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Publication date

2019

Document Version

Final published version

Published in

Collective bargaining in Europe: towards an endgame. Volume I, II, III and IV

[Link to publication](#)

Citation for published version (APA):

Been, W. M., & Keune, M. J. (2019). The Netherlands: decentralisation and growing power imbalances within a stable institutional context. In T. Muller, K. Vandeale, & J. Waddington (Eds.), *Collective bargaining in Europe: towards an endgame. Volume I, II, III and IV* (pp. 436-445). ETUI. <https://www.etui.org/sites/default/files/CB%20Vol%20II%20Chapter%2021.pdf>

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Chapter 21

The Netherlands: decentralisation and growing power imbalances within a stable institutional context

Wike Been and Maarten Keune

The Netherlands is a consensus-based democracy with important neo-corporatist elements; trade unions, employers' organisations and other societal organisations play an important part in political decision-making. It is also a small, open economy with a substantial trade surplus, relatively small agricultural and industry sectors and a very large service sector. The Dutch collective bargaining system covers around 80 per cent of employees and this percentage has been fairly stable over the past 30 years. Bargaining takes place largely at industry level and only 10–15 per cent of bargaining coverage comes from company agreements. Coverage is strongly supported by the fact that many industrial agreements are extended quasi-automatically to the entire industry by the government. Dispensation from industrial agreements can be requested. The favourability principle applies to the relationship between industrial and company-level agreements. There is an ongoing process of organised decentralisation of collective bargaining, with the framework provided by industrial agreements increasingly creating space for lower-level agreements and decisions. The objective of this process is to allow for more tailor-made regulation adjusted to the requirements and preferences of companies or individuals. Table 21.1 shows developments in the collective bargaining system over the period 2000 until 2017. Stability in the institutional system can be observed together with a declining coverage of collective bargaining and declining membership of trade unions, as well as employers' organisations.

Table 21.1 Principal characteristics of collective bargaining in the Netherlands

Key features	2000	2016/2017
Actors entitled to collective bargaining	Trade union(s) together with employers' organisation(s)	
Important bargaining levels	Mainly industrial level	
Favourability principle / derogation possibilities	Yes, by requesting dispensation from the responsible government department	
Collective bargaining coverage (%)	82	80
Extension mechanism (or functional equivalent)	Yes, legal extension by the Ministry of Social Affairs and Employment	
Trade union density (%)	23	18
Employers' association rate (%)	85	80

Source: Authors' compilation and Appendix A1.

Industrial relations context and principal actors

The legal foundations and formal institutions of the neo-corporatist industrial relations system in the Netherlands have been broadly unchanged since its introduction in the period just after the Second World War (De Beer and Keune 2017). As of 2018, the so-called 'Polder model' builds on the Law on collective agreements (1927), the Law on the extension of collective agreements (1937), the bipartite Labour Foundation (Stichting van de Arbeid) established in 1945, the tripartite Socio-Economic Council (Sociaal-Economische Raad, SER) established in 1950 and the Law on works councils also introduced in 1950. These laws and institutions have experienced only limited changes over the years and, together with the continuously high coverage of collective agreements and the practice of regularly concluding social pacts, they give the Dutch industrial relations system a stable and ordered character. Within this institutional continuity, however, important change has taken place, in particular in the power relations between unions and employers (De Beer and Keune 2018). Dutch unions have seen their membership decrease, following the decline of manufacturing and the rise of (private) services; the increase in non-standard employment such as part-time work, flexible work and temporary agency work; the rising share of working women; and, possibly, a change in the dominant norms, with younger generations not easily committing themselves permanently to a social organisation (De Beer and Keune 2017). Employers' organisations have managed to maintain their membership and see their interests supported by many national and European Union (EU) policies. As a result, the Polder institutions and, in particular collective agreements, more and more serve the interests of the latter, to the detriment of workers, who are confronted with prolonged wage moderation and flexibilisation. As a result, the originally fairly balanced and consensus-based Dutch model is being hollowed out more and more.

The Wassenaar Agreement of 1982 marked an important development in Dutch industrial relations. The government withdrew from the setting of wages and working conditions, which became the autonomous responsibility of employers and unions, with collective agreements as their main instrument. In the Wassenaar Agreement, employers and unions agreed to strengthen both the international competitiveness of the strongly export-oriented Dutch economy and job creation through wage moderation and working time reduction, intended to boost economic and employment growth. As will be shown below, wage moderation continues, while working time reduction was soon off the table. Wage moderation in the 1990s was complemented by a series of reforms of the labour market and the social security system. Initially, this seemed to work well, as in terms of economic and employment growth, the Netherlands started to outperform most other western European countries, leading some to refer to the 'Dutch miracle' (Visser and Hemerijck 1997). Since 2000, however, economic growth has been average and although the employment rate remains high in comparative terms, boosted above all by the strong growth of female part-time employment, in terms of quality of jobs the Netherlands is underperforming compared with most western European countries (Keune 2016).

