All three centres are members of the European Trade Union Confederation (ETUC) and cooperate in negotiations with employers and in consultations with the government. Membership may be low, but the approval rate of Dutch unions is rather high. Evidence from survey research (Klandermans and Visser 1995) shows that over 60 percent of all employees (strongly) agree with the view that "trade unions offer a positive contribution to society" and over 70 percent view that unions "are necessary institutions for the protection of collective employee interests".

THE POLITICS AND POLICIES OF NEGOTIATED FLEXIBILITY

In November 1982 the central organizations of trade unions and employers concluded, unexpectedly, a central agreement. This agreement of Wassenaar is generally seen as the beginning of a new era in Dutch labour relations (Visser and Hemerijck 1997). The trade unions offered wage restraint and employers' organizations lifted the veto against a general round of working-time reduction. The agreement itself mentioned various options for work sharing, including early retirement and part-time employment.

The Wassenaar agreement was only a recommendation, but one that carried authority. To help investment and employment, negotiators in sectors and firms were advised to forsake price indexation and use the savings for a cost-neutral reduction of working hours. Like the government, employers recognized that working-time reduction was a price worth to be paid. Although negotiations over shorter working hours proved cumbersome, in less than a year two-thirds of all collective agreements were renewed, mostly for two years, during which the payment of price compensation was suspended and most workers gained a 5% reduction of working time. Average real wages fell by nine percent in real terms (Visser 1989).

The strict exchange rate policy exerted discipline on wage developments, while wage moderation, in turn, enabled the Dutch Central Bank to stick credibly to its non-inflationary policy. Low inflation allowed unions to forget about automatic price indexation. The new mix of macroeconomic policy and wage setting also changed the institutional relations climate and the relations with the state (Hemerijck, van der Meer and Visser 2000). The new pattern became a central dialogue about a wide range of policy issues combined with sectoral wage bargaining, based on the primacy of industrial self-regulation. The role of the central organizations was confined to redirecting sectoral contracting towards tacit, economy-wide wage restraint and introducing a range of new issues and topics on the agenda of bargainers. Since 1983 some 100 agreements, recommendations and joint opinion have been issued, on issues ranging from the rights and job opportunities of ethnic minorities, the position of part-timers or flex-workers, to the reform of the pension system. The fruits of this new approach became visible in the 1990s. I shall try to illustrate this with regard to three important regulatory issues central to the problematic of this chapter: part-time employment, working time, and flexicurity.

Part-time employment

With regard to part-time employment, Dutch trade unions initially shared the sceptical view of other European unions. Cook (1984: 9) noted that there was a "widespread unwillingness of unions to deal with part-time work and its problems". Only in Sweden has "part-time work been treated as an acceptable element of labour market policy", mainly because its development was located in the public sector and took the form of well-protected halftime jobs. But even in Sweden "feminist opponents of part-time work argued that only full-time earners can be equal to their spouses and that the acceptance of part-time work locks women into the responsibility for family work" (Qvist et al. 1984: 276). These were exactly the arguments used by Dutch feminists at the time. In their view, part-time employment would perpetuate the unequal division of paid and unpaid labour between men and women (Bruyn-Hundt 1983). In 1981 the main union federation published a position paper in which the inferiority of employment protection, wages and career prospects in part-time jobs and the lack of union membership among part-timers was highlighted. The union did not want to help in creating a secondary and non-unionised job market (FNV 1981). At this time, during a deep recession, like their European counterparts, Dutch unions wanted work-sharing through a *collective* reduction of working hours from 40 to 36 hours per week, to be realised in 1985 and with full wage compensation. Dutch employers were opposed and advertised, instead, part-time work as a form of individual working time reduction with a proportionate cut in pay (RCO 1980). The unions saw this as an attempt to undermine their collective work-sharing strategy.

