

# Externalisation of the workforce in construction

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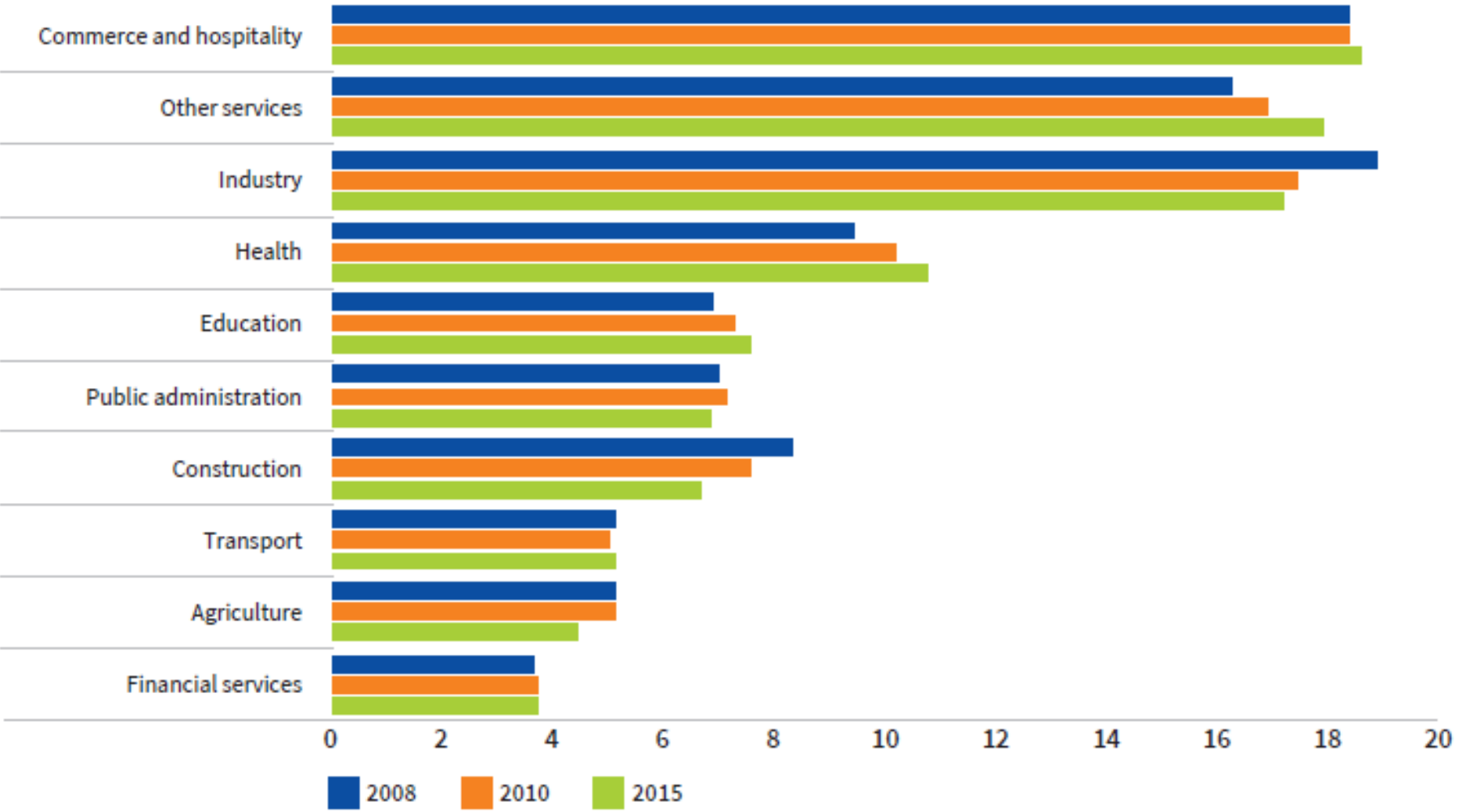
# Structure of the contribution

- **Employment and the effect of the crisis**
- **The regulatory frame of standard employment**
- **New forms of work organisation**
- **Outsourcing and externalisation of the workforce**
- **Challenges: inclusion or exclusion**



**Jan Cremers - Porto 2016**

Figure 5: Employment by sector, EU28, 2008–2015 (%)



Source: EU-LFS 2008–2015.