The Wassenaar Agreement did not result in the absence of the state from industrial relations. Apart from its role as employer in part of the public sector, the state influences

industrial relations through its policies and legislative changes, and there is always the 'shadow of the government' hanging over collective bargaining processes. The last, and failed, attempt by the government to directly intervene in wage-setting, however, dates back to 2004. The state also often plays an important role in the conclusion of social pacts, a practice the government has deliberately been extending beyond the traditional industrial relations actors and subjects in recent years (Hemerijck and van der Meer 2016). With national politics being quite turbulent and government majorities small, the government often seeks the support of the 'social partners' and other societal actors and tries to codify this support in pacts before it presents reforms to the parliament. At the same time, in the period since Wassenaar, the political agenda of most governments has been inspired by neoliberal ideas, characterised by austerity and cuts in public services, strengthening of market mechanisms and competition, privatisation, a relative reduction of the minimum wage and increases in the pension age (De Beer and Keune 2018). Clearly, the respective reforms have been much more in line with the interests of employers than those of the unions. The latter have tried to resist them, but in most cases have only been able to slow down rather than avoid reforms because of their waning power.

The actors that are authorised to engage in collective bargaining in the Netherlands are individual employers, employers' organisations and unions. Formally, no other actors have the capacity to conclude collective agreements, although, as will be pointed out, works councils sometimes have a role to play. Most Dutch unions are organised in three main confederations: Federation of Dutch Trade Unions (Federatie Nederlandse Vakbeweging, FNV), the Christian Dutch Trade Union Confederation (Christelijk Nationaal Vakverbond, CNV) and the Confederation for Professionals (Vakcentrale voor Professionals, VCP). There are also several independent, often occupational, unions, not affiliated to any confederation. The FNV, with just over one million members, is by far the largest of the confederations, followed by the CNV with around 300,000 members and the VCP with close to 100,000 members. The independent unions together have a membership of around 250,000. Together they organise some 1.6 million workers, or 17 per cent of Dutch employees. Union membership and, especially, union density have declined substantially since the 1970s. At its highest level, in the mid-1970s, union density stood at 33 per cent. Since then it has declined to almost half that level. This decline is the result of both an absolute decline in membership and growth in the number of employees, with new employees much less inclined to become union members. The only growth has taken place in the membership of the independent unions, but this is largely caused by unions leaving the confederations (De Beer and Keune 2017).

Unions are active mainly at the national and industrial level. This is a result of the compromise that was reached just after the Second World War between the government and the 'social partners', which put the unions on an equal footing with the employers and the government at the industrial and national levels, in return for renouncing an active role within companies (De Beer and Keune 2017). This hinders their direct contact with workers and reduces the capacity to recruit new members. This does not mean that they are absent at the workplace level, but in most companies their presence is weak. Worker representation in companies became the responsibility of works councils, which, however, do not have any formal collective bargaining capacity. Works councils mainly

have information and consultation rights and, next to representing workers' interests, works councils also have the well-being of the company among their goals, giving them a more ambiguous position than a union. The boundaries between collective bargaining and works council activities, however, have been blurred in recent years. This results from the fact that, since 2014, almost all industrial collective agreements one way or the other assign a role to the works council in reaching agreement with management on issues such as working time, working schedules, holidays and holiday bonuses and, in some cases, also wage levels and increases (Jansen and Zaal 2017). Works councils then are indirectly becoming part of collective bargaining about employment conditions in ways that were not envisaged by, and are not properly regulated in, Dutch labour legislation. It remains to be seen how they handle this role and if they are able to represent workers' interests satisfactorily.

In recent years, some major reforms have taken place in the Dutch unions and especially in the largest confederation, the FNV. Most noticeable has been the breakup and subsequent re-foundation of the FNV in 2011–2014, after the confederation was thrown into crisis because of a conflict between the leadership and some of its main member unions about internal democracy and the political course of the confederation. This resulted, among other things, in the establishment of a members' parliament as the main decision-making body in the new FNV. Another development has been the increasing use by the FNV of organising tactics and strategies, applied with great success for example in cleaning. In the meantime, the second largest confederation, the CNV, is increasingly profiling itself as an organisation providing services to its individual members. New smaller occupational unions are also becoming more important, often after they split from the larger unions, as in certain industries workers seem to identify with such unions more easily.

Dutch employers at national level are organised in three main confederations: the political and lobby-oriented employers' organisation named Confederation of Netherlands Industry and Employers (Verbond van Nederlandse Ondernemingen – Nederlands Christelijk Werkgeversverbond, VNO-NCW), the employers' organisation for small and medium-sized enterprises, Small and Medium-sized Enterprises Netherlands (Midden en Kleinbedrijf Nederland, MKB Nederland) and the General Employers' Organisation (Algemene Werkgeversvereniging Nederland, AWWN), which is dedicated more to the direct assistance to employers and industry organisations in collective bargaining processes and relations with employees. Besides these national organisations, there are numerous employers' organisations for specific industries, most of which are affiliated to one or more of the national organisations. No clear data are available on the membership of employers' organisations and calculating membership is complicated by the fact that many companies are members of more than one organisation. De Beer (2016) estimates that the employers' organisation rate, expressed in the share of employees working for companies that are affiliated to an employers' organisation, is between 60 and 80 per cent. Their membership also seems to be more stable than that of the unions and there is no reason to think it is diminishing substantially.

