

From undermining practice to important instrument

*The rise of temporary agency work in the
Netherlands since the 1960s*

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Abstract

The Netherlands have seen a remarkable rise in temporary agency work over the past few decades. Two types of explanations are often put forward for this development: macroeconomic and institutional. In this thesis a third theoretical framework is included: the Varieties of Capitalism framework. The argument will be that this framework provides the most important explanation for the remarkable rise of agency work in the Netherlands. This argument is made by conducting research that combines both quantitative and qualitative sources, and both a historical and a social science perspective. Because in the end, combining methods and perspectives will provide us with a better understanding of the phenomenon agency work.

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Introduction

In 1961 the *Algemene Bond Uitzendondernemingen* (Federation of Private Employment Agencies, hereafter ABU) was founded in the Netherlands. At that time, only a few 10,000 workers worked for a temporary work agency (TWA). But when we take a look at the number of agency workers since the 1960s up to now, we will see that there has been an enormous increase. In 1969 the Netherlands only had approximately 70,000 agency workers (1,3% of the labour force), whereas that number had risen to almost 500,000 in 2012, which was 5,3% of the labour force at the time. So there has been an enormous increase in the number of agency workers in the Netherlands, though *Figure 1* shows that that increase has not proceeded in a linear way.



Figure 1 Source: CBS.

This enormous rise has made agency work an important factor in the Dutch labour market. According to ABU – though this might be slightly exaggerated – the TWA sector is even one of the ‘biggest employers’ in the Netherlands.¹ And if the general trend continues – apart from a bust now and then – the amount of agency

¹ Algemene Bond Uitzendondernemingen, ‘Uitzendwerk. Goed geregeld’, April 19, 2017, <https://www.abu.nl/website/actueel/uitzendwerk.-goed-geregeld> (consulted January 24, 2018).

workers will grow further. The question is then: Is the rise of agency work an irreversible and inevitable trend, because of macroeconomic developments? Or is it the consequence of political choices? In this thesis I hope to shed some light on this discussion by analysing the rise of agency work up to the present day. 'Results achieved in the past are no guarantee for the future', but it is important to understand the dynamics behind the increasing importance of agency work over the past decades. Only then is it possible for policy makers to really grasp what is going on in this section of the labour market and only then can they make informed policy choices regarding the TWA sector.

The Dutch agency market has already been researched in the past, for instance from an econometric perspective by Moolenaar, and from an economic and law perspective by Tijdens et al.² On top of that, agency work is referred to in studies on the Dutch labour market, where it is often only one of the topics studied.³ A historical study that investigates the trend is currently missing and it is the intent of this thesis to fill that gap. A historical perspective will help to understand that throughout the past half century there have been different reasons for both employers and employees to resort to agency work. For instance, the Dutch labour market nowadays is completely different from the labour market in the 1950s and 1960s. During those decades almost every worker had a permanent contract, actually there was nearly 'full employment'.⁴

When we compare this, for instance, with the Dutch labour market in the 1990s, we will see a completely different world. Take the focus of the government for example: whereas in the 1950s and '60s Dutch policy makers were committed to wage moderation and full employment, in the 1990s the Dutch administration was busy promoting and regulating all kinds of flexible work, culminating in the Flexibility and Security Bill of 1996.⁵ One can easily understand that in those very different historical contexts, agency work played two very different roles.

² Debora Moolenaar, *The Dutch Market for Agency Work* (Amsterdam 2002); Kea Tijdens et al., 'Temporary agency work in the Netherlands', AIAS working paper; No. 06/54 (2007).

³ See: Ton Wilthagen, 'Flexicurity: A new paradigm for labour market policy reform?', *WZB Discussion Paper*, No. FS I 98-202 (1998); Lei Delsen and Erik Poutsma, 'Labour market institutions and economic performance in the Netherlands', *International Economic Journal* 19 (2005) 2, 169-196; F.H. Tros, W. Albeda and W.J. Dercksen, *Arbeidsverhoudingen in Nederland* (Alphen aan de Rijn 2004).

⁴ Jan Peet en Erik Nijhof, *Een voortdurend experiment. Overheidsbeleid en het Nederlandse bedrijfsleven* (Amsterdam 2015) 141-158.

⁵ Tros et. al, *Arbeidsverhoudingen*, 95.

The contribution of this thesis lies not with the historical perspective alone, it is also the combination of qualitative and quantitative methods that expands our knowledge of the TWA sector's history. Quantitative methods excel in analysing bigger amounts of data and presenting them in simple fashion. So in this thesis I will use these methods to test which macroeconomic and institutional explanations for the rise of agency work are actually statistically sound. Qualitative sources, on the other hand, present us with information on how contemporary actors (the government, trade unions, employers' organisations) perceived macroeconomic trends and how policy choices regarding agency work institutions were made. Combining those two kinds of sources, provides us with a better picture of the dynamics behind the rise of agency work, because it incorporates both structural and contingent explanations.

I will study the history of agency work in the Netherlands using three strands of literature that are of importance when researching this topic (they will be introduced in more detail in the *Theory* section). The first one is the literature on macroeconomic developments, which tries to link certain trends in the macroeconomy to the amount of agency work on the labour market. The second literature is the one on labour market institutions, which tries to explain developments in the labour market – like the rise in agency work – from an institutional perspective. Besides those two quite well-known strands of literature, I will also use the *Varieties of Capitalism* (VoC) literature. This literature considers the overall institutional context of an economy and will be used to research the interactions between that overall institutional context on the one hand, and specific agency work institutions and macroeconomic developments on the other hand. Because, although it might be convenient to be able to say that only macroeconomic developments influence agency work, or only institutions, it will be my argument that the interplay between different factors actually is the driving force behind the rise of agency work.

Questions

My main research question is: *To what extent do macroeconomic developments, the role of labour market institutions and the 'Varieties of Capitalism'-framework explain the rise of agency work in the Netherlands since the 1960s?*

This question can be subdivided in three sub-questions:

- Can the rise of agency work in the Netherlands adequately be explained by macroeconomic developments like economic growth, unemployment, the composition of the economy, technological change and globalisation?
- What role did Dutch labour market institutions play in providing the opportunity for agency work to become a substantial force in the Dutch labour market?
- Has the supposed shift of the Netherlands from a Coordinated Market-Economy to a more Liberal Market-Economy any explanatory power in explaining the rise of agency work in the Netherlands?

An answer to these questions will give us insight in the main reasons why both employers, employees and governments have increasingly resorted to agency work over the past decades.

Structure

After the introduction above, the rest of my thesis will proceed as follows. I will first give a short outline of the *Theory* I use in this thesis and the hypotheses the different theoretic frameworks provide. After that section, I split the *Methodology* and *Results* sections up into two parts: a *Quantitative* and a *Qualitative* part. So first, I will present the *Quantitative Methodology* and *Results* and thereafter the *Qualitative Methodology* and *Results*. The last section will then be the *Conclusion* section in which I will summarise my findings, discuss shortcomings of my research and suggest possible directions for future research.

Theory

Macroeconomic developments

In the literature, a number of macroeconomic trends are put forward as explanations for the rise of agency work. The likes of economic growth, unemployment, the composition of the economy, technological change and globalisation are amongst those explanations. Economic growth seems to be a first likely candidate for explaining the trend. During an economic boom, when the labour market is tight, it will be hard to find agency workers, because most people will prefer a permanent job. In such a situation, demand for agency workers is higher than supply. During a recession on the other hand, it will be very likely that agency workers are the first to be dismissed, as the regulations for firing permanent employees are often much stricter. Then, it is the case that demand for agency workers is at its lowest, while supply is high, as people would prefer a job through a TWA over being unemployed.

The conclusion must be then that in between the absolute highs and lows of economic growth, there is room for agency work to step in.⁶ Because, somewhere in between a boom (when demand is high and supply is low) and a bust (when demand is low and supply is high), there must be a period when supply and demand do meet. It must be noted however that the entire historical and institutional context in which an economic boom or a recession takes place is of importance (as will be explained in more detail below in the part on the Varieties of Capitalism literature). For instance, the Dutch recession of the 1970s – caused by the breakdown of Bretton Woods and two oil crises – will have had different consequences for agency work than the banking crisis that started with the collapse of Lehman Brothers in 2008.⁷

Another macro-economic development that might influence agency work is a shift in the importance of certain sectors in the economy. The manufacturing industry is less important than it was in the 1960s, because the focus of the Dutch economy has shifted more to the service sector.⁸ According to the ABU however, the largest part of agency workers (23,7%) was still working in the manufacturing industry in

⁶ Marloes de Graaf-Zijl and Ernest E. Berkhout, 'Temporary agency work and the business cycle', *International Journal of Manpower* 28 (2007) 7, 539-556, there 542-548.

⁷ Jan Luiten van Zanden, *Een klein land in de 20^e eeuw. Economische geschiedenis van Nederland 1914-1995* (Utrecht 1997) 218-223.

⁸ Jan Luiten van Zanden, *Een klein land in de 20^e eeuw. Economische geschiedenis van Nederland 1914-1995* (Utrecht 1997) 183-191.

2015.⁹ But it may be that this is only the case because the service sector has other options for employing people on a temporary basis, for instance by making use of self-employed workers, like it is the case in Germany.¹⁰ Thus, it has to be investigated whether the described shift in the economy has indeed had a detrimental effect on agency work.

A third macroeconomic explanation that might possibly explain the rise of agency work is technological change. Due to technological innovations since the second half of the 20th century, the time of mass production and mass industrialisation is over. The large plant with machines that could only make one product now belongs to the past: these days firms have a more diverse arsenal of machines, which can flexibly adapt to demand and can make a lot of different products.¹¹ In order to be able to operate these machines in a flexible way, companies need flexible labour forces. Agency workers are among the groups that can provide firms with such flexible labour.¹²

Another macroeconomic development that is linked with agency work is globalisation: the fact that the world has become more and more integrated since World War Two. This has become especially relevant for the Dutch economy since the 1980s, when Japan and other so-called 'Asian Tigers' became dangerous competitors. Dutch businesses had to turn to more flexible organisational forms and cost reduction measures in order to be able to compete with their Asian counterparts.¹³ Agency work is especially well suited to provide both flexibility and cost reduction, as Mitlacher found for the cases of American and German businesses.¹⁴

⁹ Algemene Bond Uitzendondernemingen, 'Cijfers over uitzendwerk en uitzendkrachten', <https://www.abu.nl/uitzendbranche/cijfers-uitzendwerk-uitzendkrachten> (consulted January 12, 2018).

¹⁰ Lars W. Mitlacher, 'The Role of Temporary Agency Work in Different Industrial Relations Systems - a Comparison between Germany and the USA', *British Journal of Industrial Relations* 45 (2007) 3, 581-606, there 584-585.

¹¹ Paul Milgrom and John Roberts, 'The Economics of Modern Manufacturing: Technology, Strategy, and Organization', *The American Economic Review* 80 (1990) 3, 511-528.

¹² Kevin Ward et al., 'Dilemmas in the management of temporary work agency staff', *Human Resource Management Journal* 11 (2001) 4, 3-21, there 9.

¹³ Keetie Sluyterman, *Dutch enterprise in the twentieth century: business strategies in a small open economy* (London 2005) 184 and 202-205.

¹⁴ Lars W. Mitlacher, 'The Role of Temporary Agency Work in Different Industrial Relations Systems - a Comparison between Germany and the USA', *British Journal of Industrial Relations* 45 (2007) 3, 581-606, there 584-585.

The problem with many of these macroeconomic explanations is, however, that they are often put forward without empirical support. Terms like ‘technological innovation’ and ‘globalisation’ are named as the important drivers behind agency work, but the question whether data and sources support such claims remains unanswered. This thesis hopes to do just that: it will make use of sources and data to investigate whether macroeconomic explanations actually hold empirically. At the same time, this thesis recognises that only using terms like ‘technological innovation’ and ‘globalisation’ already has some power. So – especially in the qualitative section – I will look to the macroeconomic arguments that were put forward by the major actors and how that affected agency work.

