

## Flexicurity in The Netherlands

One out of every 40 employees in The Netherlands is a call centre agent. Though a number of the centers also serve clients in other countries – in particular English speaking – most of these agents answer complaints or offer products and services of sometimes quite complicated nature in the homeland. They work within or for telephone companies, utilities, commercial service providers, banks and public institutions.

If you ever visit a modern call centre or customer care office in a financial multinational (bank-insurance company) in The Netherlands, you enter the world of flexicurity in all its dimensions. The visitor will see groups of agents answering the telephone, guided by the same integral planning and logistic system for incoming phone calls. Performances - waiting time for clients at the phone and number of conversations at one moment - are visible on big digital wall screens. Performances of individuals are measured and recorded for evaluation and quality policies of this service company.

At the surface all these agents seem equal. Sharing the same work environment, the same supervisors, the same information technology and the same job characteristics. The differences are in the field flexibility. Some workers are more protected and secure, others less protected and much more flexible in various dimensions. Together they realise a system of flexicurity, also thanks to special new regulations, to flexicurity management strategies and sometimes own choices of the employees.

Among the agents in the call centre of our bank, a small majority has a permanent contract with their employer. They have one 'flexible week' (= a week with various working times during the 168 weekly opening hours of the centre), but can make their own choices for scheduling their working times in most of the other 12 weeks. The rest of the agents come from special companies and temp agencies. Some are in their selection period (a half year or longer) and may hope for a permanent contract. Others are too 'risky' for the employer and will leave the centre after two temporary contracts. This segment of the workforce has one flexible week in every 3 or 4 weeks, bearing the bulk of time flexibility in the centre, and providing the work time flexicurity of the permanent workers..

The call centre management has an explicit flexicurity policy on the short and longer terms. They need the security of core workers (50 – 60 %, according to one top manager) to make investments in training and upgrading of service levels and sales-by-phone profitable. And they need their flexible workforce to secure themselves of enough flexibility in personnel planning and workforce development. In the short term fluctuations and non standard working times are mostly covered by the group of flexible contract agents in the centre. And in long term perspectives eventual restructurings leading to dismissals can also be 'handled' by cutting in temp works contracts. So the core workers earn more security at the cost of their temp contract colleagues.

And gradually, a greater part of the core workers ha a more 'flexible' experience than the older generation, as they were coming from a selective flexibility track before entering the paradise of core workers. Their less competent and flexible former temp colleagues did not make this race.

What is the legal framework behind this flexicurity work system?

Employers in The Netherlands definitely reacted and 'pro-acted' on new laws and changes in the labour market during the last decade, which were affecting the costs for employers of sickness and occupational hazards. From 1996 we could observe a new law on Continuous Wage Payment in case of Sickness (WULPZ), major changes in the cost structure of the Occupational Disablement Law (Wet Pamba), and a new law on the Reintegration of Handicapped persons. All three had as a common objective to enlarge the risks for employers to have workers on the company's own payroll (permanent contracts) in case of illness or occupational disablement, and so push them into a better policy and work organisation, resulting in diminishing sick leaves.

However there were other options for managers. To prevent the new financial risks, employers could turn to deploying more temp agency workers. In a way the new laws brought more protection and security to employees, as it became more difficult to dismiss them or transfer them into sickness benefits. On the contrary however the new legislation also produced more flexibility, by employers avoiding these risks and hiring temps. Here we saw the first stages of a flexicurity process ; more

security for most core workers, more flexibility for new employees or the ones with obvious 'health risks'.

In 1999 the Flexibility and Security Act (wet Flexibiliteit en Zekerheid) came into power. Trade unions, employers organisations and temp agencies found each other and the government in a compromise, which should discourage the most insecure and flexible contracts, give more protection to 'acceptable' flexible contracts and open up 'labour market rigidity' in a number of industries. This Flexicurity Act limited the time of probation for regular staff to two months, with a compulsory agreement in writing. This was another incentive for external flexibility: hiring more temp workers to reduce employers contract risks, now that the probation time was to be shorter than before.

However the law did not only promote 'cheap' external flexibility, as it also included stricter rules for temp agency work, discouraged 'min-max' contracts and 'zero hours contracts', and offered temp workers the right of obtaining permanent jobs after two or three temporary contracts. On the other hand it helped increase flexibility at temp agencies, by removing the former maximum number of hours one temp worker could be hired (1000 hours).

All in all the Act, in combination with a new collective contract for temp workers, influenced heavily labour market developments in the country. An evaluation in 2002 concluded the law and the collective temp work agreement in combination led to higher costs for both temp agencies and user companies.

The direct influences of the new legal pattern are difficult to explore. Between 1998 and 2004 the percentage of 'on call workers' declined from 5.4 to 2.3. For temp agency workers the development seems parallel: from 4.1 to 2.1. However in 2005, the economic recession starting to fade away, both grew again. On call work to 2.9, temp work 2.4. This illustrates the relative influence of legal regulation: economic developments, showing flexible contract work is the first barometer of recovering economies, employers not taking the risk to open up their core labour force with new permanent contracts.

In the temp workers collective agreement basic salaries do not differ to much with those in other service contracts. They nowadays start building a work related pension, and have guaranteed training rights. In so far the inclusion of temp workers in the formal labour market can be seen as rather successful. This was always one of the main goals in the trade union movement, leading to their support for the 1999 Act. It is however the longer term perspective, that makes the differences between flex and secure workers. Employers have discovered they can 'use' the new legal framework for achieving permanent flexibility, and creating a future labour market population for most of which flexibility is part of their general competencies and work experience, instead of a threatening neo-liberal philosophy.

Flexicurity has achieved a position in HRM strategies of companies. Here direct cost cutting is combined with strategies for long term flexibility and risk prevention. In our financial call centre temp workers no longer are seen as a short term solution for 'peak and ill'. A number of temp agencies have developed into training and HRM specialists, and take over selection, qualification and coaching of potential future core workers. This is explicitly the case in smaller 'independent' call centres, and many other new service companies. But also our banking managers have detailed ideas about their 'ideal' labour force on longer terms.

The Netherlands is one of the countries in Europe with quite low unemployment rates for young workers. This could be one of the positive effects of a national flexicurity policy. But it could also reflect the uneven division of security (for older core workers) and flexibility (for the younger temps and on call workers).

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