In general, employers' organisations want to maintain a collective bargaining system that covers most of the labour market (see below). The large and increasing diversity

between companies and their specific challenges and interests, however, leads employers' organisations to seek more and more possibilities for flexibility and decentralisation within industrial collective agreements. Despite the high density rate, employers' organisations struggle with the limited membership of small enterprises, especially VNO-NCW, which is often seen as representing mainly the interests of large, domestic companies. Moreover, employers' organisations have a complicated relationship with the multinational companies, which are often not really interested in being part of collective bargaining and prefer not to be covered by industrial collective agreements.

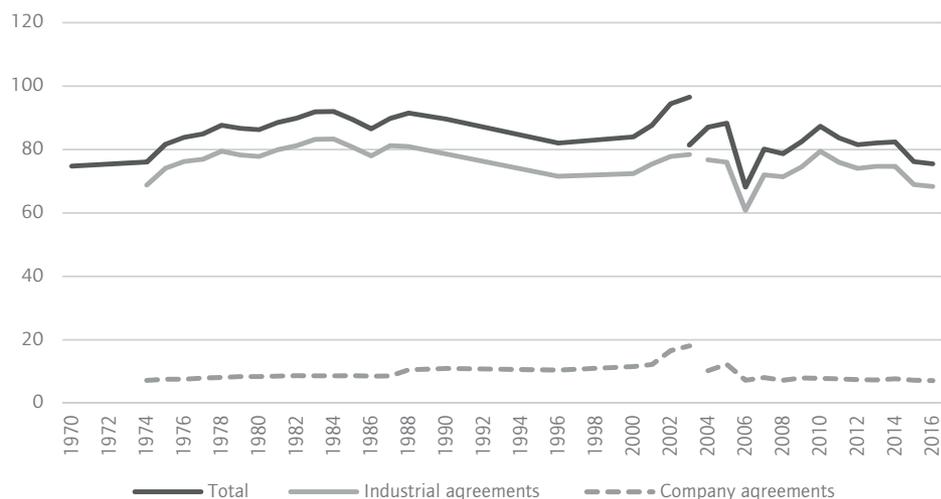
Collective agreements can be signed by multiple unions and employers' organisations. On the union side, the largest confederation, the FNV traditionally (co)signs most agreements. Recently, several important agreements have been concluded without the FNV, however, as employers are more able and willing to cherry-pick the unions that will agree with more of their demands. The FNV is often not able to stop this process, but also refuses to sign what it considers bad agreements. It is unclear for now how important and structural this development is.

Extent of bargaining

Despite the low union membership rate, the bargaining coverage of collective agreements in the Netherlands is high. Figure 21.1 shows the coverage rate between 1970 and 2015, with a current rate of just below 80 per cent. Most of the coverage stems from industrial collective agreements. The coverage rate in the public sector approaches 100 per cent (Stiller and Boonstra 2018), which sets it slightly apart from the private sector. The high rate, despite the low unionisation, is due to two main elements of Dutch collective agreement law. First, the collective agreement applies to all employees of a company that is covered by the agreement, regardless whether they are a union member or not. Because about 60–80 per cent of employees work for an employer that is a member of an employers' organisation (De Beer and Keune 2017: 224), and most of these associations are involved in negotiating industry-level collective agreements, this ensures a high coverage of employees (De Beer 2013). In addition, about 10 per cent of the mainly large employers have company-level collective agreements in place (SZW 2017). There are generally arranged by dispensation from the industrial agreement that would otherwise apply to the organisation, meaning that in total about 80 per cent of employees are still covered by a collective agreement. Second, most industry-level collective agreements are declared binding by the Ministry of Social Affairs and Employment. This practice extends the area of application of the collective agreement to all employers in the industry, as defined in the collective agreement, regardless whether they are a member of the employers' association or not. The government's intended effect in introducing the extension mechanism is to prevent competition on employment conditions between employers that are covered by the collective agreement within an industry and those that are not (Toetsingskader Algemeen Verbindend Verklaring CAO-bepalingen 1999).

The procedure of legally extending the collective agreement to the whole industry is semi-automatic when the bargaining coverage of an agreement in an industry reaches 55 per cent or more of employees in the industry working for employers that are part of the

Figure 21.1 Bargaining coverage in the Netherlands, 1970–2016 (% of employees)



Source: De Beer and Keune (2017), based on Schilstra and Smit (2005: 57); SZW and DCA (1989); SZW; CBS (Statline).

agreement (De Beer and Keune 2017; Toetsingskader Algemeen Verbindend Verklaring CAO-bepalingen 1999). About 15 per cent of the collective bargaining coverage is the result of legal extension (SZW 2017). This is a comparatively low percentage. The very existence of the extension mechanism, however, might well be an important reason why the membership rate of employers' associations is high to begin with. If the collective agreement will apply to your company anyway, you better become a member and have a chance to influence what is in it. From time to time the extension mechanism is questioned by one or other political party, but for the time being most of the political parties, employers' organisations and unions agree with the present practice.

Among both employers and employees, support for collective agreements is generally high in the Netherlands. Regardless of low union membership, most employees value the collective agreement, whether they are a member of a union or not (SER 2013). The low membership therefore cannot be interpreted as a sign that employees do not see the benefits of the collective agreement. Employers also see advantages of the existence of a collective agreement for them: it reduces conflicts; it gives the possibility of deviating from specific legislation that allows deviation under the condition that this is arranged within a collective agreement; and it saves time bargaining with each individual employee about working conditions (Verhoeff 2016). Moreover, the unions' 'moderate stance and the willingness to compromise' results in employers generally preferring to negotiate a collective agreement with them (De Beer and Keune 2017: 228).

