

Institutional entrepreneurship: comparing Dutch and Swedish temporary work agencies

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Abstract

Most studies of institutional entrepreneurship emphasize the influence of institutional entrepreneurs on processes of institutional change. Relatively little attention is paid to the interaction between the institutional entrepreneur and the institutional environment. Our aim is to fill this void by a comparative study of the institutional development of the Dutch and Swedish temporary work agency industries from the 1960s until the present, emphasizing the periods after their formal legalization in 1965 and 1991 respectively. The comparison shows the important influence of the different national contexts on the dynamics of institutionalization, the evolving industry identity and accountability. Our paper thus shows how the process of synchronizing of (international) industry experience with the (national) societal experience with the industry's product is not a simple process of knowledge transfer and reflects the important interaction between institutional entrepreneurs and their environment.

Introduction

Over the past decades, temporary agency work has been established as a useful and acceptable labour practice in most European countries. However, these developments have not been easy and uncontested. Due to the societal sensitivity of the product, temporary agency work (TAW), the developments have been, and most often still are, subject to extensive debate, negotiation, and regulation.

In most countries the Temporary Work Agency (TWA) industry plays an important role in the developments. With its active engagement in developing the market for TAW, the TWA industry provides a prime example of institutional entrepreneurship (Beckert 1999; DiMaggio 1988; Garud et al. 2002; Greenwood and Suddaby 2006; Fligstein 1997; Maguire et al. 2004). Its members and representatives engage in institutional work (Lawrence and Suddaby, 2006) to create, develop and maintain the space for TAW in the various national and European labour markets.

Comparing the historical development of the TWA industry across national contexts, however, also shows how different the developments have been. Differences in triggers for industry establishment, societal (self-) confidence, and the power and discretion of the emerging TWA industry affected the development of the institutional embedding of TAW in national labour markets (Koene, 2006). The variety of developments reflects the interaction between global developments in the organization of work and experience with TAW on the one hand, and the processes of societalization (Sorge, 1991) and the dialectical dynamics that lead to the idiosyncratic embedding of TAW in each national labour market context on the other hand. This creates differences in the basic appearance of TAW as, for example, the sustained ambiguous employment relation between temporary workers and TWAs in the Netherlands as compared to the early established standard practice of (limited duration or open-ended) labour contracts in Swedish TWA industry (Storrie, 2003a; Koene et al., 2003).

These kinds of national developments and dynamics have been the object of study in the field of comparative institutionalism. In his research on national business systems, Whitley (2006) explored how differences between socially constructed institutional contexts affect economic organization and outcomes. In a similar comparative way, Maurice, Sorge and Warner investigated the organization of work in, amongst others things, the French and German car industries. In developing the societal effects approach (Maurice et al., 1980; Maurice and Sorge, 2000), these authors emphasize the idiosyncratic evolution of concepts as they are introduced in a specific (national) institutional context, driven by the need to connect and embed the concept in the specific national constellation of institutional arrangements.

Recent research deals with the possibilities of human agency in these processes of institutionalization and thus considers the possibilities for institutional entrepreneurship. It has, however, not paid much attention to the conditioning effects of the institutional environment on the role and possibilities of the institutional entrepreneur. Until recently most work consists of the documentation and theorization of the influence of individual actors on the process of institutionalization. The approach has mostly pictured the existing environment as malleable and the institutional entrepreneur as an independent source of institutional inspiration, building on the perspectives from new institutionalism that investigate the social diffusion mechanisms of new ideas and practices (Tempel and Walgenbach, 2007). Although this approach is helpful for finding a place for human agency in institutional theory, it risks losing the specific contribution of the institutional perspective. At the heart of the process of institutional entrepreneurship is a symbiotic process of institutional creation where mindful practice is grounded in existing institutional logics, institutional tensions, broader trends and developments, and experimentation, that leads to reformulation and renewal of institutional practices and logics. As such the national institutional contexts that feed the acts of institutional entrepreneurship are very important.

In this paper we compare the institutional development of TAW and the TWA industry in two countries, Sweden and the Netherlands, aiming to document how differences in institutional context affect the goals, roles and outcomes of institutional entrepreneurship in each national context.