# Standard employment

- A common set of (conventional and/or legal) basic rights with minimum standards and working conditions attached to the status of employee, e.g. wages and working time.
- Labour law and legally enshrined social policy.
- Social security rights, allowing for a living standard related to prevailing levels
- Established procedures by which employees can take action to claim their rights.

# **News forms of work organisation**

**Three fundamental developments have transformed the nature of the construction industry in recent decades:**

- management contracting, leading to extensive outsourcing, downsizing and subcontracting,**
- flexibilisation of the labour relation, including the recruitment of mobile (temporary) foreign labour,**
- easier access to the status of self-employment.**

# Reasoning behind externalisation

Externalisation increases organisational flexibility.

- Transfer of administrative costs and related risks to others or to individual workers (in case of self-employment). Firms can hire workers without direct costs of health and unemployment insurance, employer-funded pension plans et cetera.
- The flexible layer is easy to engage and license. Externalised workers are hired without a long-term employment perspective. Dismissal is easier and touch less upon the company's image.
- Third, the opportunity to engage highly specialised skills/expertise needed for only a short period of time.

## NON-STANDARD EMPLOYMENT

### TEMPORARY EMPLOYMENT



Fixed-term contracts, including project- or task-based contracts; seasonal work; casual work, including daily work.

**Not  
open ended**

### PART-TIME AND ON-CALL WORK



Normal working hours fewer than full-time equivalents; marginal part-time employment; on-call work, including zero-hours contracts.

**Not  
full time**

### MULTI-PARTY EMPLOYMENT RELATIONSHIP



Also known as 'dispatch', 'brokerage' and 'labour hire'. Temporary agency work; subcontracted labour.

**Not direct,  
subordinate  
relationship  
with end user**

### DISGUISED EMPLOYMENT/ DEPENDENT SELF-EMPLOYMENT



Disguised employment, dependent self-employment, sham or misclassified self-employment.