The labour supply decisions of (married) women were driven by the recession rather than by union policies or feminist preferences. As was noted before, in the early 1980s women shifted from *part-period* to *part-time* participation. Fewer women took the chance of temporarily withdrawing from the labour market and more women tried to retain their jobs, possibly through reduced hours when faced with the need to combine work and motherhood. Paradoxically, these supply forces agreed with decreasing labour demand, especially in the public sector. Collective sector managers in local government, health and education, faced with austerity measures of the central government, welcomed demands from women who wanted to switch from full-time to part-time jobs as an alternative to painful dismissals (Tijdens 1998).

During the entire 1980s the union controversy between collective working-time reduction and part-time work continued (van Eijl 1997). The reference group for the collective working hours campaign was the male breadwinner, for part-time jobs it was the working mother. By the end of the decade when in a number of sectors (education and health in particular) these groups became equally large, a compromise solution emerged. Around 1990 the male breadwinner had lost its once dominant position in the Dutch labour market. Surveys showed that, with some delay, he was losing terrain in the unions too. In 1993, 44 percent of all adult union members were member of dual earners households (Klandermans and Visser 1995). At this time, women's groups in the unions moved away from the negative view of part-time work that had united feminists a decade earlier. In the 1980s and 1990s a rather active female lobby became focal, especially in the public service union, the teachers' union, the food workers' union and the FNV federation. These women abandoned the *five days* - five hours model for men and women that had been championed by feminists in the 1970s. Traffic congestion and services, available only during daytime outside weekends, made an extra day-off more valuable. In 1990 the FNV abandoned the norm of the standard full-time working day and slowly but surely moved towards embracing diversity and choice, combined with a "right to work part-time" for men and women, and equal rights for part-time workers (Passchier and Sprenger 1998). This was "the harvest of years of investment of women in the union movement" (Grunell 1997: 101).

The fact that, in contrast to the situation in many European countries, part-time work in the Netherlands is mostly voluntary helps explain the singular position of the Dutch unions in the European Union spectrum. In Eurostat surveys, the Netherlands shows as the country with the lowest share of involuntary part-time work (Rubery et al. 1999, table 7.5). According to Euro barometer data, analysed by Schulze Buschoff (1999), part-time work is evaluated more positively by Dutch women than by their sisters elsewhere in Europe (with the exception of Denmark) as regards contractual status, tenure, perceived career chances, job satisfaction and social security, though on all these aspects part-time jobs attract lower scores than full-time jobs even in the Netherlands. In the 1990s the new union approach gained support from the government, which saw the promotion of part-time jobs as a contribution to their newly discovered objective of an active welfare state based on increased labour market participation (Visser and Hemerijck 1997).

In a surprisingly brief spell of time, the part-time issue has conquered a place on the agenda of collective bargainers (Sloep 1996). This shows the comparative advantage of co-ordinated bargaining: *if* central organizations agree on a particular agenda, their influence on legislators and on local bargainers is relatively large. Moreover, in the Dutch consultation economy, the central organizations, especially employers, have an incentive to stay ahead of legislation. That way they hope to wield more influence over the regulations that will become, and to demonstrate their importance to member organizations and firms.

In 1989 the Foundation of Labour published a "joint opinion" and four years later a major agreement was reached, pre-empting legislation. Noting that part-time employment had increased rapidly in past years, the social partners agreed that "it ought to be prevented that this development comes to a halt", something that "might happen if part-time work remains concentrated in a limited number of sectors and jobs, or if small part-time jobs produces too limited income and career prospects". The Foundation recommended that collective bargainers shall improve standards and that firms recognise a qualified right for full-time employees to work reduced hours, unless this cannot reasonably be granted on grounds of conflicting business interests (STAR 1993). From 1990 to 1996 the percentage of firms with a part-time clause in the collective agreement increased from 23 to 70 percent (STAR 1997). Yet, FNV criticised that too few firms had fully adopted the Foundation's recommendation. In some sectors waiting lists for employees who wanted to work part-time appeared (Tijdens 1998). An initiative Bill to institute a statutory right to work part-time was narrowly rejected by Parliament in 1996, but new proposals resulted in legislation effective from July 2000. Workers who have been employed during one year or longer are entitled to demand a reduction or increase of their working hours by 20 percent. Employers must consent unless clear business reasons, given in writing, motivate a refusal (lack of replacement in the case of a reduction, lack of work or business in the case of an increase of hours). Small firms (with less than 10 employees) are excluded, but the law covers employees working abroad for Dutch firms.