Development of the TWA industry in the Netherlands

We distinguish several phases in the institutional development of the Dutch TWA industry. Before 1965, the industry lived a semi-illegal existence on the margins of employment finding that officially was a public monopoly. A new law both legalized and regulated the industry from 1965, in particular by the enforcement of a license-system in 1970. After that date, the industry underwent several ups and downs, but increasingly gained legitimacy, eventually also by the labour unions. By 1999, the Dutch TWA industry had the highest share in total employment of all EU countries. Two acts introduced in 1998 and 1999, however, both widened and limited the entrepreneurial freedom of the TWAs. While the TWAs gained more flexibility in placing employees, a new collective labour agreement founded on the one of the new acts brought the workers better protection and pension rights. The simultaneous discontinuation of the license-system put the established TWAs under pressure from new entrants.

Before 1965: (semi-)illegal existence of a temporary agency industry

Between 1930 and 1965, private employment exchanges were forbidden in the Netherlands. This severely restricted the opportunities of (would-be) firms providing temporary workers to other firms, an activity that was often considered to be tantamount to private employment exchanges. Discussions about public employment exchanges in the Netherlands surfaced at the end of the 19th century, as liberal politicians argued that it would increase the efficiency of the labour market (Knegt, 1995). The issue was then taken up by others and discussed, mostly from a solidarity and ethical perspective. Between 1914 and 1920, a national system of public employment exchanges services emerged. In 1930, among other things following a convention of the International Labour Organisation (ILO) dating from 1914, the Dutch government finally passed a law that enforced its monopoly on employment exchanges and put an end to the dubious practices that many private job exchange agencies had erstwhile engaged in.

During the Second World War, when the Netherlands was under German occupation, the public employment exchanges was organized according to the centralized German model with a state placement service (Rijksarbeidsbureau) resulting in 37 employment offices and 144 branch offices. Another major legacy of the German occupation was the far-reaching employment protection, that was formalized through the Extraordinary Decree on Labour Relations (BBA) issued right after the end of the War (1945).

After 1945, the governmental Public Employment Service (PES) widened its range of activities. At the same time it lost some of its power. Employers' organizations and the unions - who, in the first post-war decades, worked closely together and supported a national policy of productivity improvement and wage restraint - limited the power of the labour office by taking away from PES the right to decide on unemployment benefits, thus turning it into a monitoring and execution organization.

The implications of this changing context for the opportunities of providing temporary work were diverse and ambiguous. Interchange of workers between firms in an industry on a temporary base as such was tolerated, even when lending out workers was the main activity. This was a current practice in several industries by the end of the 1950s (SER, 1961). There existed however high obstacles for firms specializing in temporary work. The combination of the ban on private employment exchanges on the one hand and strict employment protection through the BBA on the other placed would-be temporary work agencies for a dilemma (Passchier, 2002, 9). Their activities could only be strictly legal when they entered into employment contracts with the employees they deployed, which – given the employment protection – shifted the risk of unemployment from the company actually employing the workers to the agency. Some

entrepreneurs 'solved' the dilemma by founding illegal private job exchange agencies that started to proliferate in the 1950s and put growing pressure on the existing system. In particular, illegal employment in the construction and harbor industries became a growing problem. To make matters more complex, also 'grey' market emerged with three main activities (ABU, 1996; Knegt 1995). First, typing bureaus shifted the locus of work and started to transfer their typists to client premises instead of doing the work in central typing facilities. Second, independent steno typists organized themselves through a central office to centrally administer and coordinate client assignments. Finally 'legal' recruitment and selection agencies began to use temporary placement as a probationary period for workers. Typically, all these kinds of 'temporary work agencies' did not formally employ the temporary workers. The workers, mainly married women, carried the risk of unemployment themselves. They did not consider this problematic, since they enjoyed the flexibility of temporary and/or part-time work that provided an additional and not the main source of income for their households.

1960s: Formal recognition of an infant industry

Illegal employment with fraud in social security payments and taxes and a growing grey market in placement of temporary workers had a negative influence on the 'legal' labour market. These developments triggered legislation to regulate the legal temporary work agencies. The 1965 Temporary Employment Act provided this framework, by permitting the government to set up a licensing system, which came into force in 1970 (Sol 2005). While the legislation was meant to drive out illegal activities in the industry and by this provided legitimacy to the existence of TWAs in the Dutch labour market, the law left open the question under what conditions TWA activities were permitted. Later the government explicated that temporary workers should only be employed for non-permanent jobs (Arbeidswetgeving, 1980, 322; circular letter by the Department of Social Affairs of 15 November 1978).