**Not part  
of employment  
relationship**

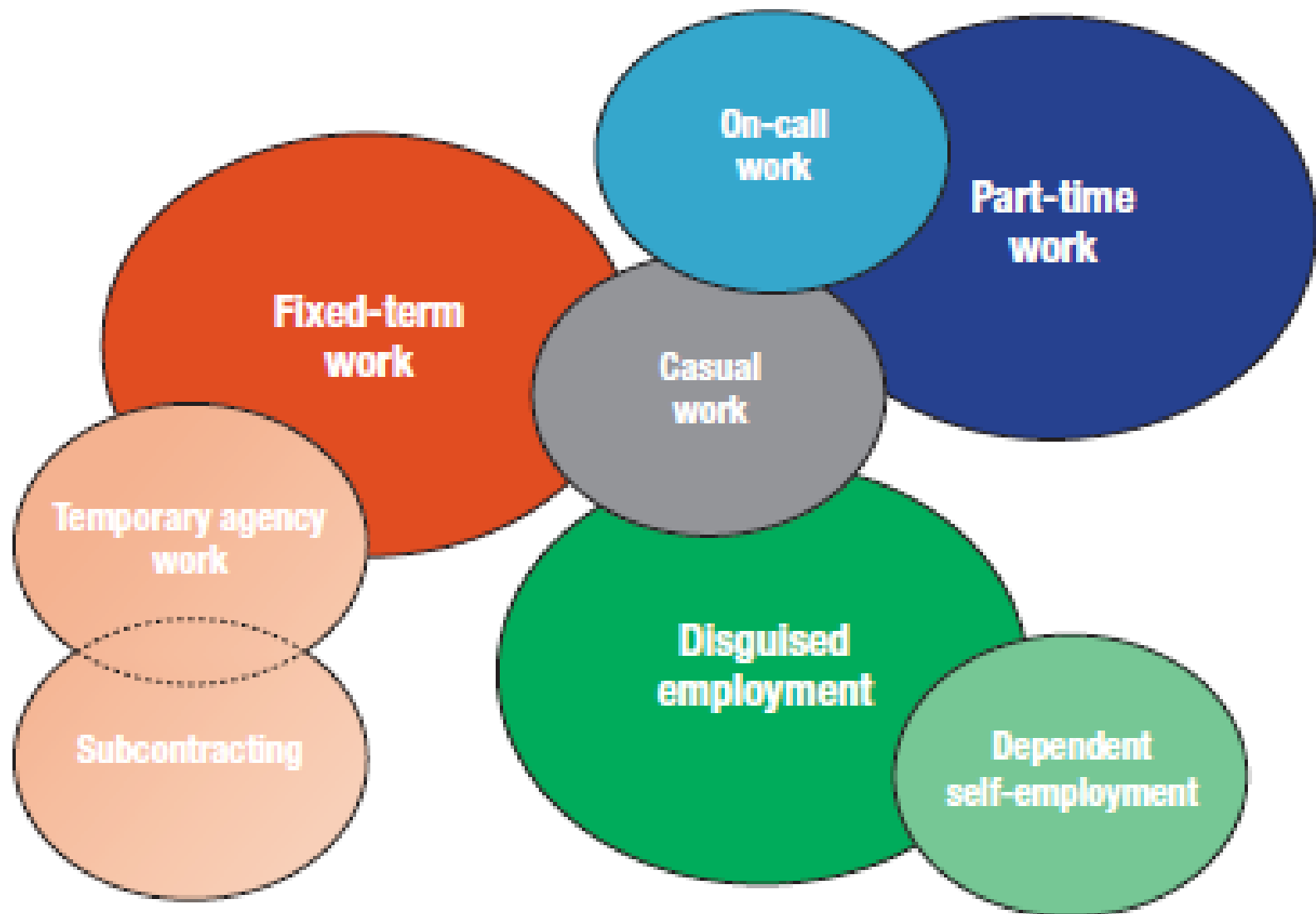


# Outsourcing and externalisation

Direct employees are replaced with all kinds of 'new' employment relations

- Temporary agency work
- Self-employed workers, e.g. in NL a 10% increase in the period 2005-2015
- Casualisation
- Bypasses of collective agreements
- The invisible workforce
- The unrepresented workforce