Accepting and promoting part-time work, trade unions have had some success in narrowing the differences in job and social security rights between part-time and full-time workers. Government policy has worked in the

same direction. The social security reforms of the 1980s, intended to bring greater austerity and conforming to European legislation, ended the formal discrimination of married women in three major schemes - disability (1980), national old age pension (1985) and extended unemployment benefits (1987). As a rule, part-time workers pay pro rata social insurance contributions in exchange for pro rata entitlements. In comparison to many other countries, the Dutch social security laws are rather favourable to part-time workers (SZW 1997). The main principle of entry into the system is the employment contract, regardless of working time. Coverage for health insurance is also relatively easy for part-time workers. Moreover, the National Old Age Pension Act provides every citizen with a flat-rate old age pension by the age of 65, irrespective of previous employment or earnings. Entitlements have been individualised (covering about 40% of average wages but increasing to 70% for minimum wage earners) and are based on citizenship rather than employment, which is the system in which part-timers fare best (Ginn and Arber 1998). Workers can top up their pensions through earnings related and capital funded pension funds of which there are about 1,000 in the Netherlands. As from 1994 part-time workers with small jobs can no longer be excluded from participation in these pension funds. In 1996, 91% of all Dutch workers were covered by occupational pensions, which, when fully matured, guarantee 70% of (last-earned or average) earnings. The "white spots", without coverage, are seasonal workers, young people and women working small part-time and flexible jobs in low pay occupations (Rein 2001). The 1990 tax reform reduced the basic tax allowance for breadwinners and integrated social security charges, thus lowering disincentives for second earners to take up more hours (Gustafsson and Bruyn-Hundt 1991). The 2001 tax reform will remove the remaining shared taxation components.

Statutory minimum wages help to narrow wage differentials, in particular between men and women, and between full-time and part-time workers, for whom the minimum is more important (Blau and Kahn 1996; Roorda and Vogels 1997). The 1/3 rule, under which employees working less than one-third of full-time hours were denied coverage under the national minimum wage (and holiday payments) law, was repealed in 1993. Similar exclusionary clauses in collective agreements became unlawful under the 1994 Act against discrimination based on differences in working hours. Traditionally, fringe benefits and premium pay for overtime had been structured around full-time thresholds. In most collective agreements negotiators have agreed to remove or reconsider these thresholds. Still, unions and employers are locked into a dispute regarding overtime payment. While the unions favour overtime rates if part-timers work extra hours on grounds of "equal treatment", employers offer normal rates if the extra hours fall in daytime working hours on grounds of "equal pay". This dispute may lose its significance, however, with the further differentiation and individualisation of working hours.

In the 1990s the union campaign for a 36 hours working week produced a small success. By 1998 about half of the employees gained a contractual average working week of 36 hours. But its largest impact was on the greater variability and variation in working hours during the year and across workers. De-standardisation is supported by collective agreements, negotiated since the "New Course" central agreement of 1993, favouring working time reduction and decentralisation of decision making over working time, with more direct involvement of workers.

Representing a more diversified membership than ten years earlier, union leaders stepped back from seeking a standard solution and went along with the new trend towards decentralisation and individualisation. In the 1994-96 bargaining rounds various pressures came together (Tijdens 1998). In capital-intensive industries employers wanted longer operating hours. Just-in-time production, reduction of stocks and traffic congestion pushed in the direction of shift work and longer "normal" daytime working hours, allowing a reduction of overtime pay rates related to "unsocial" hours. Workers, in general, wanted more freedom in determining when to start or end the working day and avoid traffic peak hours, or get the kids from school. Married women and mothers, although preferring part-time over full-time jobs, preferred (larger) part-time jobs and more control over their hours of work, and fathers and mothers wanted extra time as well as more time control in order to meet emergencies at home. More workers wanted to vary working hours during the year or during the life cycle, with extended breaks, or the possibility to save time for sabbaticals or early retirement.

