## THE EMPLOYMENT CONTRACT AS AN EXCLUSIONARY DEVICE

## An Analysis on the Basis of 25 Years of Developments in The Netherlands

Edited by

Robert KNEGT

**Contributors** 

Klara BOONSTRA
Marianne GRÜNELL
Robbert VAN HET KAAR
Robert KNEGT
Els SOL
Evert VERHULP
Mies WESTERVELD



Distribution for the UK: Distribution for the USA and Canada:
Hart Publishing Ltd. International Specialized Book Services

16C Worcester Place 920 NE 58th Ave Suite 300

Oxford OX1 2JW Portland, OR 97213

UK USA

Tel.: +44 1865 51 75 30 Tel.: +1 800 944 6190 (toll free)

Fax: +44 1865 51 07 10 Tel.: +1 503 287 3093 Fax: +1 503 280 8832

email: info@isbs.com

Distribution for Switzerland and

Germany: Distribution for other countries

Schulthess Verlag Intersentia Publishers

Zwingliplatz 2 Groenstraat 31 CH-8022 Zürich BE-2640 Mortsel

Switzerland Belgium

Tel.: +41 1 251 93 36 Tel.: +32 3 680 15 50 Fax: +41 1 261 63 94 Fax: +32 3 658 71 21

The Employment Contract as an Exclusionary Device. An Analysis on the Basis of 25 Years of Developments in The Netherlands Robert Knegt (ed.)

© 2008 Intersentia Antwerp – Oxford – Portland http://www.intersentia.com

ISBN 978-90-5095-805-9 D/2008/7849/49 NUR 825

No part of this book may be reproduced in any form, by print, photoprint, microfilm or any other means, without written permission from the publisher.

### TABLE OF CONTENTS

| PRE:        | FACE   | xi    |
|-------------|--|-------|
| PAR'<br>THE | T I<br>EMPLOYMENT CONTRACT AS AN EXCLUSIONARY DEVIC                          | Œ     |
| THE         | PTER 1 EMPLOYMENT CONTRACT AS AN EXCLUSIONARY D OBERT KNEGT                  | EVICE |
| 100         | DEKI KIEGI   | 1     |
| 1.1.        | Inclusion and Exclusion  | 4     |
|             | 1.1.1. The Legal Form: An Agreement  | 4     |
|             | 1.1.2. The Content: Work   | 5     |
|             | 1.1.3. Employee Categories   | 6     |
| 1.2.        | 1 8  | _     |
| 1.0         | Employment Contract  | 7     |
| 1.3.        | Questions Related to Inclusion and Exclusion through the Employment Contract | 8     |
|             | r , r , r , r , r , r , r , r , r , r ,                                      |       |
| REG         | PTER 2 ULATION OF LABOUR RELATIONS AND THE DEVELO EMPLOYMENT                 | PMENT |
|             | DBERT KNEGT  | 13    |
| 2.1.        | Normative Stabilisation of Labour  | 16    |
| 2.1.        | Relations: Concepts and Issues   | 10    |
|             | 2.1.1. Definitions   | 17    |
|             | 2.1.2. The Government as 'Third Party'                                       | 20    |
|             | 2.1.3. Regulation of Employment Relationships and                            |       |
|             | Socio-Economic Development   | 21    |
|             | 2.1.4. Connection between a Historical Sociology of Law                      |       |
|             | Approach and Other Approaches  | 23    |
|             | 2.1.5. Aspects of Institutional Arrangements                                 | 24    |
| 2.2.        | Legal Forms of Institutional Arrangements                                    | 25    |
|             | 2.2.1. Manorial System and Vassalage   | 25    |
|             |  |       |

 $\mathbf{v}$ 

Intersentia

#### Table of Contents

|  | 29<br>30<br>32<br>34<br>37  |
|--|---|
| oour'<br>atus?<br>nclusion and Exclusion | 32  |
| oour'<br>atus?<br>nclusion and Exclusion | 34  |
| oour'<br>atus?<br>nclusion and Exclusion |   |
| oour'<br>atus?<br>nclusion and Exclusion |   |
| nclusion and Exclusion                   | 37  |
|  |   |
|  | 39  |
| evelopments on                           |   |
| act                                      | 42  |
|  |   |
|  |   |
| RCE OF CONCERN                           |   |
|  | 47  |
| nal Relationship                         | 47  |
|  | 48  |
| loyees                                   | 50  |
|  | 53  |
| bordination                              | 54  |
|  | 56  |
| against Dismissal                        | 57  |
|  | 61  |
| •  | 63  |
| Law?                                     |   |
|  | 65  |
|  |   |
|  | 66  |
|  | 68  |
| ntract Unchecked                         | 70  |
| ents: New Issues                         | 71  |
|  | nclusion and Exclusion evelopments on act  RCE OF CONCERN  hal Relationship  loyees  bordination  against Dismissal  Law?  htract Unchecked hents: New Issues |