As early as 1961, the industry association ABU was founded by a number of temporary work agencies to differentiate the legitimate TWA business from the still thriving black market. In a historical description of the industry for its 35th anniversary, the ABU notes:

'In 1961.....there was no legal framework for agency work; there was still much pioneering work to be done. Mr van der Woude [one of the ABU founders] remembers: "The temporary employment sector was looked down on. Leading a temporary work agency was considered an inferior occupation. To counter this negative image, a number of agencies formed an association. Building societal respect was the first objective".' (Translated quote from ABU, 1996: 12).

At first, the member agencies of ABU only provided temps for clerical and administrative work. This was a deliberate choice. Even in 1968, the ABU restricted the activities of its members to clerical and administrative work and tried to avoid being directly associated with temporary placement in the industrial sector that still carried a bad reputation. Members were asked to undertake their eventual activities in industry under a different name.

The foundations of the TWA industry were still shaky. In some respects, the government supported the industry, for instance in 1965, when it forced the general industrial insurance board to accept ABU as a member (ABU, 1996, 26-27). Still, however, the ABU members perceived continuing feelings of distrust at the government's side (ABU, 1996, 49). TWAs started to deduct social insurance contributions and income taxes from the wages they paid in 1967 (Tóth, 1987), but according to the interpretation of the TWAs themselves this did not imply that they acted as formal employers of the temporary workers (Van Haasteren, 1977; see also Clauwart, 1999, 5). The absence of a formal employment relation between TWA and temp workers was seen as peculiar for the Netherlands (Van Haasteren, 1977); it was mainly attributed to the BBA from 1945 which made firing workers very difficult for employers (Passchier, 2002).

1970s: collective labour agreements and emerging labour union opposition

Over time, temporary work agencies grew in influence and stature, but the societal mistrust of the industry remained. In 1970, after a long strike in the Rotterdam port area brought to the surface the widespread abuses in providing temporary work by 'koppelbazen' (illegal labour subcontractors), the government enforced the licensing clause of the 1965 Act. To operate a TWA one had to apply for a license, which helped the government to control the appropriate deployment of temporary workers. This regulation increased the legitimacy of the existing bona fide TWAs. Later in the 1970s, however, the use of temporary workers was prohibited in (parts of the) the major industrial sectors of the building and the metal industry.

Meanwhile, the ABU grew in stature as a representative of the TWA industry and in 1970 became a member of CIETT, the international association of TWAs. In the early 1970s, it broadened its scope, merging with NOVU, an association of agencies primarily operating in the industrial sector. In 1971, the ABU presented its first collective bargaining agreement with the unions, only applying to the service industries. This represented a major milestone in the industry's legitimization in the Netherlands as collective agreements were standard in Dutch business. Gaining acceptance was primordial; from an economic point of view, the ABU members did not value a collective agreement very much (ABU, 1996, 55-58). The agreement prescribed that temporary workers should receive the same pay as employees of the user

organizations with similar functions and tenure, but this remained a dead letter (Passchier, 2002, 14). Both for the government and the unions, the wish to maintain the extant collective labour relations and not the protection of the temp workers' right stood out in taking position towards the TWA industry (Sol, 2005).

The federation of socialist unions, that was in a process of merging with its Roman-Catholic counterpart, reconsidered its stance a few years later. In a review of the evolution of employment relationship of temporary employees, Passchier, its chief negotiator on temporary work, recounts how in 1976 the emerging new federation FNV concluded that the TWA industry had 'started to play a role in the labour market that has moved far beyond that of absorbing peaks, sick leave and leave in business' (Passchier 2002: 14). In practice, TWAs often sent workers on long-term placements to one client organization. For this reason, the federation urged the service workers' union to pull out of the negotiations on TAW collective agreements in 1976. The powerful industrial union was behind this move. It considered the service workers' union as a weak party not to be taken seriously as a 'fighter' for worker rights (Van der Werff, 2001, 33-35). The union had some success in pushing back TAW in industry. After the government had forbidden TAW in the building trade and part of the metal sector in 1973, employers and unions in the metal industry agreed to first fill vacant positions by job-seekers registered at the PES before hiring workers through TWAs in 1977 (Passchier, 2002, 13; Van Haasteren, 1977, 11).