Surveys of union members showed that there was considerable support for increased flexibility in time-arrangements and collective agreements (Visser and van Rij 1999). In so-called \dot{a} la carte agreements, employees have the right Jelle Visser Negotiated Flexibility in Working Time and Labour Market Transitions – The Case of The Netherlands

Working time

to swap time for money, or money for time, within certain limits. Initially, the unions had resisted such innovations, fearing that the solidarity of work-sharing would be undermined since they did trust their own surveys, showing that their members would rather buy than sell leisure time. After the first hesitant, but positive experiments, the unions now support these developments towards more individual choice within collective agreements and *FNV Allies*, the main union in the market sector, expects that 70-90 percent of future agreements will contain such clauses.

These developments are supported by recent legislation. Existing restrictions on shop licences and opening hours have been loosened or devolved to local authorities. Shopping and working during weekends and at Sundays has become more common. Occasionally, the unions join the Christian opposition parties in Parliament and the Churches in token protests against Sunday work and the harried world of the 24 hours economy, but they are not very determined or consistent about it. Replacing legislation of 1919, the 1996 Labour Time Act sets wider margins for maximum working hours, weekend and night work, and allows deviation from statutory norms, within certain boundaries, if there are formal consultations with the unions, the works council, or staff representatives (de Lange 1999). In these matters, the works councils, mandatory in firms of 50 and more staff, have gained a limited right to negotiate. In its preamble, the Act considers that in a "dual earners economy", employees must be able to combine work and care, and therefore find variable and personal solutions in matters of working time.

The current government has presented a Framework Bill on "Employment and Care" to Parliament. The bill wants to harmonize different forms of leave and introduces a new right of ten days "care leave" per year. Employers are lobbying hard to defeat this bill; their alternative is a proposal to have the unions sign a Framework Agreement containing more sectoral flexibility. With regard to early retirement, most of the older arrangements have now been changed through collective bargaining in individual or collective time saving and pre-pensioning arrangements, with additional insurance. They tend to make part-time exits more attractive and delay full early retirement (SCP 2001).

Flexicurity

In 1995 unions and employers signed the first collective agreement for temp workers, employed by TWA's, intro-

ducing a right of continued employment and pension insurance after four consecutive contracts or 24 months of service. This prepared the ground for the central agreement on "Flexibility and Security" of 1996, which, in turn, paved the way for an overhaul in 1999 of Dutch law on protection against dismissals. This "flexicurity" law (Wilthagen 1998) is a compromise, not just between employers and employees, but also within the unions between workers with and without stable jobs. A relaxation of statutory dismissal protection for regular employment contracts is exchanged for an improvement in the rights of temporary workers and the introduction of a "presumption of an employment relation" in the case of freelance work and "subcontracting" self-employment. After three temporary contracts, without interruption, any new assumption will be permanent. The market for TWA employment is further liberalized and job agencies do no longer need a license. However, the employment role of TWA's is strengthened and under the new law they are held responsible for social protection of temporary workers in case of illness, disability or unemployment when contracts have been renewed several times. The law incentive collective agreements for flexible workers, allowing social partners to negotiate their own rules (allowing upward and downward deviation from legal norms). Flexible workers gain access to social benefits on the basis of the average hours worked and any "call" will count for a minimum of three working hours even if no hours are worked. In a number of collective agreements such norms already exist (restaurants: three hours per day, construction: six hours, in some industry agreements the minimum "call" is 18 hours or a half-day week) (van Bolhuis 1996: 22).

Employers need a permit from the director of the regional employment office before they can give notice to terminate a standard employment contract. This system of "permits" has been criticised as a burden on business and a source of rigidity. Yet, empirical research hardly supports these charges. In 85 percent of all dismissal requests, a permit is given, although special clauses for older workers and in case of sickness may create considerable delays. Filing a request to terminate the employment contract at the lower district court on grounds of "serious cause" increasingly circumvents the formal permit system. In that case the issue is settled with a pay compensation or severance payment, usually one month for every year worked. In 1996 there were 60,436 permits for terminating employment filed at the regional employment office, against 44,426 settlements in court, a ratio of 1.4 to 1. In 1990 the

CONCLUSION

ratio had been 6 (permits) to 1 (court), in 1986 14 to one (Wilthagen 1998). The new law has also introduced an abbreviated dismissal procedure, but its use has so far been very limited.