vi Intersentia

#### PART II CAPITA SELECTA

| CHAPTER 4 SICKNESS AND DISABILITY: GOING DUTCH AS A CURE FOR A |  |     |  |
|--|--|-----|--|
|  | CH DISEASE'  | -   |  |
|  | BERT KNEGT & MIES WESTERVELD                                 | 75  |  |
| 4.1.   | Dutch Methods in a European Context                          | 78  |  |
| 4.2.   | 1980-2006 – Developments in the Legislation on Compensation  |     |  |
|  | for Illness and Disability                                   | 83  |  |
| 4.3.   | Allocation of Responsibility and the Permanency of the       |     |  |
|  | Employment Contract  | 89  |  |
| 4.4.   | Form and Content of the Employment Contract                  | 91  |  |
| 4.5.   | Insiders and Outsiders: Shifting Relationships?              | 94  |  |
| 4.6.   | Shifting Responsibilities and the Character of employment    | 00  |  |
|  | Contracts  | 98  |  |
|  |  |     |  |
|  |  |     |  |
|  | PTER 5   |     |  |
|  | M BREADWINNER TO EMPLOYEE WITH CARE DUTIES:                  |     |  |
|  | CONSEQUENCES OF A CHANGE IN PARADIGMS                        | 101 |  |
| KL   | ara Boonstra & Marianne Grünell                              | 101 |  |
| 5.1.   | Care in an International Context                             | 103 |  |
|  | 5.1.1. Care Duties in the UN Convention on the Elimination   |     |  |
|  | of All Forms of Discrimination Against Women                 |     |  |
|  | and in ILO Rules   | 103 |  |
|  | 5.1.2. Care in EU regulations                                | 105 |  |
|  | 5.1.2.1. Working Hours                                       | 107 |  |
|  | 5.1.2.2. Adjustment of Working Hours                         | 108 |  |
|  | 5.1.2.3. Care Leave  | 109 |  |
|  | 5.1.3. Care in Other European Countries                      | 110 |  |
| 5.2  | Work and Care Facilities in The Netherlands                  | 111 |  |
|  | 5.2.1. Working Hours   | 113 |  |
|  | 5.2.2. Adjustment of Working Hours                           | 113 |  |
|  | 5.2.3. Care Leave  | 114 |  |
| 5.3.   | The Division of Responsibility with Respect to Work and Care | 115 |  |
|  | 5.3.1. Policy of the Government and Social Partners          | 115 |  |
| 5.4.   | Inclusion and Exclusion                                      | 121 |  |
| 5.5.   | Consequences for Employment Contracts                        | 123 |  |
|  |  |     |  |

Intersentia vii

# CHAPTER 6 THE EMPLOYMENT CONTRACT AND VOCATIONAL EDUCATION AND TRAINING

| V    | MITOTAL EDUCATION AND INMINING  |     |
|------|---|-----|
| EI   | LS SOL  | 127 |
| 5.1. | Training and the Regulation of Training                               | 128 |
|      | 6.1.1. Definitions and Trends   | 128 |
|      | 6.1.2. A Major Role for Collective Actors in VET                      | 132 |
| 5.2. | Entry: Training of Starters and the Unemployed                        | 134 |
|      | 6.2.1. Training for Youth   | 135 |
|      | 6.2.2. Practical Training Contracts                                   | 138 |
|      | 6.2.3. Training for the Unemployed                                    | 142 |
|      | 6.2.4. Shift in the Division of Responsibilities between the          |     |
|      | Government, Employers and Employees                                   | 143 |
|      | 6.2.5. Inclusion and Exclusion  | 144 |
| 5.3. | Stay: Schooling Employees   | 144 |
|      | 6.3.1. Shift in the Division of Responsibilities between the          |     |
|      | Government, Employers and Employees                                   | 148 |
|      | 6.3.2. Inclusion and Exclusion  | 149 |
| 5.4. | The Exit Phase  | 150 |
|      | 6.4.1. Shift in the Division of Responsibilities between the          |     |
|      | Government, Employers and Employees                                   | 152 |
|      | 6.4.2. Inclusion and Exclusion  | 152 |
| 5.5. | To what Extent is the Employment Contract Changing as a               |     |
|      | Result of these Developments?   | 153 |
| 5.6. | The Employment Contract: an Adequate Instrument to Regulate Training? | 154 |
|      | 6.6.1. Inclusion and Exclusion: Distribution of Risks                 | 155 |
|      | 6.6.2. Too Heavy a Burden?  | 155 |
|      | 6.6.3. Vulnerability of the System                                    | 156 |
| 5.7. | Conclusion  | 156 |
|      |   |     |
|      | APTER 7   |     |
|      | PLOYMENT CONTRACTS AND PENSIONS                                       |     |
| Ro   | OBBERT VAN HET KAAR   | 159 |
| 7.1. | Pension Contracts and Employment Contracts                            | 160 |
| 7.2. | The Dutch Pension System in a Nutshell                                | 161 |
|      | 7.2.1. The Three Pillars  | 161 |

