

Flexible Employment Contracts and Younger Workers: The Employers' Perspective

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Abstract

Western Europe is seeing a trend towards more non-standard employment, exposing young adults to higher individual-level risks. Employers play a key role in controlling the level of exposure to economic insecurity, yet little is known about employers' perception of 'flexible' employment in practice. Therefore we ask: 1) how do employers judge their experience of working with flexible employment contracts?, 2) has the increased use of flexible contracts generated negative side-effects within organisations, particularly in relation to younger workers? and 3) how do employers perceive the future of flexible employment both within their organizations and for the labour market as a whole? We conducted semi-structured interviews (n=26) with managers, HR professionals and directors working at thirteen organizations in both the public and the private sector in the Netherlands. Across sectors interviewees are satisfied working with flexible contracts because it mainly helps them to minimize financial risks. However, interviewees clearly report a downside to using flexible contracts. It complicates the retention of talent, endangers the transferal of company specific knowledge and negatively affects younger workers' wellbeing and the social climate at the workplace. Most interviewees argued employers cannot be help primarily responsible for monitoring the societal effects of an increasingly flexible labour market.

Keywords: Non-standard employment, flexible contracts, Employer perspective, Younger workers, Qualitative research, workplace dynamics

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Introduction

Over the past decades, many European countries have witnessed a decline in ‘standard’ employment relationships and a rapid rise in flexible employment relations that entail a lower degree of commitment from both employers and employees (OECD, 2019b). Younger workers are overrepresented among those working on these ‘flexible’ contracts (ILO, 2016) and as a consequence an increasingly large part of young adults who have formally entered the labour market is exposed to higher individual risk of various types (Autor & Houseman, 2010; Giesecke, 2009; Mooi-Reci & Dekker, 2015). Prolonged flexible employment can lead to stagnated wage growth, retarded career development and entrapment in a precarious financial situation (Bentolila & Dolado, 1994; de Lange, Gesthuizen, & Wolbers, 2014; Mattijssen & Pavlopoulos, 2019). European policy makers, concerned about the future economic position of the youngest and best educated generation of workers, have therefore urged employers to reflect upon their use of flexible contracts (European Parliament and Council, 2019). However, although employers play a key role in controlling the level of exposure to insecurity among younger workers, not much is known about how employers perceive working with flexible employment agreements. This study aims to fill this void and provide novel insights into how employers assess the value of flexible contracts and the economic and social consequences these contracts have on younger workers. We do so by drawing upon in-depth interviews with employers across different sectors.

Until now, very few studies have looked at whether the anticipated employer benefits of using flexible employment contracts actually materialize in practice. So far employer research on nonstandard employment is either of a macroeconomic nature (Bolhaar, De Graaf-Zijl, & Scheer, 2018; Hevenstone, 2010) or has focused on micro-level stated preferences for the use of flexible working agreements, giving little evidence on day-to-day experiences (Houseman, 2001). Research among employers shows that they use flexible employment contracts to adapt to fluctuations in demand, provide for staffing shortages or to screen newly hired

employees (Portugal & Varejão, 2010; Van Emmerik, De Vroome, Kraan, & Van den Bossche, 2017). The use of flexible working arrangements within organizations is often assumed to facilitate competition within globalizing markets and to increase the ability to innovate (Atkinson, 1984). However, economic research shows that the relation between a higher degree of flexibly employed employees and anticipated benefits in terms of firm performance (Ji, Guthrie, & Messersmith, 2014) and innovation (Kleinknecht, van Schaik, & Zhou, 2014) are not as clear cut as proponents of flexible contracts suggest. It also remains unclear whether and to what degree employers perceive a downside to the increase in contract flexibility within their organizations. Increased flexibility in the working agreements between employers and their youngest workers might complicate personnel management for instance regarding recruitment, retention and training. Finally, at the micro-level little is known about the degree to which employers have a longer term strategy for the use of flexible contracts.

To address these understudied aspects of the employer perspective on flexible employment we will examine the following research questions: (1) how do employers judge their experience of working with flexible employment contracts?; (2) has the increased use of flexible contracts generated negative side-effects within the organization, particularly in relation to younger workers?; and (3) how do employers perceive the future of flexible employment both within their organizations and for the labour market as a whole?

In this paper we use ‘flexible employment’ to refer to employer-employee relations in which the employee is not permanently employed with the organization within which they perform their daily work, resulting in terms of legal rights, in a lower degree of job and income security. In our research setup we define ‘young workers’ are workers below the age of 35. We adopted a qualitative research design and conducted in-depth semi-structured interviews with people fulfilling different ‘employer’ roles. We interviewed 26 managers, Human Resource (HR) professionals or directors working at thirteen (mid-) large organizations in both the public and

the private sector.