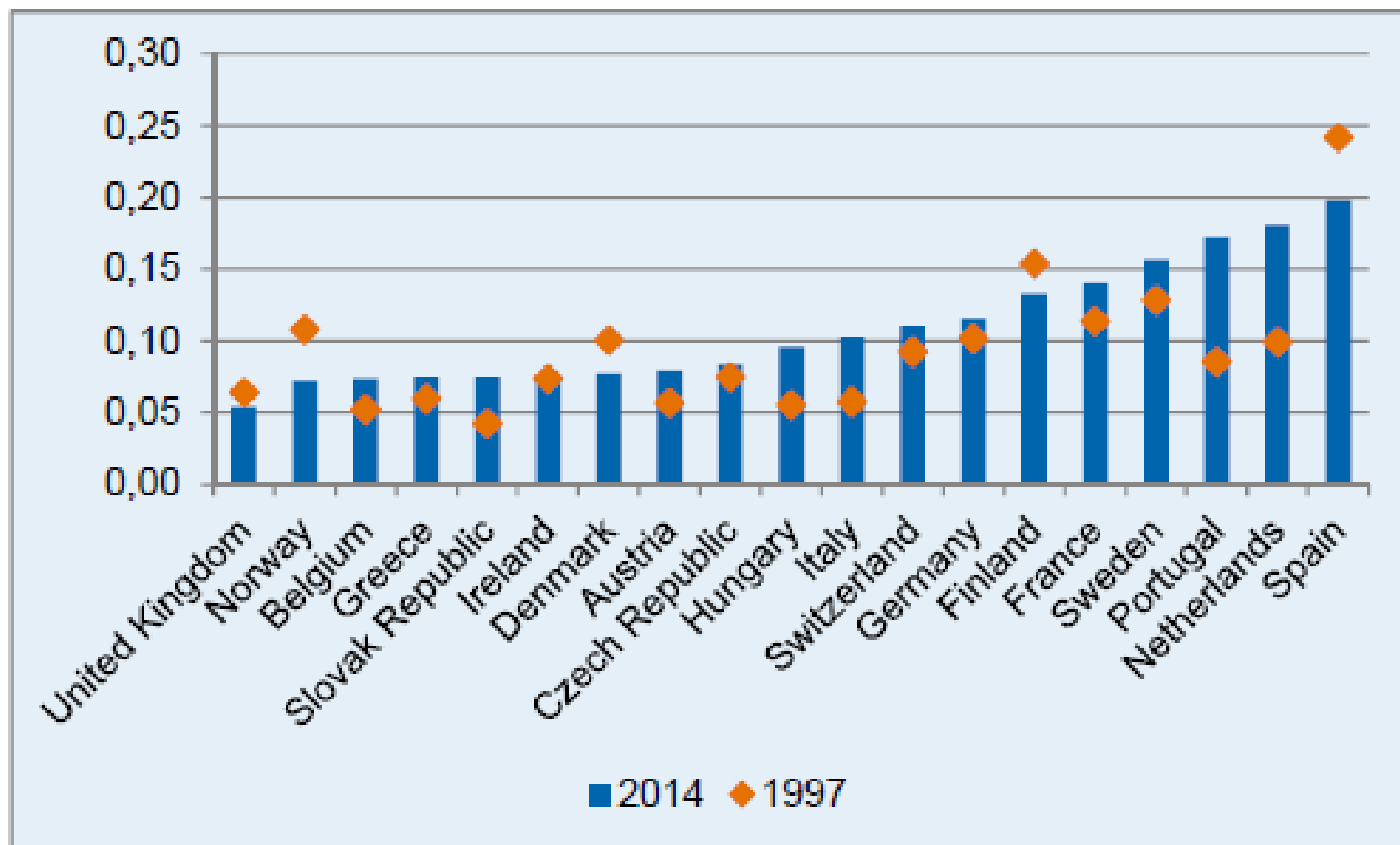
## The legal forms of non-standard employment