Labour market institutions

That brings us to the second strand of literature, which is the one that focuses on the role of institutions in shaping economic behaviour. According to North, the father of the New Institutionalism, institutions are ‘the humanly devised constraints that structure political, economic and social interaction’.¹⁵ Economic interactions with regard to agency work are mainly structured by labour market institutions, so here we must focus on literature about these particular institutions (the laws and regulations to which labour is bound) and how they were devised (by the concerted efforts of government, unions and employers’ organisations).

Some authors have stressed the role of labour unions in creating labour market institutions for agency work. Shire and Van Jaarsveld have argued that agency work was restricted well into the 1980s because trade unions opposed it.¹⁶ Moreover, Rueda, and Lindbeck and Snower have argued that from the 1970s onwards trade unions (and social-democratic administrations) have failed to represent agency workers in industrial relations, and that they chose to only represent ‘insiders’ like workers with a permanent contract. Therefore, a division between ‘insiders’ and ‘outsiders’ was created, where insiders enjoyed very strict regulations, whereas outsiders like agency workers had to do with much looser

¹⁵ Douglas North, ‘Institutions’, *Journal of Economic Perspectives* 5 (1991) 1, 97-112, there 97.

¹⁶ Karen Shire and Danielle D. van Jaarsveld, ‘The Temporary Staffing Industry in Protected Employment Economies: Germany, Japan and the Netherlands’, *ISA Working Paper Series* WP-2008-24 (2008) 5.

regulations.¹⁷ These two arguments seem to contradict each other: how can it be that trade unions opposed agency work on the one hand, while they failed to represent agency workers on the other hand, which caused institutions to be loose? Especially in the *Qualitative* section, I hope to shed some light on this question.

Governments were also sensitive to the pressures of insiders, for in times of crisis they often chose to loosen hiring regulations for temporary workers, instead of making it easier for employers to fire permanent employees.¹⁸ So, apart from the trade unions, the role of the government in creating labour market regulations must also be taken account of. Especially for the period until the 1970s, where the government explicitly took a leading role over the trade unions and employers' organisations in Dutch socioeconomic issues, according to Tros.¹⁹

This was very different from the 1990s, when policies were often the result from concertation between trade unions and employers' organisations, without interference from the government. This was for instance the case regarding the so-called 'flexicurity' policy.²⁰ Both employers' organisations and trade unions agreed to this policy as a measure to make sure that the Dutch economy remained competitive, whereas at the same time employees would be provided with a certain level of security.²¹ Agency work was in these policy packages often one of the instruments to help realising the 'flexibility side of flexicurity'.²² In order to make that possible, regulations for agency work were loosened.

Two remarks on the institutional literature are in order at this point. First of all, one can already see that the macroeconomic and institutional explanations are intertwined with each other. In the case of flexicurity policies for instance, institutional arrangements were changed as a consequence of certain macroeconomic arguments. This will be a common theme in this thesis: none of the three strands of

¹⁷ David Rueda, 'Insider-Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties', *The American Political Science Review* 99 (2005) 1, 61-74; Assar Lindbeck and Dennis J. Snower, 'Wage Setting, Unemployment, and Insider-Outsider Relations', *The American Economic Review* 76 (1986) 2, 235-239.

¹⁸ Pierre Cahuc and Fabien Postel-Vinay, 'Temporary jobs, employment protection and labor market performance', *Labour Economics* 9 (2002) 63-91, there 63-67.

¹⁹ F.H. Tros, W. Albeda and W.J. Dercksen, *Arbeidsverhoudingen in Nederland* (Alphen aan de Rijn 2004) 81-85.

²⁰ *Ibidem*, 95.

²¹ Ton Wilthagen, 'Flexicurity: A new paradigm for labour market policy reform?', WZB Discussion Paper, No. FS I 98-202 (1998) 11-17.

²² W.J.H. van Oorschot, 'Balancing work and welfare: activation and flexicurity policies in The Netherlands', *International Journal of Social Welfare* 13 (2004) 1, 15-27, there 21-22.

literature presented here, are in their own right sufficient to explain the developments regarding agency work in the Netherlands.

Secondly, institutions must not be regarded as the perfect guiding principles that structure agency work. Sometimes, the absence or neglect of institutions is more important than the institutions themselves. Take the insider-outsider issue for example: the fact that trade unions chose to prefer the interests of permanent workers over the interests of, among others, agency workers, may have resulted in institutions that were not 'on point'.

Varieties of Capitalism

In addition to the 'usual suspect' strands of literature described above, I will also include the Varieties of Capitalism framework in my analysis. It is my argument that the influence of macroeconomic and institutional factors can only be understood in the wider institutional context of an economy. The VoC framework provides such a context, because it considers the total economic configuration in which firms in a country operate. The framework is named after the book by Peter Hall and David Soskice, in which they use the different relations in which firms engage (e.g. industrial relations and corporate governance) to make a distinction between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs). In LMEs relations are typically market-oriented, whereas in CMEs relations are often characterised by coordination and strategic interaction.²³

Moreover, the different relations tend to reinforce one another and this phenomenon is described by Hall and Soskice with the term *institutional complementarities*.²⁴ So for instance, in an LME, where firms are rather shareholder-oriented, cooperation between employers' organisations and trade unions will be less likely. Another example is that in an LME education and training is often more general, and therefore labour markets are fluid. In such an institutional environment it is no use to invest in specific skills if you do not know for how long you will work at a firm.²⁵ Finally, another worthwhile example is the case of mergers and acquisitions,

²³ Peter A. Hall and David Soskice (ed.), *Varieties of Capitalism: the institutional foundations of comparative advantage* (Oxford 2001) 6-12.

²⁴ *Ibidem*, 17-21.

²⁵ *Ibidem*, 30.

which are generally more common in LMEs than in CMEs, especially hostile ones.²⁶ So it might be expected that a firm that is afraid of being taken over will reduce its costs, for instance by applying agency work as a cost-reduction tool in the industrial relations sphere. And the VoC framework indicates that this is more likely in an LME than in a CME.

According to some scholars, the framework as designed by Hall and Soskice does not allow much room for change. Sluyterman, in applying the framework, to the Dutch case has argued that change in fact did happen in the Netherlands. Whereas the Dutch economy should be described as an LME at the start of the 20th century, it evolved into a CME after World War Two, but has again become a more LME-like country since the 1980s.²⁷ Schneider and Paunescu have tested this claim empirically and came indeed to the conclusion that the Netherlands has shown more features of an LME in recent years.²⁸

Considering the labour market, Nijhoff and Van den Berg have argued that the shift from CME to LME was characterised by more power for the employers' organisations and more concessions from the workers regarding wage setting and job spreading for instance.²⁹ In the sphere of corporate governance, from the late 1980s onwards, shareholders became more important at the cost of other stakeholders, according to De Jong et al. Case in point is that it was suggested that defence mechanisms against takeovers should be reduced, as taking them away would encourage companies to remain profitable, which is in the interest of shareholders.³⁰

Although agency work is present in both CMEs and LMEs, one would expect to see more TWAs in an LME-like economic configuration. Agency work corresponds more to a market-like orientation than to a situation where strategic coordination is prominent, for TWAs embody the fact that employers and employees are brought

²⁶ Bram Bouwens and Joost Dankers, 'Competition and Varieties of Coordination', in: Sluyterman, *Varieties of Capitalism*, 103-129.

²⁷ Keetie E. Sluyterman (ed.), *Varieties of Capitalism and Business History: The Dutch Case* (London 2015) 17.

²⁸ Martin R. Schneider and Mihai Paunescu, 'Changing varieties of capitalism and revealed comparative advantages from 1990 to 2005: a test of the Hall and Soskice claims', *Socio-Economic Review* 10 (2012) 731-753, there 742.

²⁹ Erik Nijhoff and Annette van den Berg, 'Variations of Coordination: Labour Relations in the Netherlands', in: Sluyterman, *Varieties of Capitalism and Business History*, 22-49, there 28-30.

³⁰ Abe de Jong, Ailsa Roëll, and Gerarda Westershuis, 'The Evolving Role of Shareholders in Dutch Corporate Governance, 1900-2010', in: Keetie E. Sluyterman, *Dutch Enterprise in the Twentieth Century. Business Strategies in a small open economy* (London 2005) 50-77, there 66-73.

together through the market. For instance, while someone with a permanent contract is assured of a job in the face of market fluctuations (as long as he/she is not fired), an agency worker is very reliant on the market for work.³¹ Besides that, it might be expected that the nature of agency work is different in a CME than in an LME.

Mitlacher has found for instance that agency work in the United States (LME) was concentrated in the service sector, whereas in Germany (CME) agency workers were more common in the manufacturing industry.³² In conducting my research it would be useful to make a distinction between types of agency work and test whether these differences between an LME and a CME also hold for the Dutch case.

In essence, this thesis is a comparison between the Netherlands as a CME and the Netherlands as an LME and how those two 'different countries' handled the issue of agency work. According to theory, one should indeed discern differences between the CME-period and the LME-period. Did the Netherlands as an LME indeed provide more opportunities for commercial TWAs? Was there indeed less need for TWAs when the Netherlands was a CME? These are very relevant questions when looking for an explanation of rising agency work.

Hypotheses

My hypotheses are summarised in *Figure 2* and my explanation of this figure in this section will serve as an exposition of my hypotheses. As already mentioned, the rise of agency work must be regarded as a consequence of forces of demand and supply. First, the demand for agency work is mainly caused by macroeconomic developments. For each of the macroeconomic factors, my hypotheses are:

- Agency work is expected to grow in between the absolute highs and lows of economic growth and unemployment.
- The shift in the Dutch economy from manufacturing industry to services has an effect on agency work, but this effect is dependent on the sectors in which agency work is prominent.

³¹ Bruno Palier and Kathleen Thelen, 'Institutionalizing dualism: Complementarities and change in France and Germany', *Politics & Society* 38 (2010) 1, 119-148, there 126-133.

³² Lars W. Mitlacher, 'The Role of Temporary Agency Work in Different Industrial Relations Systems - a Comparison between Germany and the USA', *British Journal of Industrial Relations* 45 (2007) 3, 581-606, there 584-585.

- Technological change increases the demand for agency workers, as they are needed to facilitate the flexible production regimes that are the result of technological innovation.
- Globalisation increases employers' demand for agency workers, because it is a very appropriate way for them to reduce labour costs and make production more flexible in the face of international competition.

But it is my assumption that, in the end, the institutions of the labour market will determine the real supply of agency workers through regulation. For instance, in an institutional context where agency work is simply forbidden, the supply of agency workers is equal to zero. Whereas if there are no regulations on agency work at all, demand will be (almost) fully be met by the supply of agency workers. In the Dutch context, my hypothesis is that:

- in the end, institutions will determine the amount of agency workers in the economy.

Finally, the Dutch 'Variety of Capitalism' influences both macroeconomic developments and labour market institutions, thus both supply and demand. For instance, the shift from a stakeholder-oriented economy to a shareholder-oriented one since the 1980s³³, will have encouraged business to focus on cost reduction and therefore will have raised demand for agency workers, who cost less than permanent employees.³⁴ On the supply side, a more LME-like orientation will have resulted in less strict institutions for agency, combined, for instance, with state-sponsored training programmes, as was done in flexicurity policies.³⁵ This kind of policies will have made it easier for the supply of agency workers to meet demand of employers. Therefore, my hypothesis is:

- The shift of the Dutch economy from CME to more LME-like has led to an increase in agency work.

³³ De Jong, Roëll and Westerhuis, 'The Evolving Role of Shareholders', 66-73.

³⁴ Hajo Holst, Oliver Nachtwey and Klaus Dörre, 'The Strategic Use of Temporary Agency Work - Functional Change of a Non-standard Form of Employment', *International Journal of Action Research* 6 (2010) 1, 108-138, there 132.

³⁵ Kathleen Thelen, 'Varieties of Capitalism: Trajectories of Liberalization and the New Politics of Social Solidarity', *Annual Review of Political Science* 15 (2012) 137-159, there 147-148.