This study aligns with two existing strands of literature. First it contributes an employers' view to the line of research in labour economics and sociology of work studying flexible employment in Western Europe. Our qualitative approach allows us to not only focus on the assumed causal relations that inform employers decisions regarding the use of flexible contracts, but also to interpret these considerations within the social context of the workplace. This is in line with a recent call for a more socially 'embedded' approach to studying workplace behaviour by Pendleton, Lupton, Row & Whittle (2019). Secondly, by specifying our inquiry to employers' experiences with younger workers our study also contributes to the interdisciplinary literature studying the effects of different pathways into the labour market from a life-course perspective (e.g. Schoon & Lyons-Amos, 2017). By gathering information on how young flexible workers are perceived, our findings can shed light on how contract types in different fields of work impact young workers' individual agency in terms of career development and acquiring financial stability.

We conducted our empirical work in the Netherlands, a country characterized by a rapid growth in flexible employment and concurrent national policy measures. According to the OECD, the Netherlands had the fourth largest share of temporary employment in Europe in 2017, only to be surpassed by Spain, Poland and Portugal, three countries which are quite dissimilar in terms of GDP and economic structure (OECD, 2019a, 2019b). The growth in flexible employment in the Netherlands has both been rapid and recent. Whereas in 1993 the share of workers employed on a temporary contract was similar to the OECD average at just under ten percent, by 2013 the share had more than doubled. Currently, 22 percent of Dutch employees holds a flexible job: either on a temporary contract, on-call or via a temp agency (Centraal Bureau voor de Statistiek, 2019). These figures do not include the share of the Dutch work force working in self-employment. National law binds employers to a maximum number of flexible contracts they can offer to the same employee within a limited spell of time. Once these limits are reached, employers need to decide whether or not to offer the employee a permanent contract. (Tweede Kamer der

Staten-Generaal, 2013, 2018).

The next section presents the theoretical insight that informed our empirical work. We then explain our methodology. The main findings are discussed under three thematic headers. We conclude by summarizing the findings and interpreting them in light of the broader societal context.

Theoretical insights on working with flexible employment contracts

‘Maintaining flexibility’ has become accepted terminology in organisational discourse to refer to issues related to responsiveness to need and managerial (financial) control (Hunter, McGregor, MacInnes, & Sproull, 1993; Mackintosh, 2000). The use of flexible employment contracts is said to serve a number of organisational needs (Atkinson, 1984). It provides the ability to quickly increase or decrease the headcount of the workforce in order to respond to market demands (numerical flexibility). Additionally, flexible contracts can be used as an extended probation period to screen newly hired employees. The employment model for a ‘flexible firm’ creates a distinction between jobs that are specific to the permanent activities of a particular organisation (core group) and those only involving activities that do not belong to the core tasks of the organization (peripheral group). As markets grow, the periphery of the organisation can expand. As growth slows down these newly created jobs in the periphery disappear again. Consequently, workers in the core group enjoy a higher degree of employment security than those in the periphery.

In line with standard economic theory, one can expect employers to justify their decisions about how to use flexible contracts based on a cost-and benefit analysis weighing the organizations short and longer term needs and market opportunities. Employers can never know for sure how an employee or the organization will perform in the future. HR processes such as hiring, retention and training can therefore be understood as (sequences of) decision making under uncertainty. Employers, on the one hand, may therefore act particularly loss averse

(Kahneman, 2013). Younger workers on the other hand are more likely to initially accept less stable forms of employment to compensate for their lower human capital in terms of working experience (Becker, 1962).

Theoretical work on organisational behaviour stresses that in practice, the shared understanding of the employer – employee relation does not limit itself to the exact terms of the signed legal agreement. There is a degree of subjectivity, a dimension of social trust and reciprocal expectations in contract-based relations that is of strong influence on the future dynamic between the parties involved. This individual interpretation of the ‘psychological contract’ is not only based on the legally binding document but also on previous work experiences and on the social customs within an organization or industry. When expectations are not met or actively disregarded, this implicit contract gets disrupted and the working relationship suffers (Rousseau, 1989; Rousseau, Hansen, & Tomprou, 2018). Due to their time-sensitive nature, flexible contracts make the dimension of social exchange’ within the working relation more salient. They insert a higher degree of uncertainty into an individual’s subjective interpretation of the expected investment of both the employee and the employer. Organisations with a high share of flexible employees risk neglecting to invest in training and HR practices that secure (future) productivity (Rubery, Keizer, & Grimshaw, 2016). Younger flexible workers lack long-term working experience to inform their expectations and are therefore also more vulnerable to opportunistic behaviour. These two factors combined could affect the quality of the working relation over time, depending on the amount of self-interested behaviour and trust of both parties (Lyons & Mehta, 1997; Thibaut & Kelley, 1959).