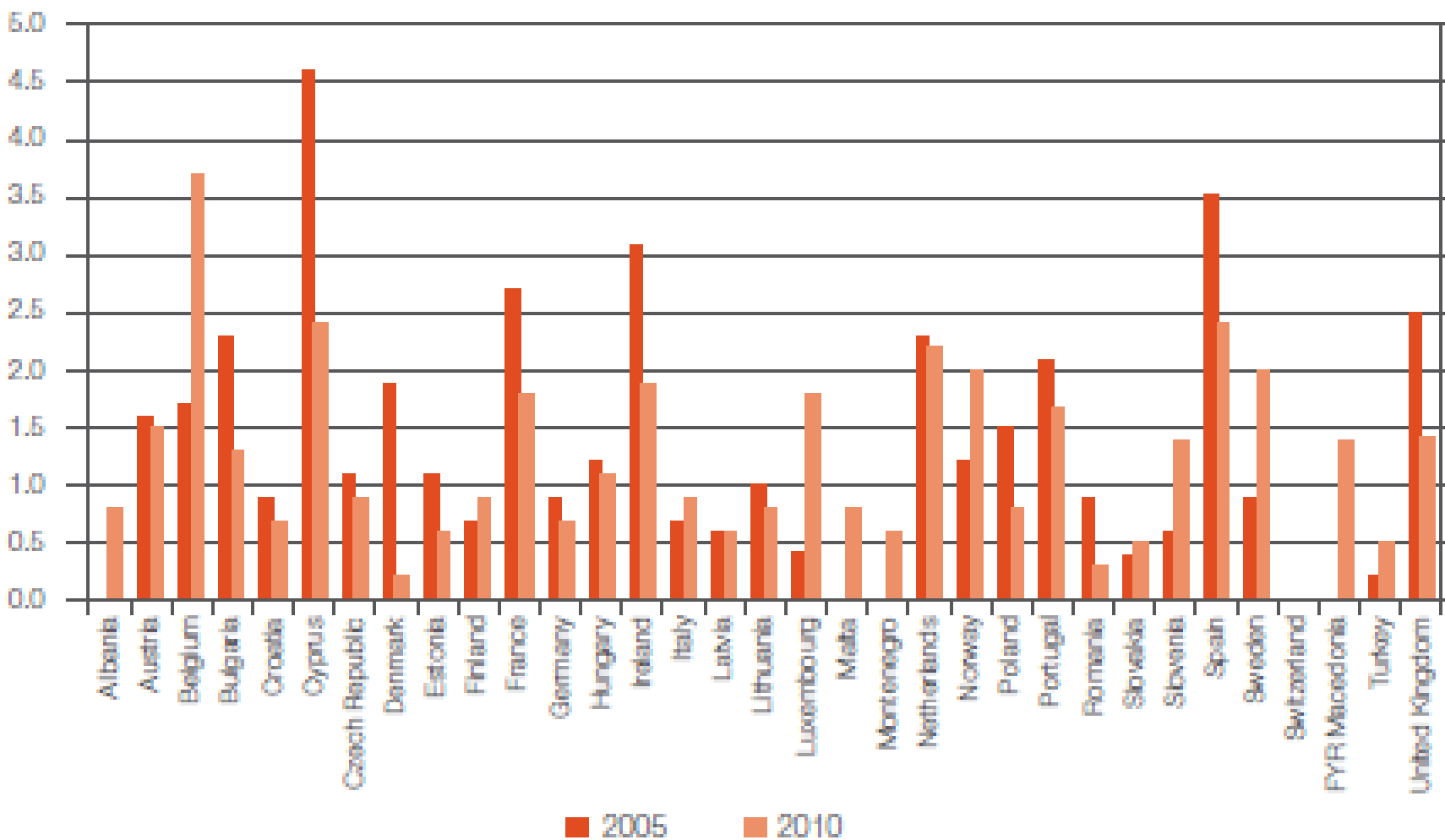
# The development of flexwork

- The share of temporary employment has increased in many countries since 1997.
- The increase has been particularly profound in Portugal and the Netherlands, where the share increased by 9 and 8 percentage points, respectively (Portugal is, with a total share of 17% temporary employment, third behind Spain).
- Sometimes, self-employment is a choice of skilled workers as part of their career.