The duration of a collective agreement is agreed between the unions and employers' organisation upon conclusion and can be up to five years (Wet op de collectieve arbeidsovereenkomst 1927). It tends to vary between collective agreements. In

2014, for example, it ranged between six months and five years and was on average 23 months.¹ The legal extension to all companies in an industry as defined within a collective agreement is at most two years (Toetsingskader Algemeen Verbindend Verklaring CAO-bepalingen 1999). When a collective agreement ends without there being a new one to replace it, the agreement will still have validity for existing employees after it has expired. The legal extension mechanism, however, ends at the same time the collective agreement ends.

The collective agreement coverage rate of about 80 per cent of employees means that 20 per cent are not covered. These are employees of industries without a collective agreement. Examples are the hotel and catering industry, parts of the creative industry and inland waterways. In addition to the 20 per cent of employees not covered by collective agreements, also self-employed and freelance workers are in principle not covered. This is especially relevant given the growing population of self-employed in the Netherlands; by mid-2017, there were 1,060,000 self-employed in the Netherlands, about 12 per cent of the working population (CBS 2017). There are some exceptions: some collective agreements include stipulations that regulate certain aspects of the hiring of self-employed workers by employers covered by the collective agreement.

Security of bargaining

A central principle of collective agreement law in the Netherlands is that when a collective agreement is registered at the Ministry of Social Affairs and Employment, it covers all employees in an organisation regardless whether they are a member of a union (Wet op de collectieve arbeidsovereenkomst 1927). The exception is those explicitly excluded from the collective agreement. All unions, regardless of their size, can bargain for a collective agreement with an individual employer or employers' organisation. The requirement is that the statutes of the union explicitly mention that the association is competent to negotiate a collective agreement (Wet op de collectieve arbeidsovereenkomst 1927) and that they have at least two members.² It is sufficient that one union signs the collective agreement. In practice, this means that if a union's demands are too high, it can be side-stepped by an employer or employers' organisation by signing an agreement with another, less demanding union, even if this union is much smaller. The possibility for employers to side-step unions tends to be a mechanism for moderating union demands (De Beer 2013; De Beer and Keune 2017). It also leaves the largest unions relatively powerless: there are few consequences when they refuse to sign a collective agreement in an industry, as there will be a collective agreement anyway. They are especially powerless because striking, which would be the most important means of protesting against side-stepping a union, is not always feasible given the low membership rate of unions in many industries (Van der Valk 2016).

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1. Based on a collective agreement database of the Ministry of Social Affairs and Employment of 2015, authors' calculations.
 2. These requirements follow from the fact that a union is formally an association, the establishment of which requires at least two members (Burgerlijk Wetboek 2, Titel 2).

Strike incidence is very low in the Netherlands, although there is great variation between years. Between 2000 and 2014, there was an average of nine strikes a year, ranging from one in 2000 and 2009 to 34 in 2002. Consequently, the number of lost working days in the Netherlands due to strikes is among the lowest in Europe (Vandaele 2016). A strike is regarded legal in the Dutch context when organised by a union. The only exception is the military, who are not allowed to strike. An employer may not punish employees for participating in a strike other than by withholding wages. Moreover, striking employees may not be replaced by agency workers (Wet Allocatie Arbeidskrachten door Intermediaires 1998). When on strike, union members are generally compensated by their union with strike benefit; those who were members prior to the strike receive a higher benefit than those that joined during the strike.³ The relatively low strike incidence in the Netherlands therefore cannot be attributed to legislation, but is sometimes stated to be related to the practice of compensation with strike benefits (Vandaele 2011). The benefits make strikes relatively expensive and therefore there is good reason to keep them short and to organise them only when they are expected to be most effective. In addition, the system in the Netherlands is argued to lower strike incidence, as it is based on consensus-seeking and deliberation. Both employers' organisations and unions have top-level organisations involved in tripartite consultations at the national level. The centralised system of wage bargaining in the Netherlands, the increasing absence of unions at the workplace and the peace obligation of collective agreements are also mentioned as factors contributing to the low strike incidence (Vandaele 2011). An alternative explanation, that the large share of flexible jobs in the Dutch labour market might tend to reduce strike incidence because of the personal risks involved for such workers, has not proved to be directly related (Jansen *et al.* 2017).

In the Netherlands, the legal adult minimum wage sets the wage floor for employees. For employees under 21 years of age (until recently 23) an age-dependent youth minimum wage applies, which is lowest for 15 years old and increases with every year until the age of 21. Social security benefits are tied to collective agreements and collective bargaining through several linkages. First, occupational welfare is in large part regulated through collective agreements, the main example being the quasi-mandatory occupational pensions that cover almost all employees (Keune and Payton 2016). Moreover, statutory benefits, for example concerning unemployment, sickness and disability, are often topped up in collective agreements. A study of the 100 largest collective agreements shows that 54 per cent have a clause topping up income during sickness, 52 per cent contain a clause topping up disability arrangements and 45 per cent top up unemployment benefits (SZW 2017). Second, more indirectly, government spending on social security is linked to collective bargaining through the mediating effect of the minimum wage level. This indirect linkage works as follows. As a first step, collective bargaining affects the minimum wage level, as the average increase in contractual wages forms the basis of the automatic uprating of the minimum wage level (De Beer *et al.* 2017). The minimum wage level, in turn, has determined government spending on social benefits since the introduction of the 'net-net linking' of social assistance and public pensions to the minimum wage level in 1974 and its formalisation

3. Source: <https://loonwijzer.nl/home/arbeidsvoorwaarden/cao/vakbond-wat-is-het-en-wat-heb-je-er>, 9-11-2017

in 1980. Third, based on an agreement between the AOVN and the unions in 1966, employers pay an employer contribution for each of their employees falling under a collective agreement to the unions. In 2018 this contribution amounts to €20.63. The rationale for this contribution is that employers want to have a serious and competent partner at the negotiating table.