From a sociological perspective it has been argued that the collective organizational trend towards the use of more flexible contracts may be understood as an example of institutional isomorphism (Dekker, 2017; Tregaskis & Brewster, 2006). This is the tendency of organisations to mimic each other’s behaviour regardless of efficiency (DiMaggio & Powell, 1983). A common, clearly defined legal structure regarding flexible employment is also likely to influence organizations’

behaviour (Barbieri, 2009). Employers might use national legislation on flexible employment as a norm to determine which types of flexible contracts to use, for which duration and when to re-evaluate a contractual agreement.

We used the above mentioned theoretical insights to inform our qualitative inquiry into the practice of employing young people on flexible contracts by including questions on: the HR structure of organisations, the employer-employee working relationship and the longer term risks of a highly flexible labour market.

Method and data

The aim of the study is to analyse widely sourced, individual accounts of work-related considerations and experiences in order to elaborate on the currently limited, theoretical understanding of the employer perspective on flexible employment. We conducted in depth, semi-structured interviews with 26 purposively selected participants working at thirteen (mid-) large organizations (Strauss & Corbin, 1998). To improve reliability we interviewed two people per organisation and two organisations per sector (Morse, Barrett, Mayan, Olson, & Spiers, 2002). In order to capture a wide variety of ‘employer’ responsibilities, we interviewed both (line) managers, HR professionals and directors (executives). We made sure to include participants from different age groups and a roughly equal number of men and women. We also paid attention to variation in the overall required skill-level of workers within organisations. Fieldwork was conducted between January and June 2019 in the Netherlands.

We chose a two-step recruitment strategy based on the help of trusted key informants within organizations, since we anticipated the degree of spontaneous participation among employers to be low (Baruch & Holtom, 2008). To execute this strategy we used an existing network of contacts at organisations in the Netherlands. As a first step we selected organizations based on sector (substantial contribution of (flexible) jobs to the Dutch labour market) and number of staff (\geq

100 employees). We then personally contacted potential informants at these selected organizations via e-mail or social media (LinkedIn) and informed them on the aims of the research project by means of an information leaflet. If interest was shown in contributing to our project, informants were then, as a second step, asked to recruit two suitable interviewees based on a set of in- and exclusion criteria (see appendix). In total we contacted 28 potential informants of whom 13 were successful at recruiting interviewees within their organization. We interviewed employers working in six different sectors: local government, tertiary education, health care (public); retail, corporate services and transport & logistics (private).

Figure 1 provides an overview of the demographic characteristics of the sample, the included employer responsibilities and a description of the core activity per organisation. We have little reason to believe coercive participation played a role in our sample selection since none of the interviewees expressed discomfort with their participation in the study or with the interviewer.

HERE FIGURE 1

Interviews were conducted at the workplace so as to facilitate the discussion of work life situations and to minimize the contextual difference between the interview setting and the rest of interviewee's working day. The first author conducted all interviews which lasted between 1,5-2 hours and were audio-recorded and subsequently transcribed. To provide structure and focus to the conversations, the interviewer used question sets. Interviewees were asked about the ways in which their organization utilizes flexible employment contracts, their everyday experience in terms of the perceived advantages and disadvantages of having both permanent and, mostly younger, flexible staff members and to reflect upon potential future outcomes of a highly flexible labour market. Follow-up questions were formulated on the spot. Participants were informed about the aims of the study and the role of the interviewer within the overall project. Prior to the interview, all

interviewees acknowledged awareness of their rights as participants in a scientific inquiry by providing informed signed consent.

We used speech-to-text transcription software to create verbatim overviews of what was said during each interview and conducted what is often called interpretative thematic analysis. To start off, the first author listened to all of the audio material while taking note of recurrent or striking utterances. A combination of these observations and date-stamped field notes made during the data collection period, resulted in a set of categories (codes) to organise the interviewees' answers. As a second step, the accounts of the interviews were structured using this hierarchical set of codes. A software package for data storage and analysis (NVIVO Pro) was used to facilitate this process. As a third interpretive step we compared and contrasted the categorised utterances across sectors and employer roles and in light of our initial theoretical insight in order to gain a more generic understanding of employers' perceptions.

Results

Evaluating the benefits of flexible employment contracts at the workplace

Across all sectors interviewees showed a clear liking for working with (different types of) flexible employment. They argued that the use of flexible contracts acted as a multifaceted strategic tool to respond to a variety of organizational needs. Three main reasons for this appreciation came to the fore. Interviewees use flexible contracts to cover financial risks, make better hiring decisions and facilitate personnel management. In addition some interviewees, especially in the public sector, explained that flexible contracts allow them to bring in much needed up-to-date expertise or knowledge. In these cases attracting new people was also seen as a way to boost the image of the organisation to the outside world.