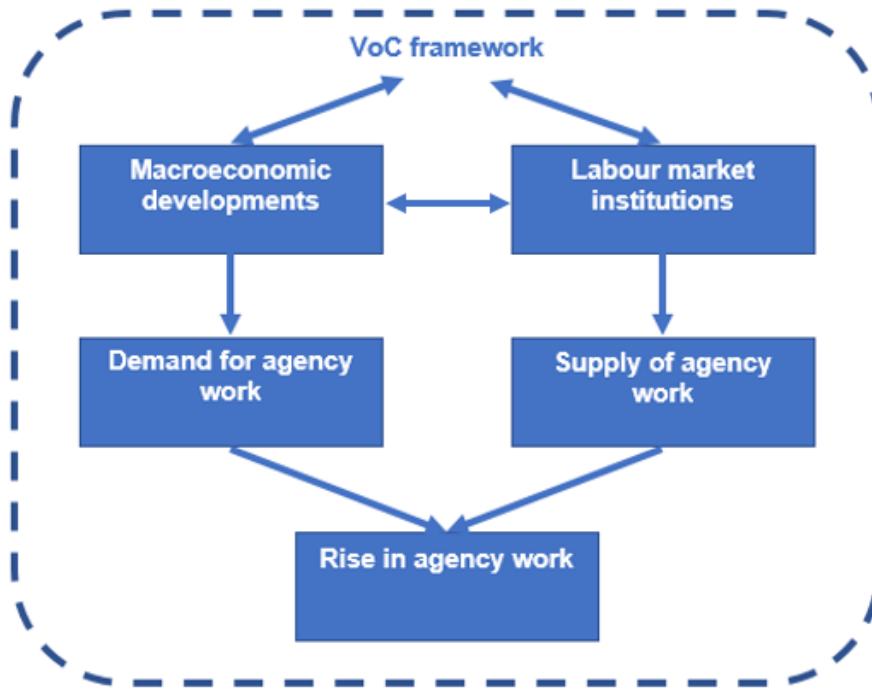


Figure 2

Quantitative section

With the theory discussed and my hypotheses stated, in this part of the thesis I will now turn to the 'actual' research. In what follows, I will first present my *Quantitative Methodology* and *Results*.

Methodology

Sources

Using quantitative data in my thesis is especially useful for establishing correlations between macroeconomic and institutional developments, and their interaction within the VoC-framework on the one hand and the amount of agency work on the other hand. The data on the amount of agency workers in the Netherlands is provided by the *Centraal Bureau voor de Statistiek* (Statistics Netherlands, hereafter CBS). They have registered the number of agency workers from 1969 up to 2016. CBS's definition of an agency worker is: a worker who has a contract with a TWA and who gets paid for at least one hour of work per week.³⁶ So, this indicates a situation in which supply and demand for agency work have already met. We will have to use this indicator, because separate data for supply and demand of agency work are not available. Therefore, in discussing the results, we will necessarily have to make assumptions whether a rise in agency work reflects a rise in demand or a rise in supply.

My data for testing the influence of macroeconomic developments comes from several different sources. I will use two indicators for economic growth: GDP growth and the unemployment rate. Data on GDP growth comes from two different CBS datasets: one spans the period 1969-2012, the other is from a more recent date and has figures from 1995 up to 2017. Both datasets take the volume mutation of domestic production with regard to the same period in the previous year as indicator for GDP growth.³⁷

³⁶ Statistics Netherlands (hereafter: CBS), 'Arbeidsrekeningen; arbeidsvolume naar bedrijfstak en geslacht; 1969-2012', June 25, 2014, <http://statline.cbs.nl/Statweb/publication/?DM=SLNL&PA=81108NED&D1=0&D2=0&D3=0&D4=0%2c76&D5=a&HDR=G1%2cG2%2cT&STB=G3%2cG4&VW=I> (consulted March 6, 2018); idem, 'Arbeidsvolume naar bedrijfstak en geslacht; nationale rekeningen', June 23, 2017, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82579NED/table?ts=1520344751219> (consulted March 6, 2018).

³⁷ CBS, 'Nationale rekeningen; historie 1900 – 2012', June 26, 2014, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/7343nr/table?ts=1520347337042> (consulted March 6, 2018); idem, 'Bbp, productie en bestedingen; kwartalen, mutaties, nationale rekeningen', February 14, 2018,

Unemployment data again comes from two datasets from CBS, which span the years 1800-2013 and 2003-2017 respectively. CBS considers someone unemployed, when that person does not have a paid position, but has recently searched for a job and is instantly available for doing paid work. The unemployment rate is then the number of unemployed people as a percentage of the total active population, which consists of unemployed people (to whom the above definition applies) and people with a paid position.³⁸

For measuring the 'composition of the economy', I will be using a CBS dataset which features data on the added value of sectors in the economy and which runs from 1969 up to 2016.³⁹ Though added value in this dataset does not consider inflation, this is not a big problem, because both the manufacturing sector and the service sector have to deal with the same amount of inflation (except for marginal differences).

I will use trade as an indicator of globalisation and data for this indicator is provided by the *Organisation for Economic Co-operation and Development* (OECD). Trade comprises both trade in goods and services, and is defined by OECD as 'change in ownership of material resources and services between one economy and another.' The OECD dataset contains data on both exports and imports: as percentage of GDP, growth of exports and imports, value in US dollars and trade balance.⁴⁰

The variable that represents technological innovation is R&D spending by Dutch companies. Though this is not a perfect indicator of technological innovation – it does, for instance, not consider the quality of innovation – it does say something about companies' commitment to technology, though more so in quantitative terms. The data for this variable is constructed from four CBS datasets, which all span different time periods (1970-1994, 1994-2001, 2002-2010, 2011-2016). It is useful to

<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82602ned/table?ts=1520347060680> (consulted March 6, 2018).

³⁸ CBS, 'Beroepsbevolking; vanaf 1800 (12-uursgrens)', April 4, 2014,

<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/71882ned/table?ts=1520349425849> (consulted March 6, 2018); idem, 'Arbeidsdeelname en werkloosheid per maand', February 15, 2018,

<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/80590ned/table?ts=1520348942674> (consulted March 6, 2018).

³⁹ CBS, 'Opbouw binnenlands product (bbp); nationale rekeningen', June 23, 2017,

<https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82262NED/table?ts=1520350340605> (consulted March 6, 2018).

⁴⁰ OECD, 'Trade in goods and services', 2018, <https://data.oecd.org/trade/trade-in-goods-and-services.htm> (consulted May 30, 2018).

note that all four datasets use the same definitions of R&D and that the definition includes both product and process innovations.⁴¹

For the topic of labour market institutions, I will use the Employment Protection Legislation database from the OECD. OECD has five components which together make up the 'score' for agency work institutions (in the following their weight is indicated in parentheses). These five components all get a score on a scale from 0 to 6, where 0 represents very loose legislation and 6 the most strict legislation possible. The first component indicates for what types of work agency work is legal (1/3). For instance, up to 1998 it was illegal to use agency workers in the construction sector in the Netherlands.⁴² Two other components are the maximum amount (1/6) and duration (1/6) of TWA contracts a worker may be offered by an agency. A fourth component indicates whether an agency worker receives the same treatment as regular workers who do the same kind of work (1/6). The last component is not so much about the worker, but about the TWA itself: whether one needs special permission to found a working agency (1/6).⁴³ Because not all indicators in the OECD dataset went back to the 1960s, I have expanded the dataset based on qualitative sources. This expanded dataset is included as *Appendix A* in this thesis.

Lastly, I need an indicator for the VoC framework and I have chosen to use the classification from Sluyterman, which says that the Netherlands became more of an LME in the 1980s. Therefore, I have coded the years up to 1985 – as the middle of the 1980s – with a score of 0 that represents the CME-period and the years from 1985 onwards with a 1, which stands for the LME-period.

Methods

All the data mentioned above, will be used for several ordinary least squares (OLS) regressions and some data visualisations. Basically, the *Quantitative results* section

⁴¹ CBS, 'Research en development, 1970-1994', April 23, 2003, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/7234SLCT/table?ts=1527714511743> (consulted May 30, 2018); CBS, 'Research en development, 1994-2001', March 16, 2007, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/7235slct/table?ts=1527714646245> (consulted May 30, 2018); CBS, 'Research en development (R&D); kerncijfers, 2002-2010', May 8, 2013, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/80439ned/table?ts=1527714699658> (consulted May 30, 2018); CBS, 'Research en development; financiering uitgaven per sector van uitvoering', October 27, 2017, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/82042NED/table?ts=1527714765772> (consulted May 30, 2018).

⁴² S.W. Kuip en C.G. Scholtens, *Flexibiliteit en Zekerheid. Parlementaire geschiedenis* (Deventer 1999) 891-892.

⁴³ OECD, 'Calculating Summary Indicators of EPL Strictness: Methodology', June 2014, <http://www.oecd.org/els/emp/EPL-Methodology.pdf> (consulted April 6th, 2018).

consists of four regression tables: two with the *growth* of the share of agency workers in the working population as the dependent variable; and two with the *actual share* of agency workers in the working population (hereafter called 'level regressions', as the regression concerns the *level* of agency work). It is relevant to use both sorts of regressions, because they explain different phenomena. When one looks at *Figure 1* in the *Introduction*, one sees two trends from the late 1980s onwards: first, the share of agency work was more volatile and second, the average share of agency work was higher than before the 1980s. Using the two kinds of regressions helps in explaining both phenomena: the growth regression is more appropriate for explaining the volatility of agency work, whereas the level regression might help finding explanations why in general the level of agency work was higher from the 1980s onwards than before that period.

In all four regression models, the macroeconomic development variables will be tested for correlation with the dependent variable. In two models, the TWA regulation variable will be included, both for the main effect of that variable and for the interaction effect with the macroeconomic variables. The same goes for the VoC dummy, which is also included in two models, both for its main effect and for the interaction effect with the macroeconomic variables. Interaction effects are a crucial part of the research in this thesis, because they indicate whether an effect becomes stronger or less strong when another variable is included. For instance, is the effect of unemployment on agency work independent from the entire institutional framework of an economy, or is the effect stronger in an LME than in a CME (or vice versa)?

It was not possible to report interaction effects with the TWA regulation variable and the VoC dummy for all macroeconomic variables because of multicollinearity problems. This means that the two variables were so highly correlated with each other that one cannot accurately say which part of the variance in the dependent variable is explained by the individual explanatory variables. So when one misses an obvious regression model which includes an interaction effect, the explanation is probably that the two explanatory variables that would interact were too highly correlated with each other. In such cases I have tried to reach to my conclusions in a different way, by including the explanatory variables in separate models.

Because a lot of models are possible with the amount of variables that are included, in the thesis itself only slim versions of the regression tables are reported. In the Appendices, the more elaborate versions of the tables are shown.

Results

Macroeconomic developments and TWA regulation – growth regressions

<i>Dependent variable is Growth of share of agency workers in the working population</i>								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Unemployment	3,973 (3,520)						1,338*** (0,476)	1,276** (0,507)
GDP growth		2,106 (1,630)					1,831*** (0,547)	
Trade growth			0,296 (0,695)					0,715*** (0,260)
Growth of R&D spending				0,116 (0,664)				
Growth of services sector compared to manufacturing					2,089 (1,530)			
TWA regulation	8,714 (7,214)	2,817 (2,236)	1,741 (2,166)	2,239 (2,050)	2,849 (1,746)	3,025* (1,540)		
Interaction with TWA regulation	-1,226 (1,363)	-0,404 (0,774)	0,198 (0,337)	0,054 (0,289)	-0,657 (0,630)			
R ²	9.2%	12.5%	15.4%	4.1%	8.5%	6.4%	25.3%	22.4%
Observations	43	43	42	42	43	43	43	42
* is significant at the 10 percent level ** is significant at the 5 percent level *** is significant at the 1 percent level Standard errors are in parentheses								

Table 1

The table above presents the results of the OLS regression with the growth of the share of agency workers in the working population as the dependent variable. The macroeconomic indicators and the ‘TWA regulation’ variables are included for investigating my macroeconomic and institutional hypotheses. Thus: how well do macroeconomic and institutional developments explain the growth of agency work?