Level of bargaining

As already mentioned,⁴ the most important level for collective bargaining is the industry, with some 15 per cent of coverage stemming from company agreements. When company agreements are negotiated in industries covered by an extended industrial agreement, they require dispensation from that agreement. Collective agreements can provide dispensation for specific companies or can include a dispensation clause based on which companies can request dispensation from one or more stipulations in the extended agreement (Houtkoop *et al.* 2016). Dispensation can also be requested from the Ministry of Social Affairs and Employment during the extension process.

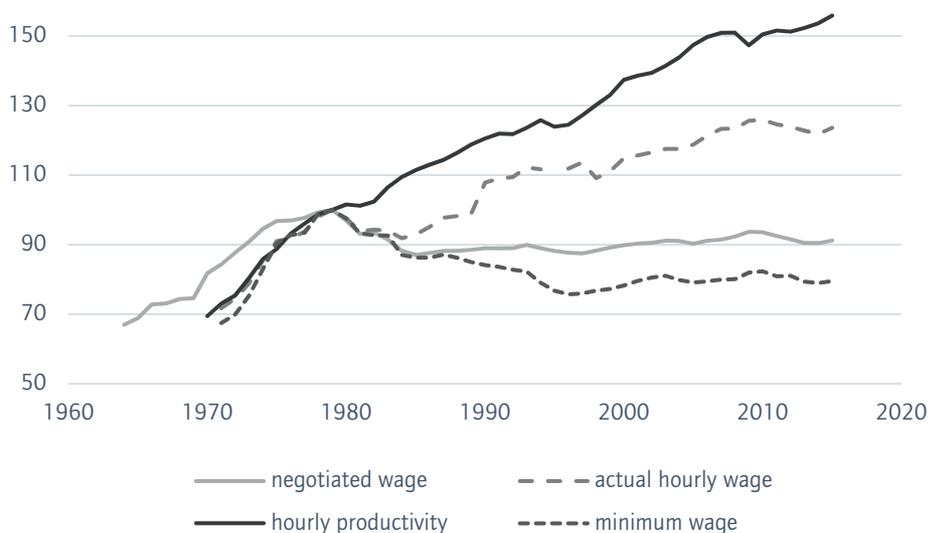
The predominance of industry-wide agreements has not declined over time. This does not mean that no decentralisation of collective bargaining has taken place. Rather, decentralisation of collective bargaining in the Netherlands has a decisively organised character: that is, it largely takes place within the framework of industrial agreements, which explicitly allow for the regulation of certain elements of working conditions and work organisation at company level and set certain minimum level standards, as well as procedures that must be respected (Ibsen *et al.* 2018). Organised decentralisation can be traced back to the social pact of 1993 titled *Een nieuwe koers* (A New Course), in which unions and employers' organisations agreed that industrial agreements should offer more decentralisation options for enterprises and workers, better adjusted to their specific interests. Since then, employers in particular have been pushing for organised decentralisation and a number of possibilities now exist.

The first important issue is the kind of industrial agreement, based on how they are characterised in the agreement. Van den Aamele and Schaeps (2014) provide a typology of four different types for the Netherlands: a standard agreement with absolute standards; minimum agreements, which provide minimum standards that can be topped up, but not undercut, at the company level; agreements containing both standard and minimum stipulations; and agreements that contain no explicit general characterisation. In 2014, 48 per cent of industrial agreements were minimum agreements and another 6 per cent combined minimum and standard stipulations that provide ample possibilities to define actual employment conditions at the company level; in two-thirds of the other agreements, however, there is some space for local deviations.

Different types of agreements can have very different implications at the company level. In terms of wages, for example, the industrial agreement for primary education stipulates the exact wages for all types of functions in the industry (Tros and Keune 2017). This

4. This section is to a large extent based on Ibsen *et al.* (2018).

Figure 21.2 **Adult minimum wage, average contractual wages and actual wages and hourly labour productivity in the Netherlands, 1964–2016**



Note: Wages with CPI deflator, productivity with GDP deflator; 1979=100); hourly wage: OECD Economic Outlook No. 99, wage rate corrected for the latest number of employees published by CBS. Reading note: In 2015 hourly productivity was 56 per cent above the level of 1979.

Source: De Beer *et al.* (2017), original source: CBS (Statline); Ministry of Social Affairs and Employment.

means that at the local level there is hardly any wage flexibility. Other agreements allow extensive flexibility by the way wage scales are formulated, for example, by including open wage scales or by setting wage scales only for lower positions. The latter is the case in metal. In addition, the metal collective agreement is an example of a minimum collective agreement, in which it is explicitly stated that it is meant to set only a minimum standard for the industry. Concretely, it is the practice in this industry to pay 10 to 20 per cent above the wage levels stated in the collective agreement (De Beer *et al.* 2017). The practice of going above the collective agreement is more common in the private sector than in the public sector, because of the available funds (Tros and Keune 2017).