Both in the public sector and in the private sector, interviewees explained that their organisation uses flexible employment contracts to postpone or avoid the

expected long-term costs of employing someone permanently. Flexible contracts are perceived as a sensible protection mechanism against the risk of possible cuts in the organisation's budget. As a female director working at an educational institution puts it:

“Being a school, we need room to breathe. Our student numbers are not stable, so we always need to wait and see how many will come in (...) So that means I also need to be able to adjust the number of teachers”

- Director (41, female), Education –

Other interviewees define ‘risk’ in more general terms. A possible change in organizational structure in the future is also seen as a valid reason to refrain from offering permanent contracts. Uncertainty is a dominant factor here. As this male HR manager puts it:

“At times we probably think ‘well, this is a decent lawyer, but we might want to reorganize things in 1 or 2 years’ time. So yeah, nice guy, but at the moment I’d prefer to hire another temporary lawyer’. That definitely happens.”

- HR Manager (53, male), Transport & Logistics –

Surprisingly, while praising the use of flexible contracts for its effectiveness in covering financial risks, various interviewees, most of them working in the public sector also complained that it is sometimes rather costly. High fees for workers from employment agencies (‘temps’) were said to weigh considerably on the present staffing budget.

The second perceived benefit of flexible, especially fixed-term contracts is that their use creates a longer time period to assess person-to-job fit, before offering permanent employment. Most interviewees with management responsibilities reported to us that they have become more critical with regards to overall employee performance as compared to five to ten years ago. They point to a new labour

market reality in which the bar for obtaining permanent employment has simply become higher. A male director working at a consultancy firm states:

“The norm is, the match should be 100 percent from both sides (...) I believe employability (...) is more of an issue now as compared to 15 years ago. Back then you’d say ‘alright, this is your profile, this is what you are really good at, that will just lead to a good career’. Now you see (...) that people need to continue to develop (...) so I do realize that for young people, that immediately raises the bar high.”

- Director (42, male), Corporate services –

To explain their need for a longer assessment period, interviewees also referred to the unpredictability of young people’s personal development and to a general fear of hiring an employee who turns out to be a ‘burden’ because of sick leave or inadequate performance. For a few interviewees this fear was in part based on previous negative experiences with newly hired younger workers. This is illustrated by this male manager working for a courier service:

“When you start working with us, you will first (...) learn how [the organization] functions. We have people who already misbehave at this point. Inhaling nitrous oxide... (...) smoking weed (...) If that is the way you wish to start off at a company (...) then things will never work out (...) The reason we don’t hand out permanent contracts is (...) because these people do not do what we agreed upon.”

- Manager (26, male), Transport & Logistics –

Countering the predominant appreciation of flexible contracts as a hiring tool, a couple of HR professionals vehemently disapproved of this practice. They argued that it discourages managers to provide young workers with the necessary on-the-job training in order to be able to perform optimally. Instead young workers are often left to their own devices, resulting in poor service, disappointed managers and

disgruntled co-workers. A female HR professional working at a specialized care facility says:

“That’s just really bad employer behavior (...) throwing someone in at the deep end and then saying: “hmmm, you don’t quite meet our expectations”

- HR professional (55, female), Health Care –

Criticizing the same type of management practice toward temporary staff another female HR professional working at a courier service says:

“I do think it is misused sometimes. Then there are manager who think ‘ah, it’s flexible, so we can easily get rid of someone again if we want to.’ It frames their thinking in terms of ‘saying goodbye’ rather than (...) ‘raising the performance’. They prefer to draw the conclusion ‘he doesn’t fit the job’. Because that is easier. (...) the one supervisor simply struggles more with coaching than the other.”

- HR professional (27, female) – Transport & Logistics

At a consultancy firm, a female HR professional suggested:

“Confronting someone... with that they aren’t performing well. Helping ...to make them better. People find those things incredibly difficult (...) I believe conflict-avoidant tendencies are much more likely to be the underlying causeof why flexible contracts are appreciated.”

- HR professional (39, female), Corporate services-

The third perceived benefit of using flexible contracts is that these provide a stronger sense of control over personnel management. Interviewees – especially those in management roles – formulated in one way or another the conviction that, within the current legal framework, it is really difficult “to say goodbye” to an employee once they are employed on a permanent contract. However, a few interviewees, all HR personnel, actively debunked this perceived risk and categorised it as “old-school thinking”. They explained that a permanent employment relation can be ended both with and without judicial interference.

However, this process does require managers to confront employees with their concerns about present and future performance. When asked about it, many line managers acknowledged that this can be a socially uncomfortable experience. Managers thus appear to appreciate the use of flexible contracts because these contracts allow them to let workers go without the direct social conflicts usually tied to an official dismissal of workers with permanent contracts.

Aside from their enthusiasm about the perceived, mostly future-oriented benefits of flexible employment contracts, the interviewed employers also reported a downside to working with these type of labour agreements, which we will turn to now.

Downside of flexible contracts

Interviewees flagged several structural problems which they associate with the increased use of flexible employment contracts, especially among younger workers. They reported problems regarding retention, continuity in available human capital and training on the one hand and the quality of the working environment and employee well-being on the other.