What immediately stands out from the regression table, is that not a single model shows a significant correlation when the variable on interaction with TWA regulation is included. This means that interaction with TWA regulation does not predict the growth of the share of agency workers well. The main effect of TWA regulation does show a significant result at the 10% level, with a (quite weak) correlation of 0.293. The fact that TWA regulation and the growth of agency work are positively correlated, seems a little odd: this would mean namely, that the amount of agency work would rise as regulations become stricter.

An explanation for the positive main effect and the non-significant interaction effects of TWA regulation may be given in *Figure 3*, which shows that the major growth of the share of agency workers in the Netherlands from 1993 onwards predates the loosening of TWA regulations, which only starts in 1998. Indeed, the

most spectacular growth of agency work in the Netherlands happened when regulation was still strict. This may explain why in the regression model, there is a positive relationship between stricter regulation and rising agency work. Thus, we are tempted to conclude that the causality is not that looser TWA institutions cause a rise in agency work, but the other way around: rising TWA work pressures the government to change institutions. Thus, the rise of agency work was already well underway when institutions were adapted and therefore, institutions cannot very well explain the rise of agency work. This would be contradictory to my hypothesis, which stated that institutions would explain how demand for agency work was met by supply. In the *Qualitative* section this tentative conclusion will be discussed further, keeping in mind that qualitative sources are more adept to deal with questions of causality than quantitative data.

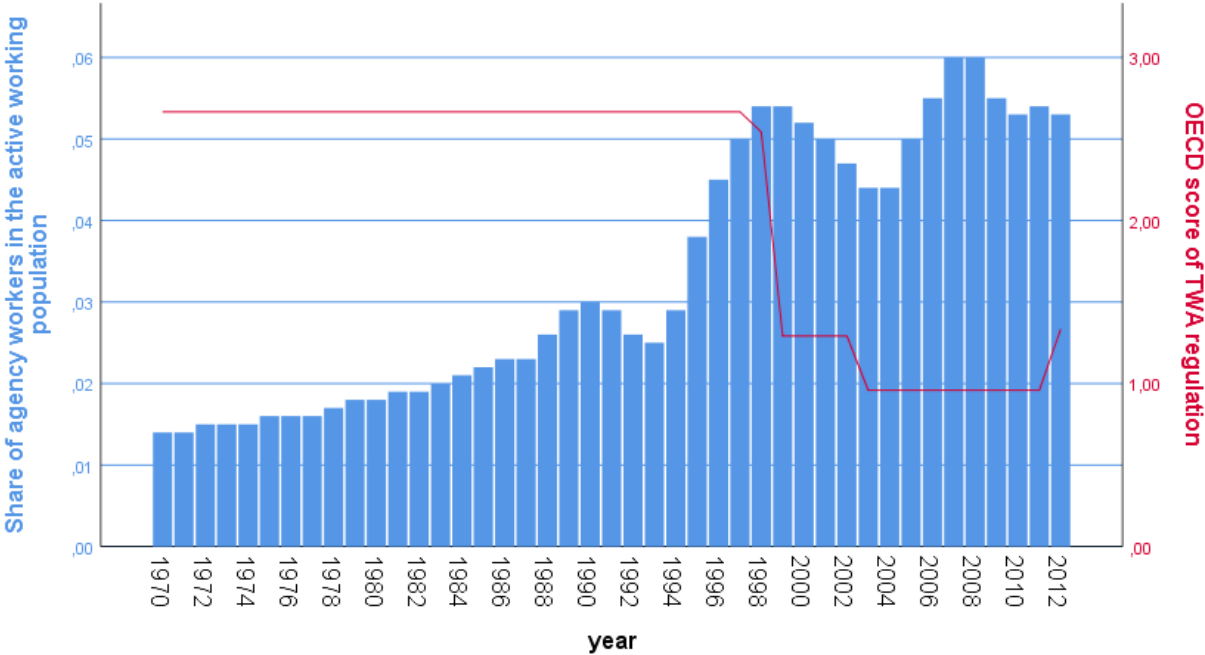


Figure 3 Source: CBS (Share of agency workers); OECD (TWA regulation).

Robustness checks showed that R&D spending and the growth of the service sector do not significantly correlate with the growth of the share of agency workers. This might be explained by the fact that these two factors would only influence the amount of agency work in the Netherlands in the long run. For instance, spending more on R&D in a given year does not immediately result in more technological innovation and therefore not immediately in more agency workers either. So, in this model, which is about rather short term growth instead of long term developments,

there is no correlation between the two independent variables and the dependent one.

The other three independent variables which we expected to have direct influence on the share of agency workers in the Netherlands do show significant correlations in the bivariate regression results. All three show correlations of approximately the same strength, ranging from 0.30 to 0.39 with the difference that the unemployment variable is only significant at the ten per cent level, whereas the other two variables at the five per cent level. On top of that, it must be noted that correlations ranging from 0.30 to 0.39 are to be considered quite weak and the three variables individually only explain, at most, 12.8% of the variance in the dataset (not included in the regression table above, but in Appendix B).

The results of the three bivariate analyses did however provide the building block for constructing two other regression models that include not one, but two independent variables with a direct influence. Columns 7 and 8 in the regression table show the regression results for those two models. Model 7 shows that including both the unemployment percentage variable and the GDP growth variable in the regression, results in a correlation for both variables which is significant at the 1 per cent level. And although the correlation for the unemployment variable remains quite weak (0.38), GDP growth can be regarded as a moderately strong predictor of the growth of share of agency workers with an *R* value of 0.45.

Model 8 shows that including the unemployment percentage variable and the trade growth variable results in correlations which are significant at the 5 and 1 per cent level respectively. The two variables are however still weakly correlated with the dependent variable. Moreover, with an R^2 of 22.4%, model 8 explains less of the variance in the data than model 7, with an R^2 of 25.3.

Regarding unemployment we can conclude that there is positive but weak correlation between the unemployment percentage and the growth of share of agency workers in the Netherlands. This means that the share of agency workers in the working population is more likely to grow when unemployment is high than when unemployment is low. This is in accordance with our hypothesis that in a tight labour market, when unemployment is low, agency work is not likely to grow, because people will prefer a permanent job over a temporary job at a TWA. At the same time we hypothesised that during a recession temporary workers would be the first to be

dismissed, because firing permanent workers is much more difficult than firing temporary workers. The results from the regression would seem to contradict this hypothesis, as unemployment is positively correlated with the growth of the share of agency workers (and unemployment is well-known characteristic of a recession).

Enter GDP growth, which is also positively, but moderately strongly correlated to the growth of the share of agency workers. This means that when the economy grows, the share of agency workers is more likely to grow as well. One might think that this contradicts the fact that unemployment is also highly correlated with the growth of the share of agency workers. But in fact, the two combine perfectly well: growth of the share of agency workers is most likely when unemployment is high but the economy grows. This situation is typical for the period immediately after a recession. In such a period the economy is already growing, but the labour market still has to deal with the consequences of the recession. In such a situation employers are reluctant to hire workers on a permanent contract, because they want to see whether economic growth is stable. Agency workers then are a perfect fit for supplying labour, because employers do need extra labour as a consequence of the growing economy.

Considering the fact that trade growth is also positively correlated with the growth of the share of agency workers, we must pay attention to the fact that trade growth is also highly correlated with GDP growth. I think it is safe to argue that trade growth is significantly correlated with the growth of agency work, because trade is an indicator of economic growth (especially for a country like the Netherlands, which is so dependent on trade). Therefore we cannot conclude, based on these regression results, that globalisation causes growth of agency work. Especially because we hypothesised that globalisation influences agency work in the long run and we have seen that the two other 'long run variables', R&D spending and economic sector composition, did not significantly correlate with the growth of the share of agency workers.

In conclusion, I would argue that based on the regression results in *Table 1* unemployment and GDP growth are the best predictors of the growth of agency work in the Netherlands in the short run. My explanation for this is as described above: after a recession, employers are still careful to hire permanent workers, so instead they resort to agency workers to provide the manpower they need, as the economy is

already growing. This confirms my hypothesis that there would be room for agency work in between the absolute highs and lows of the economy.

Macroeconomic developments and VoC – growth regressions

<i>Dependent variable is Growth of share of agency workers in the working population</i>						
	(1)	(2)	(3)	(4)	(5)	(6)
Unemployment	0,085 (0,671)					
GDP growth		-0,088 (0,870)				
Trade growth			-0,061 (0,461)			
Growth of R&D spending				-0,094 (0,470)		
Growth of services sector compared to manufacturing					-0,025 (0,699)	
VOC dummy	-15,564** (6,567)	-5,987 (3,569)	-5,417 (3,510)	-2,162 (4,761)	1,579 (3,060)	0,462 (2,525)
Interaction with VOC dummy	2,539** (1,058)	2,805** (1,130)	1,182** (0,570)	0,603 (0,529)	0,514 (0,870)	
R ²	14.9%	21.1%	16.9%	3.6%	0%	0%
Observations	43	43	42	42	43	43
* is significant at the 10 per cent level ** is significant at the 5 per cent level *** is significant at the 1 per cent level Standard errors are in parentheses						

Table 2

The table above presents the results of the OLS regression with the five main effects of macroeconomic developments, the VoC dummy based on Sluyterman and an interaction effect between the main effect and the VoC dummy. So this regression serves to investigate the explanatory power of the VoC framework – the Dutch shift from CME to LME – and its interaction with the macroeconomic variables.

As one can see, in neither of the six regression models is the correlation between the main effect and the dependent variable significant and only in the first model is the correlation between the VoC dummy and the dependent variable significant. However, in models 1 to 3 the interaction effect is indeed significant. Not surprisingly these are the models for which the main effect was significant in the bivariate analysis.

The fact that the main effects in the first three models are not significant, whereas the interaction effect is indeed significant, means that we are dealing with a

crossover interaction. This means that the two regression lines in each of the three models (one regression line for VoC dummy = 0, and one regression line for VoC dummy = 1) cross each other, as is visualised in the *Figure 4* for the unemployment variable. The blue line is the regression line for the data points for which the VoC dummy has value 0 and the red line is the regression line for which the VoC dummy is equal to 1.

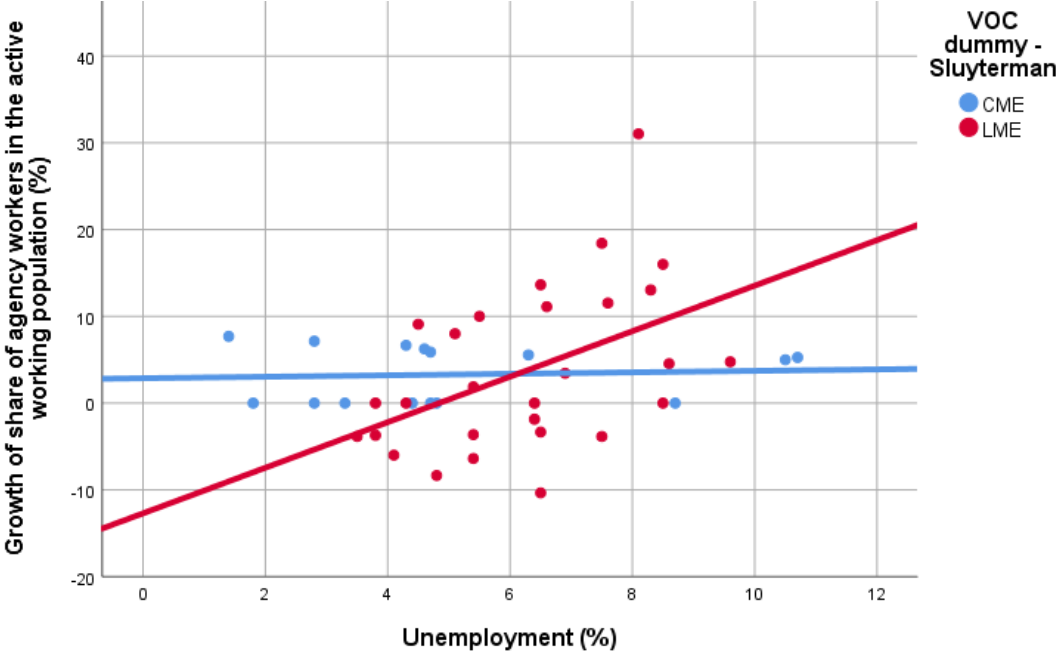


Figure 4 Source: CBS.