In more general terms, there has been substantial (positive) wage drift in the Netherlands since the 1980s (Figure 21.2). The underlying factors are complex (Salverda 2014) and may include increasing skill levels, job reclassifications and technological change. There is no doubt that an important part of this wage drift stems from local wage increases over and above the wage increases defined in industrial agreements. This wage drift takes place in a context of prolonged wage moderation. Wage moderation has a long history in the Netherlands. Since the late 1970s, collectively agreed wage increases have lagged consistently behind productivity increases; the same applies, although to a lesser extent, to wages actually paid. The fact that wage moderation has been prolonged beyond periods of economic depression clearly shows the power difference between employers and unions, as well as the belief among unionists that wage moderation

stimulates employment growth. The same arguments can be made for the continuous flexibilisation of work in the Netherlands.

Related to this, most industrial agreements assign a role to the works council in reaching agreement with management on issues such as holidays and holiday bonuses, working time, work schedules and, sometimes, wages (Jansen and Zaal 2017). Works councils are thus indirectly becoming part of collective bargaining processes that settle employment conditions. An important question concerns the extent to which the collective agreement defines the limits within which local agreements can be made. Where these limits are absent, in theory it would be possible for works councils and management to agree to undercut wages and working conditions as defined in the industrial agreement (Ibsen *et al.* 2018). A third, and in a way most radical, type of decentralisation concerns regulations that allow individual employees to make certain choices concerning their employment conditions. Even though these opportunities for choice exist, many employees and employers prefer to have fewer options as they prefer a simple and clear-cut agreement (SvdA 2013). Indeed, only a minority of employees exercise their personal choice budget (Persoonlijk Keuzebudget, PCB) or à-la-carte options.

Degree of control

It does not only matter what kind of regulations collective agreements contain, but also the extent to which they manage to ensure compliance. In the Netherlands, the parties that negotiate a collective agreement are themselves responsible, by law, for controlling compliance with the collective agreement. Within agreements, they can make additional arrangements to improve and ensure compliance. Many collective agreements in the Netherlands include such arrangements. A study of 2015 among 167 collective agreements shows that 47 per cent contain stipulations to inform and explain the agreement to the relevant actors and to help them with interpretation and implementation, in most cases also including a specific body charged with this activity; also, 19 per cent contain a grievance procedure, 75 per cent a dispute and arbitration procedure and 21 per cent ensure arrangements for an inspectorate body (Kuiper *et al.* 2015). Especially those industries in which the risk of non-compliance is highest have installed an inspectorate organisation to improve compliance. For example, construction and the retail industry have such arrangements in place (Kuiper *et al.* 2015), as do the temporary work agencies (Been and De Beer 2018).

The individual parties involved in collective bargaining can also have their own measures to improve compliance besides the collectively agreed measures. Information campaigns on the part of employers' organisations to inform their members are an example, as is the exclusion of members that violate the collective agreement by those organisations. Unions can support (a group of) their members to go to court when their collective agreement is violated. Employees can also do this without the support of a union.

Depth of bargaining

Unions attempt in several ways to include members, as well as non-members, in the process resulting in a collective agreement. A report published by the SER (2013) describes the various processes. As a first measure, unions supply employees with information regarding the negotiation process. Employees are also actively asked to give their opinion, for example about what they would like as an outcome of the negotiations, what they think about the negotiated results or how these should be implemented. This is done through focus groups, panels and questionnaires. A modern way to increase involvement and support for collective agreements, which is nowadays being explored in an experimental manner, is co-creation. In this process, employers and employees of various parts of organisations or industries will sit down together to formulate input for a new collective agreement that can then be considered in the negotiation process. Unions actively try to include non-members in the process. Information is often sent to both members and non-members: meetings to discuss the collective agreement are often open to members and non-members and questionnaires to collect opinions are often used, including both groups. Unions in some industries let non-members vote on the collective agreement. The approach of leaving the interpretation of specific arrangements to the works council instead of arranging them in detail in the collective agreement is also an attempt to include other groups of employees besides union members in the process of determining working conditions. In general, the SER report notes that it is easier to include employees in case of a company-level collective agreement than in the case of industrial agreements, simply because having the target group located in one company makes it easier to reach them.

Employers' organisations also try to actively involve their members in the process of negotiating industry-wide agreements.⁵ Involving members has become more important over the years, as differences and interest variations between smaller and larger employers have increased. This makes preparation and fine-tuning more important to avoid disagreements when the negotiation process gets stuck. Most importantly, employers' organisations determine the mandate of the negotiation delegation together with their members. There are various procedures for achieving such a mandate and it depends mainly on the size of the industry which option is preferred. The general meeting of the employers' organisation is an important occasion, as the mandate is decided there. In recent years, digital tools have been used to support this process: for example, online polls and online platforms to decide upon the input for the negotiation process. Alternatively, the general meeting decides upon the setting-up of a steering committee and its members that will decide upon the mandate. An important reason to do so is to involve human resource experts rather than company executive officers, who often participate in the general meeting. A steering committee then consists of members elected by the general meeting plus the negotiation delegation. In large industries, the general meeting is sometimes split into several regional meetings. During these meetings input for the negotiation process is collected and bundled at a national level. Regions can also elect members of a steering committee. The negotiation delegation is supported by a steering committee and by experts. The procedures for arriving at a

5. This and the following paragraph are based on an interview with a representative of the AWWN.

mandate are not fixed or formalised, but the result of traditions and procedures within industries.