Still, the economic difficulties of the 1970s, periodically culminating in high unemployment, led to the gradual acceptance of the idea of a 'dual' labour market, one for higher quality permanent jobs and the other for inferior temporary jobs (Knegt 1995). The public employment services, however, failed to effectively match supply and demand in the labour market. As a result, social partners, local authorities, and minority organizations started their own work provision schemes. In 1972, the Amsterdam employment office started a TWA-like body with a number of local organizations that provided temporary placements.

In 1978, the public employment office founded a temporary work agency, called 'Start' that was endorsed by the unions. The unions supported the founding of Start to regain public control over employment and the funding of temporary placement activities (Passchier 2002). For the dominating union federation FNV, Start was a method to push away commercial TWAs (Van der Werff, 2001, 51-52). In the wake of this rising competition, the ABU has consistently argued against 'unfair competition' by these semi-governmental labour intermediaries (Knegt 1995). Start faced huge resistance from the TWA industry. Whilst using the TWA formula, Start was not obliged to charge 19% value added tax, which the private TWAs understandably saw as unfair competition. However, paradoxically, Start, with a powerful logo – the image of a wheelbarrow

being driven into the market place – also symbolized the recognition by labour unions and government of temporary work agencies as fulfilling an essential role in the labour market. The role of Start became more important as the Public Employment Service came under heavy criticism for being unable to effectively deal with the unemployment problem.

1980s: Wider societal acceptance of a resilient industry

Next to the founding and success of Start, several other developments around 1980 can be seen as indicative of the next step in the institutional growth and maturation of the industry.

Developments during the economic recession in the early 1980s showed the resilience of the Dutch temporary work agency industry had built up (Tóth, 1987, 95-96 and 109). Around 1980, the Netherlands began to suffer from high unemployment rates. To protect the right of regular workers, at the end of 1980, the government issued new guidelines for 1981/82. The maximum term for deploying temporary workers on one assignment was reduced to three months from six months (the latter maximum was introduced in 1976); although there was an escape clause included. Government and firms arbitrarily ended TWA-contracts and many agencies closed branches, went bankrupt or were taken over between 1980 and 1982. However, the industry very quickly recovered in 1983, when the guidelines were again changed so that after three months employment by one and the same employer the term was more or less automatically extended.

The general ‘Wassenaar’ agreement between employers and unions of 1982 supported this recovery. This agreement between central government, employers’ associations and unions aimed to revitalize the Dutch economy and drew upon the imagery of strengthening of what was referred to as ‘The Netherlands Inc’. It partly represented a return to the harmonious cooperation between government, employers’ organizations and unions that had existed before the polarization that had set in during the 1970s. The Wassenaar agreement is considered to have laid the foundation of what was later called the Dutch ‘Polder Model,’ which is widely seen as the secret behind the Dutch economic success during the 1990s (Visser and Hemerijck 1997). The central theme in the agreement was to allow more flexibility to both employers and employees in terms of wages and employment contracts. This was expected to encourage entrepreneurship by reducing the risk of hiring new employees and in turn boost the economy and create more jobs.

Another indication of the growing societal acceptance of temporary work agencies was that the FNV unions returned to the negotiation table in 1986, when the collective labour agreement broadened its coverage to all economic sectors. Passchier notes:

‘This fitted the new vision of the services union within the union federation that “agency work” by now should be seen as a type of “commercial service”. That

implicitly accepted the right of the TWA sector to exist as an independent economic sector' (Passchier 2002:14; translation by authors).

1990s: TAW as an acceptable alternative

The economic boom of the 1990s further stimulated the growth of the TWA industry. The influence of the 'free market' paradigm led the Dutch government to encourage industry self-regulation over governmental regulation. This resulted in the 1998 Labour Market Intermediary Act that abolished the licensing system for TWAs. Furthermore, the 1999 Flexibility and Security Act brought temporary agency work under statutory Dutch Labour Law, removing its special status and providing a set of employment rights for temporary workers that were based on the duration of their employment.

These legal developments reflected a change in the underlying logic for temporary agency work during the 1990s. In the 1980s, temporary agency work, while regarded as a useful instrument to solve labour market rigidities, was still seen as a purely *transitional* employment relationship. In the tightening labour market of the 1990s, however, temporary work became, more or less an acceptable alternative for standard (open-ended) employment relationships, where both employers and employees could benefit from a short, but highly effective relationship. This led to more open discussions and dialogues on temporary work between employers and unions. The major central union FNV still took an ambivalent position towards temporary work. In the early 1990s the union finally acknowledged its legitimacy: 'Everyone could see that it worked' (Van der Werff, 2001, 95, translated quote of labour union official Westerhof). On the other hand, in the year that a newspaper noticed that the share of 'flex workers' in the Dutch economy increased after every depression (Financieele Dagblad [FD] 7 Oct. 1996), FNV began to observe an unwelcome tendency of TAW becoming a cheap alternative for regular employment contracts. In practice the maximum term was not six months but one year (Volkskrant 14 July 1996). In a brochure, FNV even described TAW as an 'annihilator' of regular work (NRC Handelsblad 20 Feb. 1996).