Figure 2.1 Temporary employment in Europe, 1997–2014

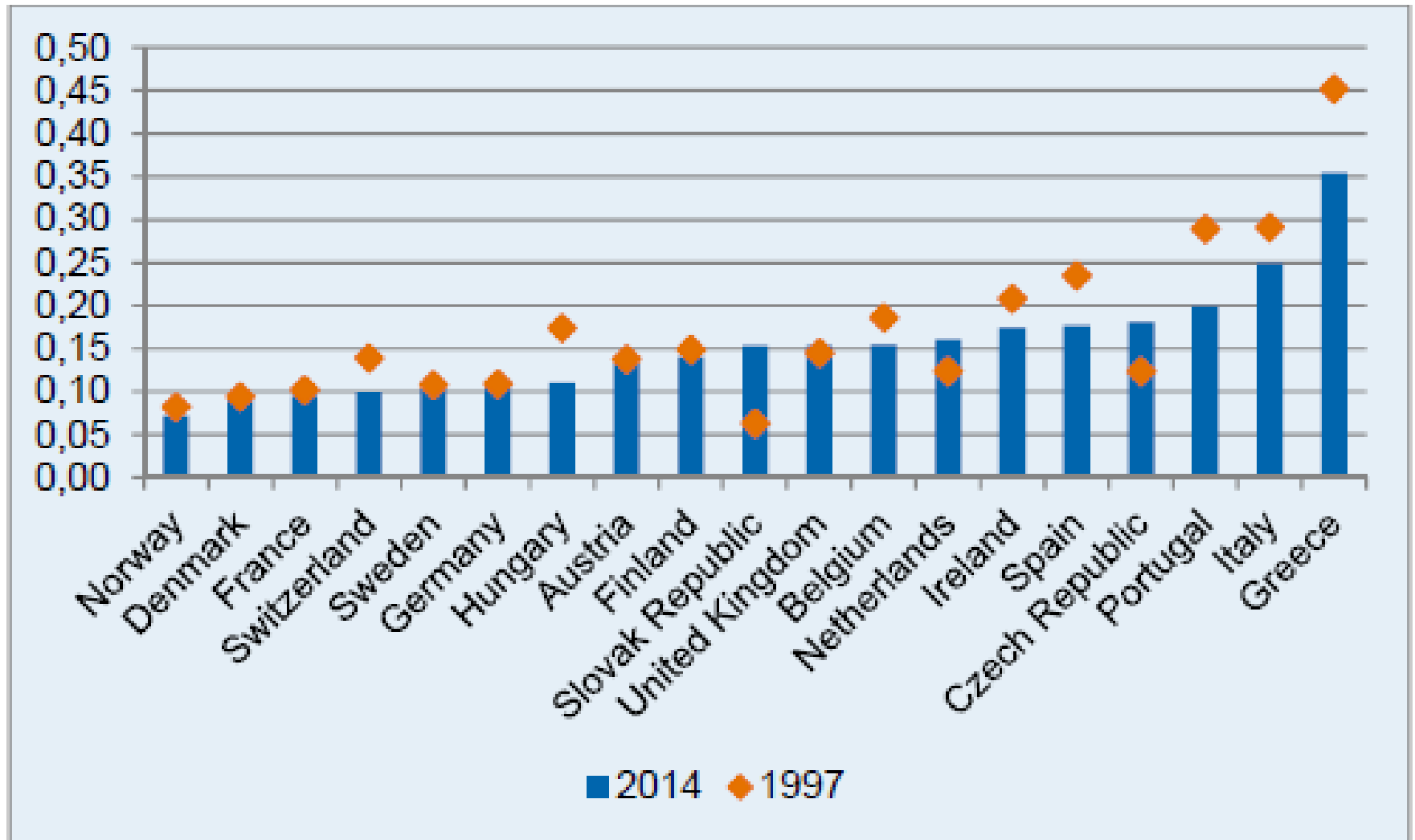


Source: own calculations based on OECD. Data for Switzerland start in 1998.