viii Intersentia

|      | 7.2.2. Early retirement schemes                               | 162 |
|------|---|-----|
| = 0  | 7.2.3. The Life-Course Savings Scheme                         | 163 |
| 7.3. | The Dutch Second Pillar from a European Perspective           | 164 |
|      | 7.3.1. Coverage   | 164 |
|      | 7.3.2. Group Schemes  | 167 |
|      | 7.3.3. Different Types of Schemes within the Second Pillar    | 169 |
|      | 7.3.4. The Dutch System as Model?                             | 169 |
| 7.4. | Shifts in the Distribution of Responsibilities and the Risks  |     |
|      | and Rewards   | 170 |
|      | 7.4.1. Government and Social Partners                         | 170 |
|      | 7.4.2. Individual Employers and Employees                     | 172 |
|      | 7.4.3. The Position of the Pensioners                         | 174 |
|      | 7.4.4. Current and Future Generations                         | 175 |
| 7.5. | Pension Schemes: Accessibility, Inclusion and Exclusion       | 176 |
|      | 7.5.1. Employment Contracts and Pension Contracts             | 176 |
|      | 7.5.2. The 'White Spot'                                       | 177 |
|      | 7.5.3. The Employment Contract as a Device for Inclusion or   |     |
|      | Exclusion   | 179 |
|      | 7.5.4. Inclusion in and Exclusion: Early Retirement Schemes   |     |
|      | and Life-Course Savings Schemes                               | 181 |
| 7.6. | Effect of the Changes on Employment Contracts                 | 182 |
| 7.7. | The Adequacy of Employment Contracts for the Regulation of    | 10_ |
|      | Pensions  | 182 |
|      | 7.7.1. Inclusion and Exclusion: Division of Risk              | 182 |
|      | 7.7.2. Top Heavy?   | 183 |
|      | 7.7.3. Vulnerability of the System                            | 184 |
|      | 7.7.4. Final Word   |     |
|      | 7.7.4. Final word   | 184 |
| PAR' | Г III CONCLUSIONS   |     |
|      |   |     |
|      | PTER 8  |     |
|      | EMPLOYMENT CONTRACT AS AN INCLUSIONARY AND LUSIONARY DEVICE   |     |
|      |   | 105 |
| RC   | DBERT KNEGT   | 185 |
| 8.1. | Development of the Characteristics of the Employment Contract | 187 |
| 8.2. | Developments on Four Areas of Regulation for Employment       |     |
|      | Contracts   | 188 |
|      |   |     |
|      |   |     |
|      |   |     |

Intersentia ix

#### Table of Contents

| 8.3.      | Consequences for the Division of Responsibilities between |     |
|-----------|---|-----|
|           | Employees, Employers and the Government                   | 190 |
| 8.4.      | Consequences for Inclusion and Exclusion                  | 192 |
|           | 8.4.1. Consequences for the Employment Contract as a      |     |
|           | Legal Form  | 192 |
|           | 8.4.2. Consequences for the Content of the Employment     |     |
|           | Contract  | 194 |
|           | 8.4.3. Interdependence and Temporal Perspective           | 195 |
|           | 8.4.4. Consequences for the Relevant Employee Categories  | 196 |
| 8.5.      | Is the Employment Contract still an Adequate Device for   |     |
|           | Regulating Employment Relationships?                      | 197 |
| 8.6.      | The Employment Contract as a Device to Implement Policy   |     |
|           | Measures: The Paradox of Inclusion and Flexibility        | 200 |
| RIRI      | .IOGRAPHY   | 203 |
| _ <b></b> |   | _33 |
| ABO       | UT THE AUTHORS  | 221 |

x Intersentia

#### PREFACE

Despite its basic simplicity, the employment contract has for some time been absorbing all kinds of matter that had initially, and intentionally, been left out of its scope. Welfare states have used the employment contract as a 'point of application' for socio-economic policies. Is the result that the employment contract is now being overloaded? Are there significant changes in what matter is excluded from, and what is included in the employment relation?

Seven researchers, participating in the Hugo Sinzheimer Institute (HSI) of the University of Amsterdam, have analyzed the employment contract from the perspective of inclusion and exclusion, in particular by analyzing developments in four areas of regulation (sickness, care, training, pensions) in the Netherlands during the last 25 years. Applying a specific theoretical perspective, this book is bringing together results of HSI research projects that have been framed by our research program 'Rearrangement of responsibility in labour relations'. While research continues to generate new insights, a book like this is, for us, both a moment of reflection on its results and a way to share the results with other researchers and all those readers who share our interest in reflection on developments in labour law and labour relations. We hope that both its theoretical perspective, and its way of making developments in Dutch labour law accessible to an English-reading audience, will contribute to the international scientific discussion on the regulation of labour relations.

The findings that are presented in this book have been a subject of discussion at the yearly Sinzheimer Lecture that our institute organized at 7 November 2007, at which Prof. Mark Freedland and Prof. Colin Crouch have commented upon the book. We like to dedicate this lecture and this book to Prof. Paul van der Heijden who has been Scientific Director of HSI since the foundation of the institute until 2002. Although, after being appointed rector of the University of Amsterdam in 2002, he has not been actively involved in the institute any more; his recent switchover to the University of Leiden is a proper occasion to call to mind his merits for the institute, that under his direction developed into a leading research centre in the field of labour and law, for which we are very grateful.

Prof. Evert Verhulp Scientific Director HSI

Intersentia xi