First and foremost interviewees report that working with flexible contracts complicates the retention of high quality young employees. Across sectors line managers provided examples of losing high performing young employees after one or two years of flexible employment. Managers working in the private sector said that they feel forced to ‘fire’ well-performing flexible employees when these are legally entitled to a permanent employment contract simply because of pressure on the staffing budget within their organisation. As this male HR professional working for a wholesale company says:

“I have seen good people who had to leave because they could not get a permanent contract once their 2nd or 3rd temporary contracts had run out. Then they could often come back after 3 months. That’s 6 months now”

- HR professional (24, male), Retail –

A similar situation can be noted to occur in the public sector where talented young workers are often initially employed on a fixed-term contract backed up by short-term funding. Interviewees explain that the organisational structure of many public institutions makes it difficult to retain these young workers when the end of the legally allowed period of flexible employment has been reached:

“Then you promptly realize after 2 years, ‘eh, we are now obliged to take this Mr. or Ms. on permanently’. But in our organization we often don’t have a formal position available then and that’s when the process gets stuck.”

- HR Director (47, male), Government

The commitment among employees with a flexible contract was frequently reported as being low and this was clearly perceived as another disadvantage of working with such contracts. Because employers also show a lower degree of appreciation, interviewees expect that young flexible workers are more likely to switch employers once an opportunity arises. As explained by the two managers quoted below, this is identified, as a human capital loss given the working experience and firm-specific knowledge employees have acquired over time.

“What’s important to me as a manager is hiring employees who can I can retain (...) a while back, when we were going through a period of cuts, I had to hire young employees on one-year contracts. I could see what that does to young employees (...) At some point they were spending more time and energy applying for other jobs than doing their current one.”

- Manager (35, female), Transport & Logistics-

“What is troublesome, [young] people change jobs more quickly, thus leaving you with a smaller group of employees that has a couple years of working experience at [the organization] and who you can promote from working on the shop-floor to a supervisory role.”

- Manager (30, male), Retail –

Next to issues regarding the retention of young workers, interviewees reported different approaches to investing in the training of flexible employees. Decisions about if, when and how flexible workers are allowed to spend time on additional schooling and at who's costs have to be made ad hoc, since overarching company policies tend to be primarily oriented towards employees in permanent employment. A few interviewees with management responsibilities said they actively promote training opportunities among their flexible staff members. Most others, like this manager working in a hospital, expressed they prefer to 'postpone' these types of investments until they know that an employee will be taken on permanently.

"If you offer someone a temporary contract and you can't yet offer them a subsequent one, then you often hold back on training them in the full range of tasks (...) full employability is sort of postponed."

- Manager (39, male), Health Care-

A similar point was made, somewhat apologetically, by a senior manager working at a vocational school.

"Of course we are a little more careful with investing heavily in the flexibly employed (...) this could well provide a false sense of security, but that sentiment does play a role."

- Manager (65, male), Education-

Increased use of flexible employment contracts can also negatively affect the social working climate and employee well-being. A female director working at an educational institution shared the following:

"There has been a period characterized by emotional outbursts. With people saying: 'Why can this person stay, while that person has to leave?' 'Doesn't he do a good job?!' (...) in principle everyone is told what the status of their contract is when they start working here. So 'your current role offers perspective on a permanent position' or 'you are part of the flexible periphery'

(...) The insecurity that some people still experience does burden the organization. And myself too. Because I do take it to bed at night, if people really hate you (...) that's obviously not what you do it for. ”

- Director (41, female), Education –

Other interviewees also shared stories showing that in practice, the strategic use of flexible employment contracts is easily interpreted as unfair, exploitative employer behaviour. They explained that this socially shared perception of ‘opportunism’ on the part of the employer negatively influences the every-day working climate. It affects the productivity and a general sense of belonging, not just of flexible workers who are told they will have to leave the organisation, but also of their co-workers in permanent employment. Across sectors this perception of opportunistic behaviour appears to be (unintentionally) strengthened by organisational policies that, e.g., require temporary workers (‘temps’) to wear different work uniforms, as is the case in the courier service in our study, or exempt them from attending company parties. This comment by a male HR professional working at a wholesaler illustrates this tendency:

“Around Christmas, when handing out gift baskets we usually decide to be kind-hearted [towards flexible employees]. But officially this is not allowed, because they are not [permanently] employed.”

-HR professional (35, male), Retail-

The majority of the interviewees also reported seeing especially their young flexible employees struggle with perceived pressure to perform in their current position. Some interviewees, like this female manager, pointed out that it makes young workers feel uncomfortable when they are made overly aware of the temporary dimension of the relationship with their employer, because it highlights the uncertainty regarding their future within the organisation:

“As long that uncertainty is there about whether they will actually be employed, people are way less comfortable in their own skin. They feel much

more insecure and start to work even harder. Those things are strongly related.”