This regression model thus provides us with information additional to the results from the *Table 1*. Above we argued that there was a positive correlation between the unemployment variable, the GDP growth variable and the trade growth variable on the one hand and the dependent variable on the other hand. With the results from *Table 2* in mind, we must revise that conclusion and state that the positive correlation described above only holds for the period in which the Netherlands was an LME.

Especially for unemployment and economic growth (and to a lesser extent for the trade growth variable), there is strong interaction effect with the VoC dummy. This indicates that the positive relation we found between those two variables and the growth of the share of agency workers in *Table 1* only holds for the period for which the VoC dummy has a value of 1, which is when the Netherlands were more LME-like according to Sluyterman. In the CME period there was no – or not a significant – relationship between the two variables and the dependent variable.

So it seems that our hypothesis that there was more room for agency work when the Netherlands were an LME than when the Netherlands were a CME is indeed true. It is however remarkable that there is a significant correlation between the VoC and the dependent variable, whereas there is no significant correlation between the TWA regulation variable and the growth of share of agency workers in the active working population. This might indicate that less strict TWA regulation followed only after the Netherlands were liberalised in (some of) the other relational spheres in which firms engage.

Macroeconomic developments and TWA regulation – level regressions

<i>Dependent variable is Share of agency workers in the working population</i>						
	(1)	(2)	(3)	(4)	(5)	(6)
Unemployment	0,114* (0,064)					
GDP growth		0,080 (0,077)				
Trade value as percentage of GDP			5,335*** (1,106)			
R&D spending as percentage of GDP				1,413 (1,480)		
Size of services sector compared to manufacturing					-5,184*** (0,576)	
TWA regulation	-1,851*** (0,188)	-1,827*** (0,196)	-0,845*** (0,242)	-1,812*** (0,193)	-0,740*** (0,157)	-1,764*** (0,186)
Interaction with TWA regulation						
R ²	69.5%	67.9%	79.2%	67.8%	89.1%	67.9%
Observations	43	43	43	43	43	43
* is significant at the 10 per cent level ** is significant at the 5 per cent level *** is significant at the 1 per cent level Standard errors are in parentheses						

Table 3

The table above presents the results for the so-called level regression, which uses the share of agency workers in the working population as the dependent variable. Here again, the macroeconomic and institutional variables are included as explanatory variables, but this time it is not about how well they explain the growth of

agency work, but about the actual share of agency workers in the active working population.

It immediately stands out that the main effect of TWA regulation is highly significant – at the 1% level – in this table, whereas in the table on the growth regression it was not so highly significant at all. Moreover, not only is the correlation between the share of agency workers variable and the TWA regulation variable highly significant, it is also very strong (-0.83). This means that the greater the share of agency workers, the looser TWA regulation is (or vice versa). This might confirm the conclusion in the ‘growth’ paragraph above, namely that TWA regulation would loosen in the face of the pressure of growing agency work. But again, the *Qualitative results* section will have to give a definitive answer to the causality question posed here.

What also stands out, is that the macroeconomic explanations that had the highest explanatory power in the growth regressions, are either not significant in this regression model or do not add much explanatory power (see Appendix for the bivariate regressions with the five macroeconomic factors). This would lead to the conclusion that unemployment and economic growth, though they correlate with the *growth* of agency work, are not correlated to the actual share of agency work in working population. They share that last feature with R&D spending, though that variable did not correlate with the growth of agency work either.

Two macroeconomic variables do correlate with the share of agency work in the population, which are the trade variable and the industry-services ratio variable. Both are significantly correlated at the 1%-level and add explanatory power to the regression model, as compared to the model that only includes the TWA regulation variable. Moreover, both variables correlate moderately strongly with the share of agency workers ($R = -0.66$ for the industry-services ratio and $R = 0.55$ for the trade value variable).

This leads us to the conclusion that the growing importance of trade, as an indicator of globalisation, and the shift from manufacturing to services in the Dutch economy are indeed correlated with the growth of agency work since the 1960s. The question of causality still remains however, as the OLS regression used here is not sufficient in proving that globalisation has indeed been one of the causes of rising agency work. But the correlation between the trade variable and the share of agency workers must lead to the conclusion that there may very well be a causal relation

between the two. This will again be discussed in the *Qualitative* section, but besides, it would be a useful exercise to investigate this correlation with more sophisticated statistical measures, e.g. methods that are better equipped to deal with time series data, and globalisation indicators other than trade value data.

Considering the industry-services ratio, the regression results point to a direction in which this macroeconomisch factor is indeed related to the rise of agency work since the 1960s. The difficulty is, however, that there is not much data available on the sectors in which agency work is most prominent. The only statistical evidence regarding the issue comes from a 2015 CBS Report, in which it is reported that the division of agency work between economic sectors is as follows (only the top 5 sectors were reported):

Men	Women
Industry (24%)	Industry (14%)
Construction (14%)	Government (13%)
Transport & storage (11%)	Healthcare (12%)
Trade & rental (6%)	Trade & rental (5%)
Other services (6%)	Other services (5%)

Table 4

So in 2015, when the size of manufacturing was very small compared to the size of the services sector, the manufacturing industry was still the most important sector for agency workers. One possible, but tentative, explanation might be that because of the importance of the services sector, most permanent workers would be employed in that sector. Therefore, the manufacturing industry had to look for ‘other’ workers, like agency workers. More statistical data is needed to support this premature conclusion, but the regression results lead one to think that there is some sort of causality between the rise and downfall of, respectively, the services sector and the manufacturing industry since the 1960s on the one hand and the rise of agency work in that same period on the other hand.

Macroeconomic developments, TWA regulation and VoC – level regressions

<i>Dependent variable is Share of agency workers in the working population</i>							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Unemployment	0,075 (0,055)						
GDP growth		-0,095 (0,080)					
Trade value as percentage of GDP			6,190*** (0,850)				
R&D spending				-5,623*** (1,497)			
Size of services sector compared to manufacturing					-2,367* (1,341)		
TWA regulation						-1,274*** (0,157)	
VoC dummy	6,863*** (0,549)	2,498*** (0,332)	1,182*** (0,292)	2,815*** (0,306)	6,585*** (1,343)	1,512*** (0,247)	2,552*** (0,330)
Interaction with VoC dummy	-0,705*** (0,089)				-9,251*** (1,629)		
R ²	85.5%	58.1%	80.7%	66.9%	91.2%	83.0%	57.7%
Observations	44	44	43	43	44	43	44
* is significant at the 10 per cent level ** is significant at the 5 per cent level *** is significant at the 1 per cent level Standard errors are in parentheses							

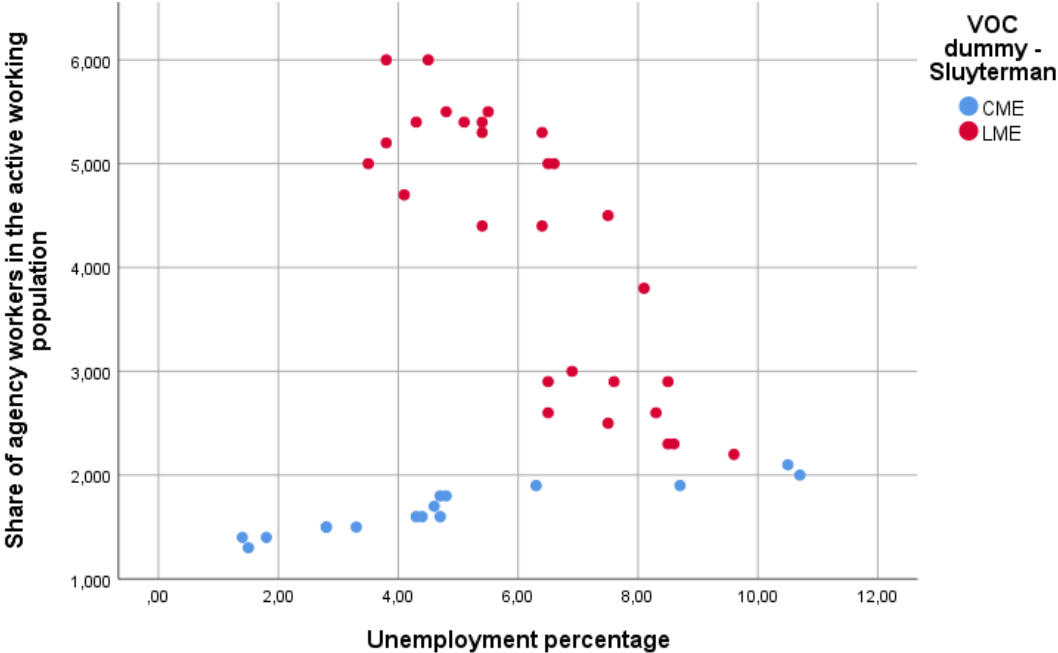
Table 5

This last table presents the results for the ‘level regression’ that includes the VoC dummy alongside the macroeconomic developments variables and the TWA regulation variable. As mentioned before, this model is included to investigate whether the shift of the Dutch economy from CME to more LME-like may explain that the share of agency work was on average higher from the 1980s onwards than in the period before.

It immediately stands out that the VoC dummy is highly significant in all regression models. On top of that, the correlation between the dummy variable and the dependent variable is the bivariate regression model (Model 7) is strong, $R = 0.77$. This means that there were indeed two major differences between the CME-period and the LME-period for agency work: first, agency work reacted more strongly to unemployment and economic growth in the LME-period than when the Netherlands were a CME. Secondly, on average, the share of agency workers in the working population was higher in the LME-period than in the CME-period. Thus, the higher volatility of agency work and the, on average, higher level of agency work since the

1980s (the two trends that are visible in *Figure 1*), can both be adequately explained by the Dutch shift from CME to LME.

In two cases in this level regression, an interaction effect between the macroeconomic development and the VoC dummy is discernible. The first one is the interaction between unemployment and the dummy variable. The scatterplot below shows what is going on there:



Two distinct groups of data points are visible in this Figure, the red dots representing the LME years and the blue dots the CME years. In the CME years there was hardly any correlation between unemployment and the share of agency workers, whereas in the LME years a strong, negative correlation is visible. This adds to picture from the growth regression section, where the conclusion was that high unemployment was positively correlated to growth of agency workers. Here we see that lower percentages of unemployment are correlated with high values for the share of agency workers in the working population. So the mechanism must be that when unemployment is high and the economy grows, the share of agency workers in the working population grows. And as the formerly unemployed get an agency job, the unemployment percentage drops. Thus, basically there is a trade-off between unemployment and agency work and so our conclusion must be that agency work was highly sensitive to the economic conjuncture in the LME-period.

For the other significant interaction effect, the situation is slightly different. The main effect of the industry-services ratio is significant as well, so this concerns not a

crossover interaction. Here, the shift to the LME-period only strengthened the correlation already visible in the CME-period, namely: the smaller the manufacturing industry, the higher the share of agency workers in the working population. So, here the interaction effect does little to enrich the story already told about the main effect of the industry-services ratio.

An odd result in this regression table is the highly significant, but negative correlation between R&D spending and the share of agency workers in the working population. Basically, Model 4 implies that when relatively more is spent on R&D, the share of agency workers is smaller. This contradicts the theory that technological innovations would lead to more agency work. So, this OLS regression does not provide any evidence that supports the claim that technological innovation is a driving force behind rising agency work. But the evidence is not substantial enough to completely refute this hypothesis, in order to be able to do that, more proof is needed.