The Netherlands is moving from a single earner (breadwinner) to a dual or one-and-a-half earner (part-time) economy. In 1975 about 85 percent of all married men between the ages of 15-64 were sole breadwinners; in 1994 this proportion has dropped to one half. The one-anda-half job model is still gaining ground. This is of course no equality. In most cases the one-and-a-half earner model means that the man works full-time, the woman part-time. This shows up in different incomes. Given this state of affairs, two radically different policy choices are possible (Plantenga 1996). The first option is to push for reforms, which allow more women to participate on the labour market on the same terms as men. According to Plantenga (1996: 104) this means that "the same care-less participation behaviour employed by men is also advocated for women without a clear answer how to tackle the work and responsibilities normally associated with women's lives". In the second option "the perspective is turned around. The stress is no longer on women to participate in the labour market in a "male" way, but rather that men should participate in the labour market in a "female" way, ergo, participating in care tasks" (idem). It would seem that Dutch women - and gradually also Dutch policy makers are pushing the second option.

The various estimates of external flexibility do not suggest that the Netherlands is an outlier compared with its European neighbours (Delsen 1995), but there is no doubt that the phenomenon has been on the rise in recent times. It is impossible to say whether the decline in 1999 indicates a trend reversal, possibly caused by the new "flexicurity" legislation that became effective early that year (see below), or that it is a temporary phenomenon related to the current tight labour market. From data of Regional Labour Market Boards one has the impression that in recent more young people and first entrants have been offered permanent jobs (see de Lange and Thunissen 2000).

We note that flexible contracts are often chosen for lack of alternative, especially for people with low skills or with limiting conditions (as in the case of single mothers or partially disabled workers). These jobs offer little in terms of employment maintenance (income sustainability and training) and where they alternate with extended spells of unemployment and non-employment they forebode social exclusion. On the other hand, some forms of temporary work and temporary jobs, ease the entry of young people, and of the unemployed, into employment and, by offering job experience, support their inclusion. As was mentioned before, more than half of all persons in temporary jobs move onto permanent jobs. Disquieting, however, is that in recent years flexible contracts (including TWA) accounts for 22 percent of the new cases of disability, almost doubling the share of flexible jobs in total employment and suggesting that the risk of disability is much higher in the case of flexible jobs.

For first entrants and the long-term unemployed one particular form of temporary jobs, usually between six months and two years and paid at 100-120 percent of the statutory minimum wage, exists since the mid-1990s. These "Melkert jobs", named after the then Minister of Social Affairs and Employment, are mainly created in the public (local government) sector. From 1998 this job program was combined with the provisions under the Youth Work Guarantee Plan in a national Job Seekers Reintegration Scheme (Wet Inschakeling Werklozen, WIW 1998), which offers young job seekers and the long-term unemployed a choice of a job, training or involvement in voluntary social activities. The size of the program accounts for 1-1.5 percent of total employment. Evidence about the outflow from these transitional positions into stable employment is scant and does not yet allow a conclusion about the effectiveness of these measures in the struggle against social exclusion.

From existing surveys we may deduce that workers have strong preferences against both long hours and very short hours; satisfaction levels rise for the middle working hours categories. Dutch employees express more satisfaction with their working hours than is customary in Europe and it is comforting to know that most part-time work in the Netherlands is "voluntary" in the sense that most part-time employees actually prefer to work part-time. In the 1997 Labour Force Survey only 5.5 percent of all part-time workers indicated that they wanted but could not find a full-time job. This was almost four times below the average of 19.7 percent for the European Union (Eurostat 1998: 138). There is however a consistent preference for longer part-time hours among those working in small part-time jobs (Boelens 1997).