Again, the TWA industry first seemed to come under severe pressure, but then bounced back. The so-called flex report by the socialist minister of Social Affairs, Ad Melkert, published in December 1995 was considered by one of his fellow ministers of the liberal party as a death blow to the industry (NRC 1 March 1996). The ABU itself considered it a frontal attack too (Van der Werff, 2001, 137-8). A major bone of contention was Melkert's proposal that TWA should offer its workers a permanent employment contract after two years of service. Thus far, TWA industry had persistently avoided employment contracts. ABU was prepared to make concessions. Still

they were certainly not completely forced onto the defensive. The ABU people were considered very strong lobbyists and even were thought to dominate the major central employers' organization VNO (FD 15 April 1998 and 21 June 2001). ABU obtained the right to individually advise on the Melkert report, although this was a regular task of VNO only. Moreover, the government left it to the social partners to work out an agreement.

A kind of compromise was reached in these discussions with the notion of 'flexicurity' (Wilthagen and Tros 2004). A comprehensive report on 'flexibility and security' of the central labour and employers unions from 1996 (Stichting voor de Arbeid, 1996) formed the basis for the the 1998 Labour Market Intermediary Act (the WAADI Act) and the 1999 Flexibility and Security Act (Flex Act). Representatives of the TWA industry (through the industry association, ABU) were among the architects of these new pieces of legislation. The WAADI Act abolished the licensing system, lifted the still existing ban on TAW work in the building industry and also freed the length of deployment of an agency worker by one and the same user organization from any restrictions. The Flex Act made it easier for employers to fire workers with a permanent employment contract. On the other hand, through the Act the workers employed by a TWA were now brought under statutory Dutch labour law: they finally gained an unambiguous status as employees of the agency. The Flex Act also provided the temporary workers with more job and income security in other ways. Along with the introduction of the new 'flexicurity' legislation, the ABU and the unions made a new collective agreement for the TWA sector that was breaking new ground. The agreement introduced different levels of job security, pension rights and training rights for temporary workers, depending on their employment history with the client organization as well as the TWA.

2000s: Mounting economic pressure and increasing competition

In the years after the introduction of the Flexibility and Security Act, TWA representatives disputed its economic effects, but widely agreed on its important *symbolic* influence (NEI, 2003). The Act effectively put the TWA industry on the map as a 'responsible member' of Dutch society and a vital part of the Dutch labour market. The TWA industry reached an estimated share in total Dutch employment of 4.0% in 1999, higher than the share of its counterpart in any other EU country (see table in Storrie, 2003b, 232). By the turn of the century, and after ten years of straight growth, however, the TWA industry was hit by an economic downturn. The economic recession led to an increasing supply in the labour market, with higher emphasis on costs and efficiency from many of the client organizations that used temporary employment agencies.

Most of the large Dutch TWAs have lost market share in an increasingly competitive and relatively fragmented market that has developed since the year 2000, mainly due to the abolition of the license system. The broadening of the portfolio of activities of the TWAs has resulted in the development of relatively independent market niches (specialized and cost effective management of low skill operatives). To address the growing specialization, two new industry associations emerged, the NBBU (in 1994) and the VIA (in 2004) to represent small local and international TWAs, respectively. At the same time, the removal of stringent industry regulation by the 1998 WAADI Act led to a rapid growth in the number of small and often less quality conscious TWAs, with an accompanying rise in illegal employment and cases of bad working conditions.

Although the industry was by now firmly established as socially legitimate and part and parcel of the Dutch labour market, various high profile cases of such illegal behaviour invoked calls for stricter regulation of the TWA industry. Discussions about containing these undesirable practices led to the development of a NEN norm for ‘requirements and assessment of payment of taxes and social insurance premium and the legitimacy of employment in the Netherlands’ (NEN 4400-1: 2006). For the TWA industry, still represented mainly by ABU, the establishment of the NEN norm was a balancing act: the need to establish legal standards for dealing with the growing problems of illegal TWAs, and at the same time, retaining the regulatory discretion and relevance of the industry association in the temporary labour market.