Lastly, Model 6 shows that combining the TWA regulation variable and the VoC dummy into a single model works perfectly well. Both variables show a significant correlation, with TWA regulation correlating negatively and the VoC dummy positively. This is in line with the theory, which states that the share of agency work must be greatest, when regulation is loose and the overall institutional framework is liberal.

The main conclusions from this *Quantitative* section are that the shift of the Netherlands from a CME to an LME indeed explains the fact that the share of agency work in the working population was more volatile and on average greater in the years since the 1980s. In addition to that, for the LME-period unemployment and – to a slightly lesser extent – GDP growth are the best predictors of the growth and the level of agency work. The regression results also hinted at a correlation between globalisation and the composition of the economy on the one hand and agency work on the other hand, but more evidence is needed to draw a definitive conclusion on that note. Finally, based on the regression results, the hypothesis that institutions predict the actual supply of agency work may be refuted, as it is rather growing agency work that causes the loosening of institutions than vice versa.

Qualitative section

Methodology

In the previous section quite a few times it was stated there that more explanation would be given in the *Qualitative* section, so that is what I hope to do here: investigating how developments were perceived, promoted and criticised by the parties involved. Roughly, one can discern four distinct groups that had an interest in the developments, which are the government, employers, employees and TWAs. In the qualitative section I will use sources coming from all those four parties.

For the government I will use mostly sources from the archives of the Ministry of Social Affairs, as it was that ministry's job to devise policies regarding agency work. These sources are especially relevant for the 1960s and 1970s, for in that period the government took a leading role in devising socioeconomic policy.⁴⁴ In the government archives one also finds a lot of sources from the other three parties which government officials collected, but in addition to that I will also use sources coming from employers organisations and trade unions, which represent employers and employees respectively.

The sources from the employers organisations come from the archives at VNO-NCW, which is the major employers' representative in the Netherlands. It must be noted however that it is a merger between two employers organisations which were independent of each other up to 1996, namely VNO (the liberal employers' organisation) and NCW (the Christian employers' organisation). Lastly, for the employee perspective, I will use sources coming from the archive of the largest Dutch trade union federation, FNV. Here again I must state that this trade union federation has only existed since 1976, because it is also a merger between two organisations: NVV (the socialist trade union) and NKV (the Catholic trade union).

For the TWAs I will not use additional sources to the ones mentioned above, for mostly three reasons. First of all, it was not easy gaining access to the archives of ABU, which is the most likely candidate for representing the TWAs' perspective. Secondly, considering the limited scope of this thesis, I must confine myself to a limited amount of sources. Lastly, the government archives contain a lot of sources coming from ABU, so it was not highly necessary to pay a separate visit to the ABU archives.

⁴⁴ Tros, Albeda and Dercksen, *Arbeidsverhoudingen in Nederland*, 81-85.

In addition to the sources coming from the separate social partners, I will also use some sources coming from the two most important organisations where the social partners came together to discuss socioeconomic issues: the tripartite Sociaal-Economische Raad (Social-Economic Council) and the Stichting van de Arbeid (Labour Foundation), where employers and employees met without representatives of the government involved.

I will use the sources I have collected to answer all of my three main hypotheses. In the previous section I have statistically tested which macroeconomic developments played a role in the rise of agency work. Here I want to research what macroeconomic developments were deemed important by the parties involved, for 'believing' that an economic development necessitates agency work, can be of major importance as well. Besides that, qualitative sources can give insight into the balance of power between the social partners, which will have had a big influence on the specific labour market institutions that were devised. Lastly I want to use the qualitative sources for investigating whether issues surrounding agency work were handled in a typical CME-way or rather in a more LME-like way.

Results

CME period (up to the 1980s)

The Dutch regulations on agency work were a product of the early 1960s, in reaction to growing problems in the labour market. During the 1950s more and more news came in of so-called 'koppelbazen' (linking bosses) who would 'link' workers to companies. The company would pay the bosses for lending out the workers, while the bosses would pay the workers. Up to this point one would say: 'That is how a TWA agency works'. But the difference is that the bosses would pay the workers their raw wage, without contributing to the social welfare funds as employers were obliged to do. This led to two problems: first of all, the Dutch government would not get the social welfare premiums and secondly, workers who were employed through a linking boss would get a higher wage than other workers and consequently, this led to unrest among the working population.

These problems led the Dutch government in 1958 to ask the Social-Economic Council (hereafter SER, Sociaal-Economische Raad) to give an advice on this issue, which it gave three years later, in 1961. In that advice, the SER analysed that the lending out of workers 'happened more frequently in a tight labour market', though not exclusively, and that agency workers were also used to put new machinery into service.⁴⁵ At government level, a working group was formed which had to discuss the SER's advice and inform the Minister of Social Affairs on which steps had to be taken. This working group added another reason for the rise of agency work to the ones put forward by the SER: they saw the rise in the lending out of workers as a consequence of the 'guided wages policy' of the government, which gave room to linking bosses to exploit the wage pressure.⁴⁶

So here, the importance of historical context becomes apparent, for in this period agency work played a different role than in later periods. During the period of guided wages, agency work was a way for workers to obtain a higher salary through the practices of linking bosses, whereas in later periods, agency workers often were worse off than their permanently employed colleagues. Thus, my hypothesis that in a tight labour market, there would not be much room for agency work, does not hold for

⁴⁵ SER, *Advies over de Uitlening van Arbeidskrachten*, 4-5.

⁴⁶ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 257, Reports of the 1st meeting of the Working Group on the Lending Out of Workers, June 21, 1961.

this period, because agency work actually was a way to exploit that tight labour market in this period.

This exploitation of the tight labour market situation *and* the undermining of the social welfare system were the two most important arguments against this lending out of employees. The SER was not against any type of lending out workers: in general, if the lending was on a non-profit basis, the Council could understand it and was not against it. However, in evaluating the existing measures against the ‘dishonest lending out of workers’ – as the Council would call the practices of linking bosses – it concluded that these were not enough and that a different regulatory system was needed.⁴⁷

Opinions in the Council on what regulatory system was needed, differed however. Therefore, the SER in the end came with two advices for the government: a so-called majority advice (mainly from the trade unions) and minority advice (mainly from the employers’ organisations). The minority advice was to establish a wage regulation that obliged lenders to pay workers in the same way as the company in which they worked did.⁴⁸ For the trade unions, as they were represented in the SER, this did not go far enough. Instead, they wanted a new law that could forbid any kind of lending out workers altogether, but with the possibility of exemption if an agency had a special license. The criteria for obtaining such a license would have to be devised by decree of the Minister of Social Affairs.⁴⁹ The officials in the government working group differed markedly in their opinion of the SER’s advice as well. So in the end, the State Secretary of Social Affairs chose the middle way in mid-1962: the minority advice for wage regulation with a notification duty.⁵⁰

Soon it became apparent that these regulations were not effective enough and at the end of 1963 the Dutch government decided that a new law was indeed needed. In 1965 then, the new *Law on the Provision of Labour Power* finally passed. From that moment onwards lending out workers could be prohibited, though agencies

⁴⁷ Sociaal-Economische Raad, *Advies over de Uitlening van Arbeidskrachten* (Den Haag 1961) 4-7.

⁴⁸ *Ibidem*, 8-9.

⁴⁹ *Ibidem*, 9-14.

⁵⁰ National Archives, Den Haag (hereafter: NL-HaNA), 2.15.45, Ministry of Social Affairs and Employment: General Directory for General Policy Matters (hereafter: SAE/Gen. Dir. General Policy Matters), inventory number 257, Reports of the 1st, 4th and 12th meeting of the Working Group on the Lending Out of Workers, June 21, 1961, October 19, 1961 and March 22, 1962 respectively.

with a license could be exempted.⁵¹ The social partners represented in the Labour Foundation, however, for years were not able to come up with detailed criteria on the basis of which the Minister could issue a license. This had mainly to do with the fact that there was division among employers on what regulations were necessary. So at the end of the 1960s, it seemed as if the urgency for clear and strict rules for the lending out of workers was gone.⁵²

Soon however, this urgency would return, because at the end of August 1970, thousands of workers went on strike in the Rotterdam Harbour: in only one week, a total number of 30.000 people had stopped working. The main grief of the strikers was that the 'strange workers' (i.e. agency workers) that the linking bosses provided, earned more and enjoyed other advantages on the 'own workers' of the wharfs.⁵³ The harbour employers were shocked by this massive strike movement and quickly went into talks with the trade unions. They rather quickly met the demands of the workers and conceded that they would stop working with the linking bosses.

However, the upset was also felt in the wider country and at government level in The Hague. The government wanted an emergency discussion with employers on how to tackle the problems with the linking bosses. At the same time, the employers themselves approached the central unions to discuss the problem at short notice in the Labour Foundation.⁵⁴ The Foundation rather quickly advised the government to decree a general ban on the lending out of workers, which would only leave room for agencies who could obtain an exemption license. The government, as they were also very much concerned, followed the advice of the Foundation and on September 10 the decree was issued.⁵⁵

ABU was furious with this decision from the government, mainly for two reasons, which they explained in a letter to the Minister. First, this new decree made life much more difficult for the TWA's that were member of ABU. The second problematic point for ABU was that they were not consulted when the new measures

⁵¹ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 258, Memo, The origin and content of the Law on the Provision of Labour Power.

⁵² Ibidem.

⁵³ De Volksrant, 'Werfstakingen gericht tegen "vreemden"', August 27, 1970; De Telegraaf, 'Metaalbewerkers leggen Waterweg stil', August 28, 1970; De tijd: dagblad voor Nederland, 'Staking Waterweg duurt voort', August 31, 1970.

⁵⁴ De Telegraaf, 'Koppelbaas moet weg', August 31, 1970.

⁵⁵ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 258, Memo, The origin and content of the Law on the Provision of Labour Power.

were discussed.⁵⁶ At the Ministry of Social Affairs, officials felt that ABU was indeed deeply disappointed, so in order to ease the tension, the director was invited for a meeting at the Ministry.⁵⁷ During that meeting, ABU was not met in any of its demands, but Director for Labour Relations could report to the minister that the ABU director 'left appeased' as a consequence of the personal meeting.⁵⁸

But in spite of this appeasing meeting, at ABU they knew very well indeed that they were on the defensive end in the 'battle' for TWA regulation. In 1971, the Federation sent letters to TWAs, in which they called on agencies to restrain themselves in the labour market and not make the impression that they were lending out temporary workers as a substitution for permanent workers.⁵⁹ For most of the 1970s, ABU and temporary working agencies would remain on the defensive side.

This becomes even more clear from the fact that the Ministry of Social Affairs instituted another working group in 1977 (working group-Lewin II) which had to review the role of agency work in the economy and the effectiveness of existing regulations. According to the group an employer could only legitimately use agency workers if they encountered a sudden rise in production, which they could not have foreseen. In all other cases, agency work was 'a-functional' according to the working group.⁶⁰ In the end, these considerations led the working group in their final report to the Minister to conclude that ultimately, the government should aim for the 'elimination of the current, commercial agency work sector'. In a typically CME-way, the government should be the only one responsible for getting people to work: mediation between employers and employees was not something that could be left to the market.⁶¹

All in all, the 1970s were not a bright period for temporary work agencies: both the government and trade unions were not convinced of the positive effect of agencies. The main reasoning was that working agencies exploited labour market

⁵⁶ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 262, Letter, From ABU Director, Mr. M.V. van der Woude to the Minister of Social Affairs and National Health, Mr. B. Roolvink, September 16, 1970.

⁵⁷ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 262, Note, From the Director of Labour Relations to the Lord Minister, September 23, 1970.

⁵⁸ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 262, Note, From the Director of Labour Relations to the Lord Minister, September 29, 1970

⁵⁹ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 262, Letter, From the Board of ABU to non-ABU member enterprises that provide labour power, June 14, 1971.

⁶⁰ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 292, Memo, Fundamental points considering the provision of labour power, March 4, 1977.

⁶¹ NL-HaNA, 2.15.45, SAE/Gen. Dir. General Policy Matters, inv. nr. 292, Report of the Working Group inventory agency work sector (Working Group Lewin II), May 31, 1977.

tensions and that only non-profit lending out of workers was beneficial to society. In the end, commercial agencies should even be eliminated, as, from a CME-perspective, labour mediation was not something that the market could and should solve. Accordingly, regulations were aimed at marginalising agency work and the relationship between the Ministry of Social Affairs and ABU became very tense.