- Manager (35, female), Transport & Logistics-

However, when explicitly asked, interviewees tended to refute the existence of a direct causal link between working on a flexible contract and mental health issues such as burn-out. Instead they would argue that factors unrelated to the organisational environment were more influential.

“(…) Signs of burn-out? I can imagine that the degree of uncertainty in those contracts could play a role, but I don’t really see that around here (…) I actually really think it has more to do with the expectations society puts on people nowadays.”

- HR professional (28, female), Health Care-

Since interviewees clearly perceive negative side effects to the use of flexible employment contracts among younger workers, it raises the question how this experience weighs into their longer term view on flexible employment.

Exploring the long-term perspective on flexible employment

The employers we interviewed appear to rarely reflect upon how the strategic use of flexible contracts will evolve in the future. Throughout the course of the interview, hardly any of the interviewees spontaneously brought up or discussed what they perceived as the long-run consequences of their organisation’s current approach to flexible employment. We also specifically asked for their expectations regarding future developments in the share of flexible employment in their sector or at the national level. Here, interviewees tended to answer this question by interpreting the status quo within their own organisation as a blueprint the dynamic in the whole labour market or by affirming their awareness of the trend, without reflecting upon it. In addition, many interviewees expressed they found such grander

questions quite difficult to answer. Towards the end of the interview participants' were explicitly prompted to reflect upon two longer term risks of an increasingly flexible labour market. The discussed risks were (1) increasing economic insecurity of (young) workers and (2) underinvestment in human capital both within organizations and in the labour market as a whole. They were also posed the question who ought to bear responsibility for managing these risks.

While reflecting upon the long-run consequences of flexible employment in terms of job, income and work insecurity for younger workers, interviewees put forward two types of answers. Some interviewees actively questioned whether young workers today are actually in a more precarious labour market position than 30 years ago and if so, whether this should be considered a problem. Like the two HR professionals quoted below, they argue that young workers themselves appear not to mind or sometimes actively seek a flexible contract:

“Yes indeed, I do believe there are risks. But I don't think they are that applicable to young people, because they actually don't really want a permanent contract. They aren't that attached to one employer, they want to continue to develop (...) So they aren't really searching for stability and therefore don't experience a lot of stress.”

-HR professional (35, male), Retail-

“I don't know how young people themselves experience this at the moment, but I perceive them to be (...) highly flexible and versatile. So that I sometimes wonder if it actually matters to them that they, for example, just work on temporary contracts.”

- HR professional (39, female), Education-

Nevertheless, when interviewees were asked to take the employee perspective and identify the comparative advantage of having a flexible contract over a permanent one, virtually all of the them stated that they could not think of any. Another group

of interviewees however clearly expressed they understand that younger workers today experience a larger degree of economic insecurity, which complicates planning for the future. Difficulty with buying a first home or providing for a family were often mentioned examples. Four of them actively qualified this situation as unfair, especially in comparison with permanently employed prime age/older workers. As this male HR professional working in government puts it:

“We do have internal discussions. That you have a younger generation that has to make do with very few securities. And an older generation that has faced more profitable economic conditions.”

- HR professional (27, male), Government –

However, interviewees explained that there was not much they could do about this situation or that a tight labour market will eventually solve this issue. Along a similar line, most of the interviewees do not see a role for themselves in assisting younger flexible workers in finding new employment when by law their organization is obliged to take them on permanently, but decides to let them go.

Overall interviewees did not immediately recognize the potential link between flexible employment and insufficient investments in human capital. They had either not yet considered that their organisation’s use of flexible contracts could affect future human capital, as illustrated by this quote from the HR director at a municipality:

“The idea that (...) as flexibility grows, you’d be less inclined to invest [in training]. So that actually, also as a society on the whole, you are not investing in young people (...) That’s something I have never thought about before.”

- HR Director (47, male), Government

Or they rejected the idea because they felt that their organisation actively aims to invest in the training of flexible workers. Some interviewees in more senior management positions did acknowledge that this ambition had not yet been

translated into organisational policy. A male chief executive director of a specialised health care facility said admittedly:

“We need to clarify our flex-policy [regarding training] the upcoming year, because currently, to put it bluntly, anyone authorized to use their signature is just making it up as they go along (...) we really need to make that more explicit (...) Strategically that would be very wise, because we are not training people for today, but for tomorrow and the day after that.”

- Director (56, male), Health Care –

The question of who bears responsibility for keeping an eye on the longer term effects of a highly flexible labour market tended to be met with a slightly defensive stance, except from those working for a municipality and a provincial government. A female HR director working at an educational institution provided the following view:

“Employers, employees, the government (...) These type of problems are too complex to say ‘that’s purely the government’s job.’”

- HR director (49, female), Education –

Yet few of the other interviewees subscribed to the idea that employers collectively should play a key part in monitoring the societal risks of flexible employment.