During the negotiation process, there is generally no direct input from members. In some cases, the steering committee may be actively involved but in most cases there is no feedback loop if negotiations stay within the mandate. Only when the mandate needs to be enlarged do members need to agree. Especially when there is the chance that no agreement can be reached or when strikes can be expected, employers' organisations go back to their members to determine a further course of action. The negotiation result is generally communicated to the members, who can vote on it. The procedures are formalised within the statutes of individual employers' organisations. This is often just a formality, however, when negotiation results stay within the mandate that was agreed before starting the negotiations. Sometimes there are meetings to discuss the results, but this generally does not lead to alterations.

Scope of agreements

Collective agreements⁶ tend to cover a range of topics, including procedural, substantive and contextual agreements. Procedural arrangements are included in many collective agreements. Important for collective agreements at the industrial level is the definition of the industry, as described in the agreement, as it defines which employers will be covered in case of legal extension of the collective agreement. Procedures to end the collective agreement and to increase compliance are also included. In terms of substantive agreements, components related to wages and financial compensation are regulated in most collective agreements, including adult wage scales, youth wage scales,⁷ job rating systems, yearly and incidental wage increases, holiday allowances, end-of-year bonuses, work-to-home travel allowances, surcharges and profit-sharing. Standardised individual growth on a wage scale is also regulated in many collective agreements. About 75 per cent of the employees covered by a collective agreement fall under a system of automatic annual pay raises until they reach the end of their salary scale, whereas for six per cent of employees the pay rise depends on the approval of their boss. For another 14 per cent this depends on the preference of their individual employer: the collective agreement leaves room for those employers to choose a system according to their own preference. In the remaining five per cent of collective agreements, the system to be used is not explicitly stated. The division of systems used is stable and has not changed considerably over recent years (SZW 2017).

A broad range of arrangements in collective agreements in the Netherlands deal with the context of work.

6. The Ministry of Social Affairs and Employment distinguishes between regular collective agreements (both industry and company), early pension regulations, social education and training funds, social funds and a miscellaneous category of agreements (SZW 2017).

7. The Netherlands has separate statutory adult- and youth minimum wages, with a relatively long tail of youth wages (see for more information, Beer *et al.* 2017).

Table 21.2 Collective agreements mentioning legal provisions, extension and restriction of legal provisions

Topic	Legal provisions mentioned (%)	Extension of legal provisions (%)	Restriction of legal provisions (%)
Part-time work ^A	5	7	n.a.
Parental leave ^A	40	26	n.a.
Paternity leave ^A	n.a.	23	7
Pay during short-term care leave ^A	23	3	34
Pay during long-term care leave ^A	20	15	n.a.
Length of maternity leave ^A	61	11	n.a.
Additional pay during sickness during the first year ^B	0	54	n.a.

Source A: Been *et al.* (2016), based on a sample of 99 of the largest collective agreements in the Netherlands in 2015.
Source B: SZW (2017).

A first range of topics covered by contextual agreements relate to working time and working days. In the Netherlands, the standard number of hours in a working week varies between industries and is determined in collective agreements. In practice, it is set between 36 and 40 hours a week, with an average of 37.2 hours a week. Collective agreements in the government, care and education have the lowest number of standard working hours, whereas the collective agreements in transport and communications contain the longest standard working week (SZW 2017). Many collective agreements moreover contain an extension of the legal number of vacation days, which stands at four weeks a year.

A second range of contextual agreements cover topics that are regulated by statutory provisions and can by legal definition be contracted out by means of a collective agreement. Examples include regulations specific to temporary agency workers and the chain system of temporary contracts (SZW 2017: 68).

A third range of contextual agreements contain topics related to the combination of work and care responsibilities. Collective agreements often contain just the description of statutory rights about these topics as a way of informing employees. In some agreements these government regulations are extended or sometimes, when legally allowed, restricted. Table 21.2 shows how often collective agreements contain these topics and whether they are restricted or extended.

A fourth group of topics related to the context of work are measures taken to generate a healthy and safe work environment. Of the employees covered by a collective agreement, 92 per cent fall under an agreement that includes general measures to improve health and safety. In addition, 82 per cent of those employees have individual measures included in the agreement: for example, prevention policies and the adjustment of work and workplace when needed (SZW 2017). Measures to handle and reduce absenteeism also belong to this category (48 per cent), as do educational measures: 51 per cent include general measures and 100 per cent more individual measures. In addition, 81

per cent of collective agreements contain terms that specifically target older workers (SZW 2017). Examples are exemption from certain shifts, more holidays, working time reductions, possibilities to work after pension age and part-time pensions.

Fifth, collective agreements contain measures to reduce and deal with sickness, inability to work and unemployment. Sometimes the legislation is mentioned as a way of informing employees and sometimes it is extended by the collective agreement. Even though legal extensions are fairly common, individual employers are not always aware of the legal extensions in their collective agreement, possibly because they only find out when they are confronted with a situation in which it is relevant (Cuelenaere *et al.* 2014).