These conclusions are in line with what we have seen in the *Quantitative* section, namely that agency work was a marginal phenomenon during the CME-period and that agency work institutions were quite strict. This section has explained that that stems from the fact that agency work was not yet seen as an instrument for combating unemployment, but rather as an unwanted practice that undermined the guided wages policy of the government and exploited tight labour market situations. This explains for a large part why, for instance, the *Quantitative results* did not show any correlation between unemployment and agency work for the CME period, whereas it did for the LME period. Besides that, this also explains the specific agency work institutions that were devised in this period: they were aimed at limiting the possibilities for agency work to exploit the tight labour market situation. In what follows, it will be very interesting to see whether institutions changed when the role of agency work changed.

The Shift (1980s)

The 1980s saw the first signs that the old situation in which TWAs were on the defensive would pass. Important in that respect was the 1982 report called *Tijdelijk Heden* (Temporary Present), in which ABU with a few other representative organisations – among which employers' organisation VNO – analysed the position and role of work agencies. Premise of the report was that strict regulation of agency work would only contribute to the already high unemployment rate in the Netherlands, which amounted to values between 8% and 10% at the time of the report.⁶² So here, for the first time, the link between unemployment and agency work is being made.

At government level, the issue of high unemployment was a reason to be more benevolent to agency work as well. The first administration led by Christian-Democratic prime minister Ruud Lubbers wrote in its government program in 1982 that to improve the labour market situation a 'more generous policy considering the TWA sector' was needed.⁶³ This encouraged employers' organisation VNO in 1983 to refer to the government program and ask for loosening of agency work regulations.⁶⁴ This time, the trade unions were on the defensive. So, for instance, when the Labour Foundation had to give an advice on the criteria for an exemption license in 1984, the trade unions formed a minority within the Foundation, while the majority parties advised on loosening the criteria, which eventually happened.⁶⁵

The rationale behind these measures was captured by the increasingly popular term 'flexibilisation'. Even FNV was not in principal against the usage of the term: in a policy memo from 1984 one could read that FNV understood the fact that some sort of flexibilisation was needed in the face of international competition and changing market circumstances.⁶⁶ A trade union working group on the

⁶² A.H.J. Kolnaar et al., *Tijdelijk Heden* (n.p. 1982); CBS, 'Beroepsbevolking; vanaf 1800 (12-uursgrens)', April 4, 2014, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/71882ned/line?ts=1527257975782> (consulted May 25, 2018); CBS, 'Arbeidsdeelname, vanaf 1969', May 1, 2018, <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/83752NED/table?ts=1527257829296> (consulted May 25, 2018).

⁶³ W. Scholten, 'Kabinetsformatie 1982', October 30, 1982, https://www.parlement.com/9291000/d/tk17555_7.pdf, (consulted May 25, 2018).

⁶⁴ VNO-NCW Archive, The Hague (hereafter: VNO-NCW), Letter, From VNO to His Excellence Drs. J. de Koning, Minister of Social Affairs and Employment, Temporary agency work, February 22, 1983.

⁶⁵ FNV Archive, International Institute of Social History, Amsterdam (hereafter: FNV-IISH), inv. nr. 52A, FNV Brainstormgroep Uitzendwezen, Letter, From Federation Board to members of the FNV brainstorm group TWA sector, Request for advice on the criteria linked to a license for the provision of labour power after January 1, 1985, October 25, 1984.

⁶⁶ FNV-IISH, inv. nr. 97, Wg. Marflex - Wg. Flexibilisering – Marginalisering, Memo, Supplement to letter dated August 30, 1984.

marginalisation and flexibilisation of women's labour added to this that technological innovation and automatization were reasons for more flexible labour arrangements like agency work as well.⁶⁷ Of course, the unions differed from the employers' organisations in their view on how flexibilisation should take shape. However, the main point here is that even the trade unions were not against the concept flexibilisation per se and that they linked agency work to globalisation and technological change.

Besides loosening existing agency work regulations, the Dutch government was also more favourable to TWAs in an active way. This became apparent from the issue of 'suitable jobs' for minority groups on the labour market, such as women, migrant workers and handicapped people. Up to the 1980s the government alone had been responsible for getting these people a job. From the 1980s onwards, however, the government entrusted this task more and more to commercial work agencies. Of course, FNV protested this development, as it made 'unemployment into a commodity'.⁶⁸ So, on the issue of 'suitable jobs' one sees a distinct shift from a more CME-like organisation to a more market-oriented approach.

As the trade unions felt that agency work indeed became more and more accepted, it dawned upon them for the first time that they had left behind agency workers in previous years. This was explicitly stated in a memo from the *Dienstenbond* (the service sector trade union within the FNV), directed at the policy advisers to the Federation board on the issue of agency work, in 1984. Besides the issue of leaving behind agency workers, the service sector union had serious doubts about the FNV's policy not to have talks about collective labour agreements for agency workers. FNV's stance was that such talks would only legitimise TWAs, while they still aimed for the prohibition of all TWAs. According to the *Dienstenbond* however, the growth of agency work in recent years had shown that total prohibition was a utopia. Therefore, FNV should get into talks on collective labour agreements, in order to improve the situation of agency workers along that path.⁶⁹ So, even the

⁶⁷ FNV Secretary of female employees, *Flexibele arbeid: onder de maat! Een vakbondsstrategie tegen wegwerpbanen* (Amsterdam 1986) 29.

⁶⁸ FNV-IISH, inv. nr. 440.6, UITZENDBUREAUS, Letter, From Federation board to members of the Policy Advice Council Education-Employment Services Policy, Suitable work through TWAs, March 4, 1985.

⁶⁹ FNV-IISH, inv. nr. 440-6, UITZENDBUREAUS, Letter, From the FNV Service Sector Union to members of the Policy Advice Council Education-Employment Services Policy, Defining stance on TWAs, March 30, 1984.

trade unions themselves acknowledged that there was some sort of insider-outsider problem and that the interests of the former came at the expense of the latter.

Although agency work became increasingly accepted in the 1980s, it was not completely liberalised. In a policy commentary in 1985, VNO complained that the government was still restricting agency work in all sorts of manners.⁷⁰ So we should not make the mistake of interpreting the changes of the 1980s as full-scale liberalisation. However, the period did see change from the previous, CME-like situation for agency work. The first signs that agency work became more accepted and more important became discernible in this period.

The qualitative sources in this section are complementary to the results from the *Quantitative* section in several ways. First of all, the link between agency work and unemployment, which was not present in the CME-period, was formed in thinking about agency work in this period. And as we have seen in the *Quantitative* part, the correlation between unemployment and agency work also becomes apparent from the 1980s onwards. Secondly, in thinking about agency work, globalisation and technological change were increasingly seen as explanations for the need for agency work, even by trade unions. *Quantitative results* showed that the link between globalisation and agency work might indeed be there, whereas it seemed much more difficult to establish such a link for technological innovation (indicated by R&D spending). So our conclusion must be then that – although a definitive answer on globalisation and technological change as explanations for agency work cannot be given here – these two macroeconomic developments were at least perceived as important by economic actors in this period.

Thirdly, another explanation for the rise of agency work that became apparent in this section, is that the overall institutional framework became more market-oriented. This could be seen for instance when the government chose to leave providing jobs for minority groups to TWAs. So, the shift from CME to more LME-like in the 1980s seems to hold for the specific issue of agency work. Finally, the trade unions themselves began to recognise that they had failed to represent agency workers and that their fundamental stance regarding agency work had not prevented its growth.

⁷⁰ VNO-NCW, Commentary in dossier Labour Market, November 15, 1985.

LME-period (1990s up to the present day)

Whereas the 1980s saw some minor changes in the regulatory system for agency work in the Netherlands, the 1990s became the period in which the entire system of agency work institutions drastically changed. Since 1965 agency work had always been regulated by the prohibition system with exemption licenses, but in this period the idea of repealing that system increasingly gained momentum. In 1993, the Minister of Social Affairs asked the SER for advice, because ‘the administration (...) had come to the conclusion that it was not desirable nor necessary to continue the license system for the provision of labour power’. Changing views on the tasks of the public and private sphere had led the government to this stance.⁷¹

The minister asked the chairman of FNV, Johan Stekelenburg, for a reaction to his plans and he reacted indeed. In short, that reaction amounted to appreciation of the current license system, although Stekelenburg recognised that there were some problems enforcing the system.⁷² In the advice that the SER gave in reaction to the minister’s request, the trade union members expressed the same opinion. However, there the trade union members showed that they were well aware of the *zeitgeist*, so they anticipated the repealing of the license system by stating that in that case, other regulations were needed in a new law or by adapting the Civil Code of the Netherlands.⁷³

In contrast to the trade unions, the employers’ organisation wanted the abolition of the license system as soon as possible. According to them, the system was a fossil from times when agency work was regarded as not desirable. They had a point there, for the license system was indeed devised in an entirely different labour market situation, where agency work played an entirely different role. Another point of concern was that the system worked slowly: in a speech to the SER in 1994, the social affairs director of NCW stated that in the past three years, 2550 license requests had been made, from which some 850 had not yet been dealt with.⁷⁴ In consequence, the employers’ organisations in the SER differed from their fellow,

⁷¹ SER, *Advies Arbeidsbemiddeling en TBA 94/07* (Den Haag 1994) Attachment 1.

⁷² FNV-IISH, inv. nr. 440.6, Letter, From Johan Stekelenburg to Dr. B. de Vries, minister of Social Affairs and Employment, September 6, 1993.

⁷³ SER, *Advies Arbeidsbemiddeling en TBA*, 55-56.

⁷⁴ VNO-NCW, Introduction by Mr. N.J.J. van Kesteren, NCW director of social affairs, in SER meeting of May 20, 1994.

trade union members and they advised the minister to carry on with the abolition of the current system.⁷⁵

The relationship between trade unions and employers' organisations was one of conflict during this period. For instance, when VNO chairman Alexander Rinnooy Kan in 1995 stated that a job through a TWA should be regarded as equal to a permanent job, the trade unions reacted quite angry, as this was propaganda for agency work as substitution for permanent jobs.⁷⁶

A breakthrough from this stalemate came with the Labour Foundation Note from 1996: the Note Flexibility and Security. In that document, the social partners unanimously advised the Minister of Social Affairs to repeal the license system in exchange for a different regulatory framework.⁷⁷ This was the result of a change in the FNV's attitude, which became more constructive as they realised that their resistance against agency work had not resulted in it becoming less important.⁷⁸ So, when the new *Law Allocation of Labour Power through Intermediaries*, which abolished the license system, came into being in 1997, FNV gave her approval.⁷⁹

Besides the still widely used concept of flexibilisation, another idea was used on several occasions as legitimising rationale behind this step to further liberalisation of agency work, namely 'deregulation'. According to the government, it was necessary to aim for the abolition of the license system, because 'a market in which service providers can freely compete with each other without entry barriers, could lead to better results on the issue of the desired flexibility of the labour market'.⁸⁰ The social partners in the Labour Foundation unanimously agreed with this and were also convinced of the important allocative function of TWAs.⁸¹ Thus, one sees that by this time agency work was looked at in a typical LME-like way: commercial work agencies were deemed necessary for the functioning of the labour market by efficiently linking supply and demand to each other.

⁷⁵ SER, *Advies Arbeidsbemiddeling en TBA*, 56.

⁷⁶ VNO-NCW, VNO-NCW Knipselkrant, March 1, 1995.

⁷⁷ Labour Foundation, *Nota Flexibiliteit en Zekerheid* (Den Haag 1996).

⁷⁸ Marijn Jongsma, 'FNV wil meer invloed op contracten uitbesteding', November 11, 1995, *De Telegraaf*, as found in VNO-NCW archives.