Our conclusion regarding part-time work in the Netherlands is that the rapid diffusion of this option has served the purpose of inclusion, especially of women, students and unemployed youth. For young people in employment and the long-term unemployed a wider range of subsidised part-time (32 hours) jobs at or just above the statutory minimum wage (which is lower for young people) has become available in the 1990s. This is currently one of the main planks of active labour market policy in the Netherlands (Salverda 1998; Visser and Hemerijck 1997). The shift from part-period participation to part-time participation of married women and (prospective) mothers occurred at a time of soaring unemployment and served the purpose of employment maintenance. Staying in employment, but at reduced hours, clearly was (perceived to be) the better option for maintaining employment and income capacities, especially when the prospects of re-entrance worsened, or would anyhow be associated with loss of human capital, experience and income (Wunderink-van Veen 1997). However, this (second best?) choice was made against the background of lacking facilities for childcare and family services, and the absence of leave arrangements. It was hardly an option for women to continue in full-time jobs.

Finally, the part-time option for older men (and women) as an alternative to exclusion into unemployment, disablement or early retirement has recently received more attention, for instance through revision of early retirement schemes into flexible and fully funded pre-pensioning schemes. The effect is shown in a rising employment rate of older men and women.

FOOTNOTES

- ¹ Smaller jobs are not observed by the Dutch labour force survey (*Enquète Beroepsbevolking*, or EBB, conducted by the Central Statistical Bureau, or CBS) and our knowledge of these jobs is based on other sources, like enterprise surveys.
- ² Data from the 2000 Annual report of the National Institute for Social Insurance (*Landelijk Instituut voor Sociale Verzekeringen*, LISV).
- ³ Organisatie voor Strategisch Arbeidsmarktonderzoek (OSA), annual panel on demand and supply of labour, among a representative sample of enterprises and workers.
- ⁴ CBS, Labour Force Survey (EBB) data.
- ⁵ Idem.
- ⁶ Data from the Regional Labour Market Boards (*Regionale Organisatie voor de Arbeidsmarkt*, or ROA).
- ⁷ A measure that incorporates the difficulty of dismissal, notice, severance pay, and inconveniences of procedure, see OECD 1998.
- ⁸ However, in combination with insufficient childcare and with narrowly fixed schedules in education, women working part-time may be

less rather than more time-flexible compared to, for instance, full-time working men who may be eager and willing to work overtime hours.

- ⁹ This is not a foregone conclusion, because flexibility in time-use is limited by the operating hours of schools, nurseries, shops and government offices.
- ¹⁰ Still, for women it was one of the smallest differentials, after Italy (where part-time work is hardly developed), but before Germany (87.5%), Belgium (86.8%), Spain (84.0%), France (81.7%), the UK (69.6%) and the US (62.5%).
- ¹¹ If we combine formal education and job-related training, we discover that older workers are most disadvantaged; the training gap between younger and older workers is very large in the Netherlands, as is the case in France and Germany, much larger than in the "high skill – high training" economies of Sweden and Denmark, or in the "low skill – low training" economies of the UK and the US (OECD 1999).
- ¹² Youth minimum wages, introduced in 1974 begin at age 16 at the level of 60% of the adult minimum wage, reached at age 23.
- ¹³ The real value of the minimum wage, expressed as percentage of the average wage, decreased from 64.4% in 1980 to 54.6% in 1990 and 51.1% in 1996 (Roorda and Vogels 1997).
- ¹⁴ Research by Freeman, Hartog and Teulings (1996) showed, moreover, that extension had a negligible effect on wages.
- ¹⁵ After an experimental phase (1983-92), following severe cutbacks and stand-still in public sector pay, salaries and other terms of employment of government employees have since 1993 been negotiated in eight sectors (policy, education, central government etc.) between the unions and public authorities. Free collective bargaining had been restored in the subsidised and government regulated sector (health, private schools, railways, etc.) from 1985.
- ¹⁶ In the pluralist union system of the Netherlands "common table bargaining" is the rule and in most cases this union is joined by a Christian and a senior staff union when negotiating with employers.
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