When asked the same question this female HR professional at a project developer answered:

“Oh dear....the employerno? I can’t imagine that we are intentionally working on that (...) based on the conviction ‘yes, we ought to take responsibility here’. That’s not my experience.”

- HR advisor (47, female), Corporate services -

Despite recurring criticism throughout the interviews on the ‘effectiveness’ of the current national legislation on flexible employment, many interviewees declared it was primarily the government’s responsibility to monitor the dynamics on the labour market. Trade unions and ‘employees themselves’ were listed as other relevant parties. Interviewees working in the private sector explained that their organization needs to fend for itself and protect its current workers by remaining competitive. For some organizations ‘battle scars’ from the most recent period of economic crisis have made them more cautious.

In sum, while sharing concerns about the economic position of younger flexible workers, but less so about underinvesting in their training, interviewees argue that employers cannot be help primarily responsible for monitoring the societal effects of an increasingly flexible labour market. They rely on national legislation and market forces to attenuate these risks.

Discussion and Conclusion

Despite the rise in non-standard employment over the past decades, the perspective of employers on working with flexible contracts among younger workers received little scientific attention. This study provides new insights into how employers judge their experience of working with flexible employment contracts; whether the use of flexible contracts generated negative side-effects within the organisation, particularly in relation to younger workers and how employers perceive the future of flexible employment both within their organizations and for the labour market as a whole. We find that employers highly appreciate the use of flexible contracts and easily produce a favourable economic argument focusing on the opportunity to cover financial risks, make better hiring decisions and strengthen personnel management. Besides this, employers also signal that the use of flexible contracts causes structural problems. Within their organisation it complicates the retention of young talent, endangers continuity in available human capital and training and affects the quality of the working environment and employee well-being.

Nevertheless, employers present the increased use of flexible contracts as a new reality and show limited strategic vision on how to reduce its downside for their organisation nor for society as a whole. When asked about their role and responsibility in the upward trend in flexible employment, employers do acknowledge the burden that having a flexible contract puts on younger workers with regards to establishing financial stability and planning for the future. However, they point to other actors or institutions, such as the government, as primarily responsible for determining the limits of flexible employment and monitoring these risks.

When interpreting these results, some limitations of our study should be kept in mind. First of all, given our qualitative approach, our findings are to be interpreted analytically and cannot be generalised. Our interpretations are meant to inform and inspire further (quantitative) research on the employer perspective on flexible employment. They cannot be interpreted as definitive statements on the degree to which all (Dutch) employers hold certain views. Secondly, we conducted our study in the Netherlands, a country with stringent employment protection creating a rather sharp contrast between ‘insiders’ and ‘outsiders’ to the labour market. Whether the experiences we report are similar among employers operating in more liberalised labour markets remains an open question. Thirdly, the temporal context should be taken into account. We conducted this study during a period of prosperous economic conditions and low unemployment resulting in a tight labour market. Our current findings could be an understatement of employers’ perceptions during a period of economic downturn when labour supply is higher.

Our inquiry show that within organisations flexible contracts are used to manage a larger variety of structural needs than previous survey research has shown. Next to covering financial risks, managers also use these types of labour agreements to ‘cover’ social risks, irrespective of the (future) financial implications. Within the modern day context of a rapidly changing work environment and compared to the supposed clarity and control tied to flexible contracts, making a permanent hire is seen as a risky decision. Basing themselves on a collectively

accepted 'norm' regarding the rigidity of employment protection, loss averse managers prefer to avoid the longer term commitment and responsibilities of a permanent employment relation by frequent use of flexible contracts. This use of flexible employment to primarily facilitate management within an organisation testifies to an inwardly focused strategy in which external factors such as market dynamics play little to no role. This could be part of the explanation for why previous research did not find evidence supporting the idea that the share of non-standard employment per industry is tied to its business cycle, expanding during economic downturn and shrinking again during periods of profit (Bolhaar et al., 2018).

The reported downside of flexible contracts raises the question whether having a growing share of flexible employees is actually always an efficient HR strategy. Especially when it comes to hiring, retaining and training younger workers to become dependable employees our findings suggest that using flexible contracts as an extended probation period can backfire. Most flexible employees, also the young, prefer to have a permanent employment contract (Hooftman et al., 2019). By foregoing a permanent commitment employers allow for a degree of unpredictability in the working dynamic between employee and employer which disrupts the psychological contract, resulting in younger employees either looking for opportunities elsewhere or becoming overworked. Overall, this appears to make the working relation between employers and their youngest workers quite fickle.

Our findings indicate that for young workers, entry into today's labour market is a challenging experience with employers demanding rapid performance while offering little stability. Although foregoing the costs of investments in training today could result in extra productivity losses tomorrow (Black & Lynch, 1996), employers do show concern about limited access to development opportunities for their young flexible workers. Furthermore, they have internalized national legislation on flexible employment as rules on when and how to use flexible contracts indicating the important role of coercive processes in their behaviour (DiMaggio & Powell, 1983).