⁷⁹ FNV-IISH, inv. nr. 440.6, Letter, From J. Stekelenburg to the Permanent Commission for Social Affairs and Employment of the House of Representatives, *Law Allocation of Labour Power through Intermediaries*, April 14, 1997.

⁸⁰ Labour Foundation, *Nota Flexibiliteit en Zekerheid* (Den Haag 1996) 19.

⁸¹ *Ibidem*, 20.

Since the *Law Allocation of Labour Power through Intermediaries* became effective in 2002, not much has changed regarding agency work regulation. The only noteworthy change was in 2012, when the so-called ‘wage correlation’ article – which stated that agency workers were entitled to the same wage as workers that were directly employed by the company – was replaced by article which required equal treatment of agency workers in other areas as well.⁸² This new measure was however a consequence of EU relegation and the dynamics behind that EU measure go beyond the scope of this thesis.

Figure 1 already showed that the 1990s saw the most spectacular increase in the share of agency workers in the working population. In addition, the *Quantitative* section featured the conclusions that the Dutch shift from CME to LME was an important explanation for the growth of agency work and, more tentatively, that looser agency work institutions would follow its rise and not precede it. This section has shown that both these conclusions hold: firstly, the deregulation efforts were based on the premise that agency work had an important allocative function in the labour market, a statement that would not have been possible three decades earlier. Secondly, the loosening of agency work regulations indeed followed the period of spectacular growth: the new law on agency work came into being in 1997 and as one looks at *Figure 1*, one sees that the period of the spectacular rise of agency work was already well underway.

⁸² Minister of Social Affairs and Employment, ‘Wet van 19 april 2012 tot wijziging van de Wet allocatie arbeidskrachten door intermediairs en de Wet op de ondernemingsraden in verband met implementatie van de Richtlijn 2008/104/EG van het Europese Parlement en de Raad van 19 november 2008 betreffende uitzendarbeid’, *Staatsblad* 173 (2012) <https://zoek.officielebekendmakingen.nl/stb-2012-173.html> (consulted May 28, 2018).

Conclusion

Some 60 years of labour market history, or better: agency work history, have been wrapped up in approximately 15,000 words in this thesis. A lot changed during those years: from the 'undermining practices' of linking bosses in the 1950s and '60s to the 'important allocative function' of temporary work agencies in the 1990s and 2000s; and from the post-War guided wages policy to flexicurity programs in the last 25 years. It has been the undertaking of this thesis to review those changes and distil from it the changes that best explain the remarkable rise of agency work since the 1960s.

And from that distillation process, one explanation came forward as most important: the shift of the Netherlands from a Coordinated Market-Economy to a more Liberal Market-Economy from the 1980s onwards. It has been shown, both qualitatively and quantitatively, that this shift has been of major importance for agency work. The LME-period saw much higher volatility and a much higher average level of the share of agency workers in the population. This could happen because in a more market-oriented Dutch economy, agency work was regarded as having an important allocative function in the labour market, which eventually led to deregulation of the TWA sector as well.

The shift in the Netherlands' Variety of Capitalism is not the only explanation however, though it does influence all others. Among those other explanations are economic growth and unemployment, which were important factors regarding agency work in the LME-period. My hypothesis that agency work would likely grow in between the absolute highs and lows of the economy proved right: especially in the period right after a recession, when unemployment was still high, but the economy was already growing, one was likely to see an increase in agency work. This was only possible when the Netherlands was an LME, because in the CME-period the link between agency work and unemployment was not there, as the labour market was defined by full employment and guided wages.

Other macroeconomic factors were less convincing in explaining the trend regarding agency work. Sometimes this was the case because sources and (quantitative) methods had their limitations. This applies for instance to globalisation: using trade as an indicator for globalisation has its limitations, though the *Quantitative results* showed some correlation between the trade variable and agency work which

would encourage further research into the matter. Moreover, it must be noted that relevant actors did consider globalisation as a force behind rising agency work.

In other cases, the results even gave little reason to think that a certain macroeconomic factor might explain the trends in agency work well. Technological innovation, indicated by the R&D spending variable, is a case in point here. The *Quantitative results* showed either that this variable did not correlate significantly with agency work (in three regression models) and when it did, the correlation was negative. A certain level of caution is necessary, but these results do not make one hold high hopes for technological change as an explanation for the rise of agency work, though contemporary actors did often refer to technology as an explanation.

With the conclusions regarding macroeconomic developments and the Varieties of Capitalism framework discussed, one strand of literature remains: the institutional one. The hypothesis I based on this literature, was refuted most explicitly by the results of my research. The expectation was that institutions would determine supply of agency workers and therefore, the total amount of agency workers in the economy. Data and sources showed, however, that looser agency work institutions were often preceded by periods of remarkable growth in the share of agency workers in the working population. Thus, more agency work causes looser institutions, instead of the other way around.

The contribution of this thesis lies in the combination of different theoretical frameworks (macroeconomic, institutional, Varieties of Capitalism), different types of sources and methods (qualitative and quantitative), and different perspectives (historical and social science). Though combining all those elements adds to the strength of this thesis, one could also say that it is neither fish nor fowl: not historical enough for a history thesis and not 'social scientific' enough for a social sciences thesis. And it must be admitted that the statistical methods used in this thesis were rather simple and that more sophisticated methods may result in a fuller understanding of the rise of agency work.

Moreover, the explanations given in this thesis were all situated at the level of the macroeconomy. Microeconomic and sociocultural factors have been (nearly) absent, while they could very well provide us with a richer picture of the phenomenon agency work. What motivates workers to apply for a job with a TWA, for instance? And does the rise of agency work not reflect changes in the preferences of people,

like more and, especially, more flexible leisure time? Research into these factors would be a welcome contribution to the story presented in this thesis.

Nevertheless, this thesis does contribute to the academic and public debate on agency work. It has proven that Sluyterman's story on the shift of the Dutch economy from CME to LME holds with regard to agency work. For policy makers this means that when it comes to devising policy for agency work, one must always take the entire institutional context – as well as the historical context – in which agency work is situated into account. When they do that, agency work can indeed be a useful instrument in the Dutch labour market.

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Appendix A: TWA regulation (OECD scores)⁸³

year	TWA_1	TWA_2	TWA_3	TWA_4	TWA_5	TWA_reg
1970	1.5	2	6	2	3	2.67
1971	1.5	2	6	2	3	2.67
1972	1.5	2	6	2	3	2.67
1973	1.5	2	6	2	3	2.67
1974	1.5	2	6	2	3	2.67
1975	1.5	2	6	2	3	2.67
1976	1.5	2	6	2	3	2.67
1977	1.5	2	6	2	3	2.67
1978	1.5	2	6	2	3	2.67
1979	1.5	2	6	2	3	2.67
1980	1.5	2	6	2	3	2.67
1981	1.5	2	6	2	3	2.67
1982	1.5	2	6	2	3	2.67
1983	1.5	2	6	2	3	2.67
1984	1.5	2	6	2	3	2.67
1985	1.5	2	6	2	3	2.67
1986	1.5	2	6	2	3	2.67
1987	1.5	2	6	2	3	2.67
1988	1.5	2	6	2	3	2.67
1989	1.5	2	6	2	3	2.67
1990	1.5	2	6	2	3	2.67
1991	1.5	2	6	2	3	2.67
1992	1.5	2	6	2	3	2.67
1993	1.5	2	6	2	3	2.67
1994	1.5	2	6	2	3	2.67
1995	1.5	2	6	2	3	2.67
1996	1.5	2	6	2	3	2.67
1997	1.5	2	6	2	3	2.67
1998	1.5	2	6	2	2.25	2.54
1999	0.75	2	0	2	2.25	1.29
2000	0.75	2	0	2	2.25	1.29
2001	0.75	2	0	2	2.25	1.29
2002	0.75	2	0	2	2.25	1.29
2003	0.75	2	0	0	2.25	0.96
2004	0.75	2	0	0	2.25	0.96
2005	0.75	2	0	0	2.25	0.96
2006	0.75	2	0	0	2.25	0.96
2007	0.75	2	0	0	2.25	0.96
2008	0.75	2	0	0	2.25	0.96
2009	0.75	2	0	0	2.25	0.96
2010	0.75	2	0	0	2.25	0.96
2011	0.75	2	0	0	2.25	0.96
2012	0.75	2	0	0	4.5	1.33
2013	0.75	2	0	0	4.5	1.33

⁸³ For methodology: OECD, 'Calculating Summary Indicators of EPL Strictness: Methodology', June 2014, <http://www.oecd.org/els/emp/EPL-Methodology.pdf>. Values marked in blue are scored appointed by the author based on qualitative sources.

Appendix B: Macroeconomic developments and TWA regulation – growth regressions

<i>Dependent variable is Growth of share of agency workers in the working population</i>												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Unemployment	1,055* (0,524)	3,973 (3,520)									1,338*** (0,476)	1,276** (0,507)
GDP growth			1,557** (0,582)	2,106 (1,630)							1,831*** (0,547)	
Trade growth					0,712** (0,276)	0,296 (0,695)						0,715*** (0,260)
Growth of R&D spending							0,321 (0,204)	0,116 (0,664)				
Growth of services sector compared to manufacturing									0,300 (0,407)	2,089 (1,530)		
TWA regulation		8,714 (7,214)		2,817 (2,236)		1,741 (2,166)		2,239 (2,050)		2,849 (1,746)		
Interaction with TWA regulation		-1,226 (1,363)		-0,404 (0,774)		0,198 (0,337)		0,054 (0,289)		-0,657 (0,630)		
R ²	6.8%	9.2%	12.8%	12.5%	12.1%	15.4%	3.5%	4.1%	0%	8.5%	25.3%	22.4%
Observations	43	43	43	43	42	42	42	42	43	43	43	42
* is significant at the 10 per cent level ** is significant at the 5 per cent level *** is significant at the 1 per cent level Standard errors are in parentheses												

Appendix C: Macroeconomic developments and TWA regulation – level regressions

<i>Dependent variable is share of agency workers in the working population</i>											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Unemployment	-0,050 (0,113)	0,114* (0,064)									
GDP growth			-0,142 (0,128)	0,080 (0,077)							
Trade value as percentage of GDP					8,366*** (0,772)	5,335*** (1,106)					
R&D spending as percentage of GDP							-2,192 (2,525)	1,413 (1,480)			
Size of services sector compared to manufacturing									- 7,148*** (0,489)	- 5,184*** (0,576)	
TWA regulation		- 1,851*** (0,188)		- 1,827*** (0,196)		- 0,845*** (0,242)		- 1,812*** (0,193)		- 0,740*** (0,157)	- 1,764*** (0,186)
Interaction with TWA regulation											
R ²	0.0%	69.5%	0.5%	67.9%	73.5%	79.2%	0.0%	67.8%	83.5%	89.1%	67.9%
Observations	43	43	43	43	43	43	43	43	43	43	43
* is significant at the 10 percent level ** is significant at the 5 percent level *** is significant at the 1 percent level Standard errors are in parentheses											

Appendix D: Macroeconomic developments, TWA regulation and VoC – level regressions

<i>Dependent variable is share of agency workers in the working population</i>									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Unemployment	-0,192*** (0,068)	0,075 (0,055)							
GDP growth			-0,095 (0,080)	-0,069 (0,119)					
Trade value as percentage of GDP					6,190*** (0,850)				
R&D spending						-5,623*** (1,497)			
Size of services sector compared to manufacturing							-8,636*** (1,011)		
TWA regulation									-1,274*** (0,157)
VOC dummy	2,828*** (0,322)	6,863*** (0,549)	2,498*** (0,332)	2,624*** (0,538)	1,182*** (0,292)	2,815*** (0,306)	-0,809* (0,441)	2,552*** (0,330)	1,512*** (0,247)
Interaction with VOC dummy		-0,705*** (0,089)		-0,048 (0,162)					
R ²	63.6%	85.5%	58.1%	57.2%	80.7%	66.9%	84.4%	57.7%	83.0%
Observations	44	44	44	44	43	43	44	44	43
* is significant at the 10 per cent level ** is significant at the 5 per cent level *** is significant at the 1 per cent level Standard errors are in parentheses									