Sixth, as already discussed, collective agreements can include regulations that allow individual employees to make certain choices as regards their employment conditions. Most widespread are *à la carte* regulations, which generally offer employees four options: swapping money for free time, using for example holiday allowances or bonuses; swapping free time for money, for example by ‘selling’ surplus holiday days for cash or for, say, a bicycle; swapping one form of monetary benefit for another, for example, by exchanging holiday allowances or profit bonuses for pension payments, but also for a tax-free bicycle or computer; or swapping one form of free time for another, for example, by saving holiday days for long-term leave (Harteveld *et al.* 2013). In both 2010 and 2014, some 53 per cent of collective agreements included *à la carte* possibilities (Van Lier and Zielschot 2014). In the meantime, the PCB (see Level of bargaining) has been introduced in an increasing number of agreements. The PCB provides an individual budget, comprising all the elements that can be exchanged as part of the *à la carte* system expressed in money terms. This can, for example, be used to sell or buy free time, travel allowances or to finance education and training. There are different forms of PCB (Van Lier and Zielschot 2014): the personal employment conditions budget offers all the abovementioned options, included in some 10 per cent of industrial and company agreements; the personal budget for additional leave, which allows workers to take extra leave or to save free time for later, is included in around 10 per cent of agreements; and the sustainable employability budget, in which a budget is made available for education, training, coaching and so on, is included in around 20 per cent of collective agreements. The value of PCBs is between €150 and €1,000 per year, with an average of €683, mainly in the form of annual amounts that can be accumulated over three to five years.⁸

Finally, some collective agreements include regulations on how employers may organise their workforce: for example, whether and when they can use temporary agency workers or hire self-employed workers, or both, offer internships or work experience jobs, or both. Provisions on hiring employees from certain target groups are also part of some collective agreements. These agreements follow from social pacts, for example the one between the social partners concluded in 2013 (SvdA 2013).

8. Source: authors’ compilation from the collective agreements database of employers’ organization AWWN.

Conclusions

Collective bargaining in the Netherlands has proven to be highly stable in three institutional dimensions: it shows a continuously high coverage rate, the industrial level is the main bargaining level and the government extends many industrial agreements to the entire industry. In substantive terms, since the Wassenaar Agreement wage moderation has also been a constant as collectively bargained wage growth continues to lag behind productivity growth. Some of this gap is filled by wage drift, but a major shortfall remains. This does not mean, however, that the collective bargaining system is static or undisputed. Since the early 1990s, there has been an ongoing process of organised decentralisation, in which, within industry-wide frameworks, more and more decisions are transferred to the company and individual level. In terms of the content of collective agreements, the scope has evolved in line with societal developments. For example, collective agreements picked up societal needs to regulate a number of work–life balance issues earlier than legislation, although some were subsequently regulated by law (Yerkens and Tijdens 2011).

There has been a shift in power from the unions to the employers' organisations. Where in the 1980s the two sides were still reasonably balanced in terms of power, with the continuous decline of union membership and government policy favouring employers more than unions, the unions are today clearly the weaker actor. One result of this power shift is that in many industries the employers are trying to eliminate a number of regulations included in the collective agreements that, in their view, unjustifiably raise costs or limit flexibility. A core example here are extra free days for older workers or bonuses related to working time issues. This has resulted in bargaining becoming more conflictual in recent years; concluding collective agreements has proven more complicated and takes up more time (Keune 2016). Recently, several important agreements have been concluded without the FNV, the largest union confederation, as employers are more able and willing to cherry-pick unions more likely to fall in with their demands. The FNV is often not able to stop this process. This puts the system under significant pressure. This pressure is further increased by the fact that every so often the practice of extension is put up for discussion in the government and parliament. To date, this has not led to any changes, but it is not impossible that at some point a new government will do away with automatic extensions.

There is growing discontent on the union side concerning some of the outcomes of collective bargaining, in particular the ongoing wage moderation and flexibilisation. The unions increasingly differ on these issues, with FNV-affiliated unions demanding higher wages than the other unions. This has resulted in some, for now a minority, union voices questioning the present system and arguing for a stronger focus on defending the interests of members instead of those of all workers, especially at the enterprise level. Among the employers there are differences of opinion on how the collective bargaining system should function, specifically with regard to the relationship between national, industry sector and company regulations. Thus whereas the collective bargaining system exhibits a lot of stability, there is also change and pressures are building up that may result in more dramatic changes in the future.

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All links were checked on 28 August 2018

Abbreviations

AWVN	Algemene Werkgeversvereniging Nederland (General Employers' Organisation)
CNV	Christelijk Nationaal Vakverbond (Christian Dutch Trade Union Confederation)
FNV	Federatie Nederlandse Vakbeweging (Federation of Dutch Trade Unions)
MKB Nederland	Midden en Kleinbedrijf Nederland (Small and medium-sized enterprises the Netherlands)
SER	Sociaal-Economische Raad (Socio-Economic Council)
VCP	Vakcentrale voor Professionals (Confederation for Professionals).
VNO-NCW	Verbond van Nederlandse Ondernemingen – Nederlands Christelijk Werkgeversverbond (Confederation of Netherlands Industry and Employers)