In light of the rapid rise in ‘non-standard’, more flexible employment relations across European countries, EU policymakers have recently urged employers to reflect upon the implications of this development in terms of the working conditions for employees and their own role in it. Employers are expected to promote the transition to “more secure forms of employment” and “to offer full-time or open-ended employment contracts to workers in nonstandard forms of employment” (European Parliament and Council, 2019, p. 110). As it stands, our study provides little evidence that suggests employers will actively engage with this policy directive. Since employers do not see themselves as primarily responsible for managing the societal consequences of increased flexible employment, they hardly reflect upon how the way flexible contracts are used influences the level of economic uncertainty experienced by flexible workers. More specifically, our findings indicate that policy makers should not expect employers to act as the custodians of the youngest generation of workers entering an increasingly flexible labour market.

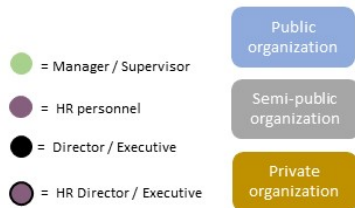
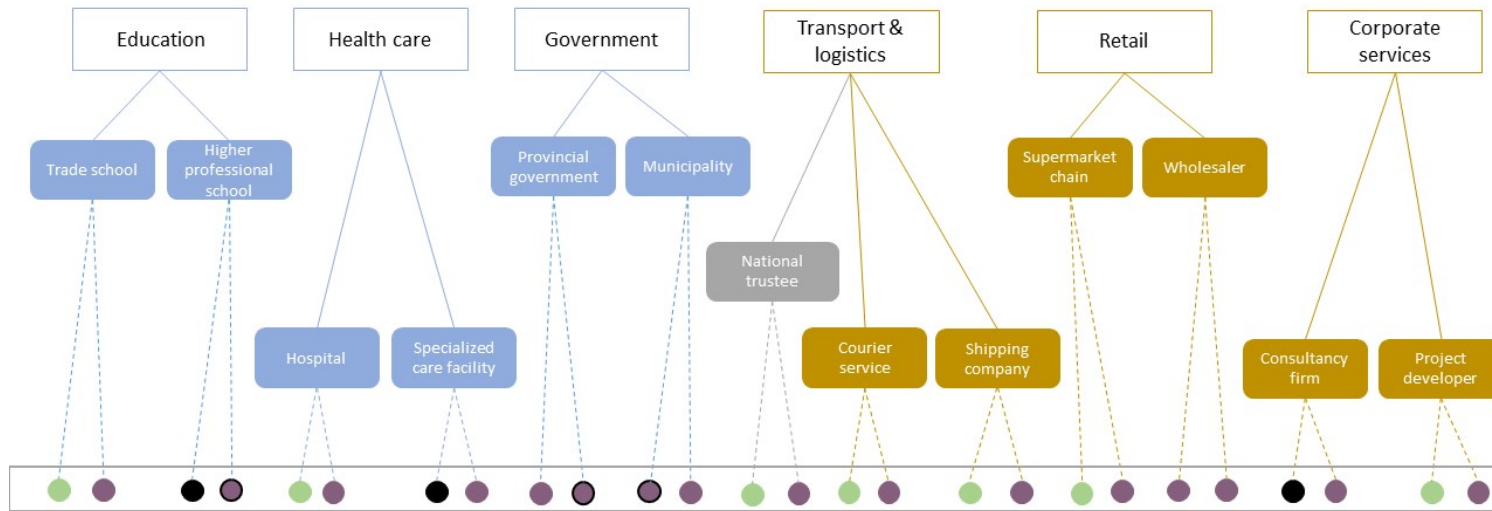
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Figure 1: Overview of the study participants and their organizational context



Sample characteristics (n=26)

Age (yrs)		>35	35-55	55+	Total
Sex	Female	3	10	1	14
	Male	4	5	3	12
Total		7	15	4	26

Appendix

In our study we operationalized the concept of ‘employer’ as a role within an organization that incorporates at least one of the following responsibilities:

- to manage and evaluate the performance of other staff members (managers)
- to innovate, monitor or execute HR processes and policy (HR professionals)
- to take executive decision regarding the strategic course of (part of) an organization (directors)

To select participants for our qualitative inquiry we use the following criteria.

To be included as a participant an interviewee needs to:

- Be active on the Dutch labor market
- Fulfill an ‘employer’ role. He/she executes at least one kind of the responsibilities as specified in the study’s operationalization of an ‘employer’ role.
- Be on the payroll of the organization in which the employer role is fulfilled
- Work at a (mid) large organization (> 15 employees)

A potential interviewee meeting the inclusion criteria will nevertheless be excluded from participation if he/she:

- Has less than 1 year of working experience in the ‘employer’ role
- Works exclusively as an own-account worker