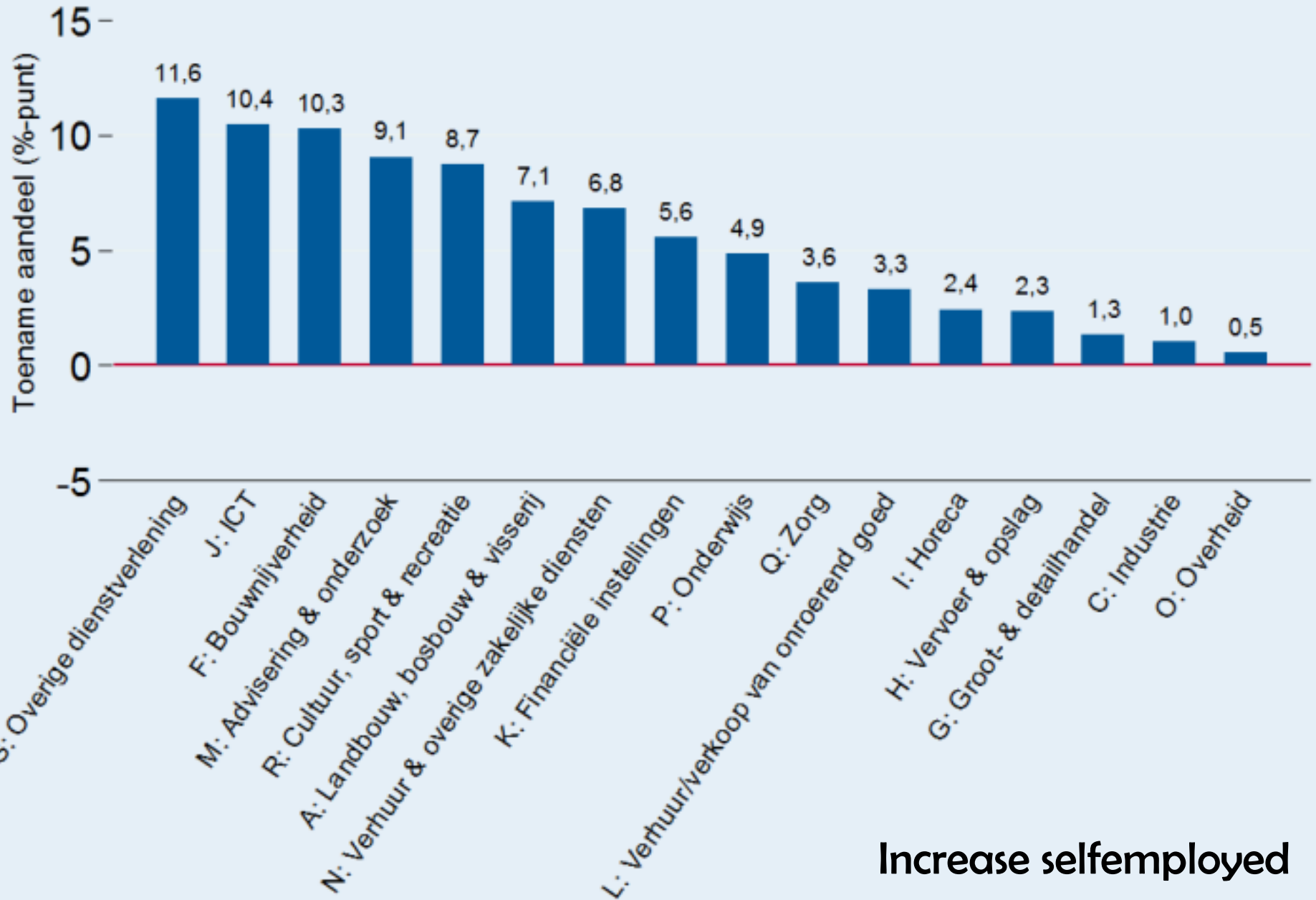
Agency work – all industries

Figure 2.2 Self-employment in Europe, 1997–2014

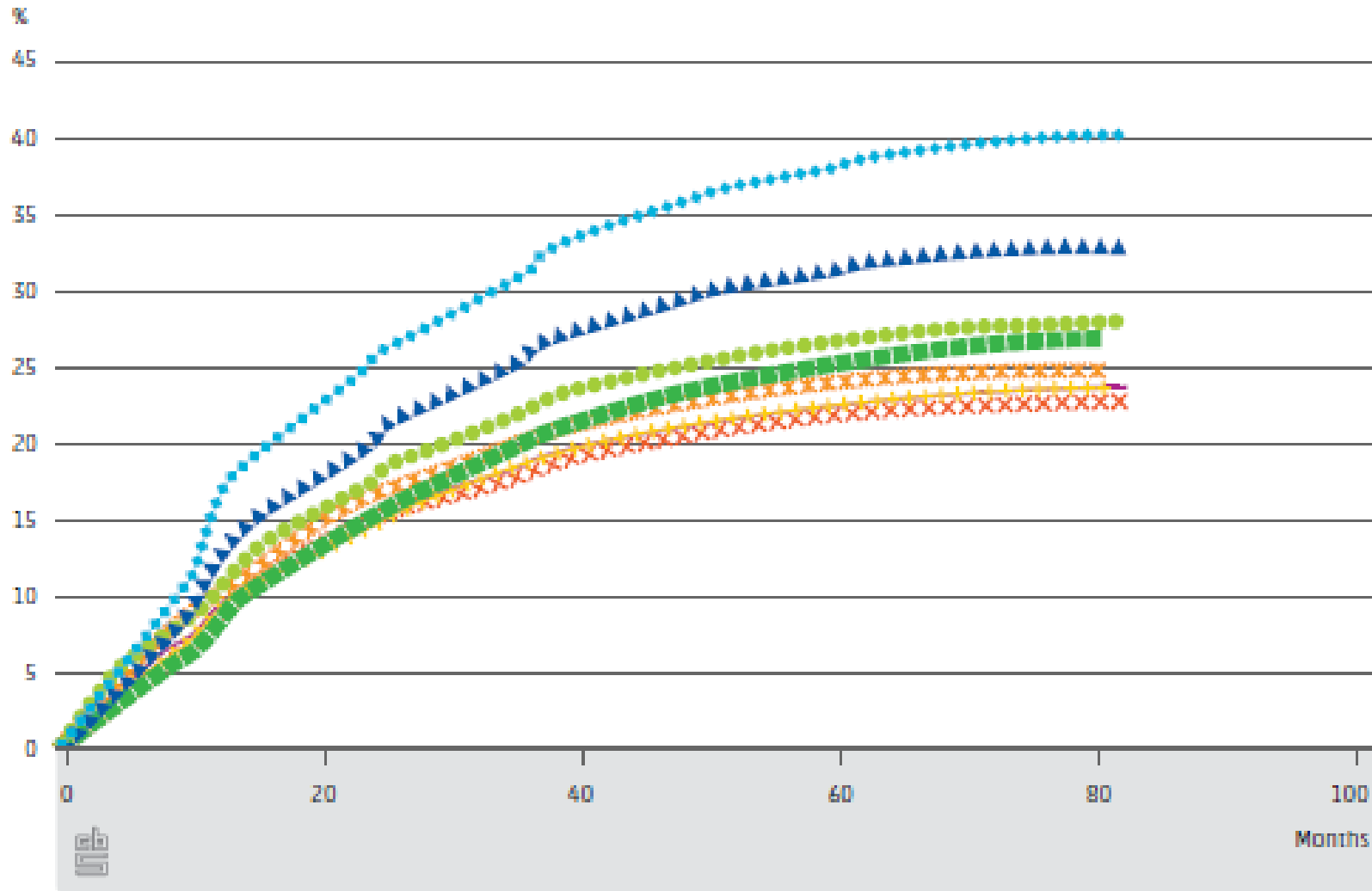


Source: OECD. The share of self-employment includes agricultural self-employment.

## Q4 2005 - Q4 2015



# When does flex becomes direct employment?



- ✕ Turkish
- Other non-western
- New EU member states
- ▲ Other western foreign background
- + Antillean
- ✕ Moroccan
- Surinamese
- ◆ Native Dutch



# Challenges

- **Flex alternative for unemployment**
- **Inclusion or exclusion**
- **How to represent the unrepresented**
- **How to keep industry-wide provisions upright?**
- **Contract compliance, control and enforcement.**