Development of the TWA industry in Sweden¹

TWA activities were officially accepted by the government in Sweden only in 1991, much later than in the Netherlands. More important was the discontinuation of the public monopoly on employment exchange in 1993, which laid the base for a significant expansion of the TWA industry in Sweden. The history of the industry in Sweden did not start, however, in 1991 or 1993. The far-reaching deregulation of 1993 should rather be regarded as a part of a process, which contributed to its growth and which was an expression of its legitimacy in the Swedish labour market. After 1993, the TWA industry was increasingly covered by collective labour agreements between employers’ associations and labour unions that built upon earlier agreements, in particular regarding the principle of a guaranteed salary pay for the agency

¹ The section on the Swedish TWA-industry is, unless indicated otherwise, based on Bergström et al., 2007.

workers. In this and other ways, despite the legal liberalization of 1993, the industry was significantly regulated by employers and unions.

Partial legitimization during the semi-illegal existence of the TWA industry until 1991

The history of the TWA activities in Sweden before 1993 is similar to the Dutch developments before 1965 in regard to the organisation of employment exchanges. Private employment exchanges have a long history way to the end of the 19th century. However, they were made illegal in 1935. A new law implied that the Swedish labour market board had a monopoly of all services matching supply and demand in the labour market. This board directed, coordinated and developed labour market policy in Sweden and allocated government funds in this field. In practice, the social partners (unions and employers' associations) have nominated candidates for the board, who were subsequently appointed by the government. The re-allocation of the displaced labour to higher productivity firms was the initial rationale for the extensive active labour policy that is still a central feature of Swedish economic policy. It is a central element in the so-called Swedish Model (also known as the Rehn-Meidner Model, named after two labour union economists who 'invented' this model in the 1930s), that can be seen as a model to promote and accommodate structural change. The solidarity wage policy made pure wage competition unviable in the long term and acted to displace low productivity firms (Edin and Topel, 1997). Like in the Netherlands, the Swedish unions thus were generally cooperative towards productivity improvements. Trade unions have an important role in Sweden. For a long time the union membership has been high in the country, and by international standards a large share of the Swedish workforce is unionized. Nowadays, still approximately 80 per cent of all employees are trade union members.

The labour unions' strength was a major underpinning of the ban of private employment exchanges functioning in practice. The Swedish legislation about private employment exchanges drew its content and legitimacy also from ILO conventions, which carried more weight than in the Netherlands. The ILO-convention (no. 96) concerning employment exchanges, that was ratified by Sweden in 1950, reconfirmed the ban on all private employment exchanges for profit making purposes. After several court cases, the labour court interpreted TWA activities as being a form of private employment exchange. Still, there were several companies acting on the - like in the Netherlands before 1965 - fuzzy border between TWA services and subcontracting in the construction sector and in the area of white-collar secretary services. In the latter field, an organisation similar to the Dutch ABU was founded in 1967 by Torbjörn and Ulla Murman, who were at the time owners of Stockholms Stenografservice (later Teamwork). The background to

the creation of this Svenska Kontorsservice förbundet (the Swedish Office Service Association) was a meeting with the European industry association CIETT.

Compared to ABU, Svenska Kontorsservice förbundet played a limited role in the industry; it for instance did not become involved in collective labour agreements. From the trade unions' perspective, the sector was stamped as balancing on the border of lawlessness and the companies were designated as non-serious and as exploiting their workers. The Swedish trade union confederation of blue collar workers, LO, did not want to concern itself with the TWA industry at all. The salaried employees union, called Handelstjänstemannaförbundet (HTF), however, started to negotiate and sign collective agreements at an early stage. The clients of the typing offices were most often in the public sector or within the manufacturing industry. The most natural thing would therefore have been that another trade union would have organised the workers, but there was, according to HTF representatives, no other trade union who wanted to do this. Since typing bureaus were a kind of service activity, the HTF, who organised white-collar workers in the service industries, started to sign agreements with TWAs. This stirred a lot of conflict within the trade union movement and the HTF representatives were regarded as traitors by other unions, in particular by the LO. This resembled Dutch developments; the industrial unions looked down on the service workers unions in Sweden too.

The collective agreements were made between three so-called typing offices, represented by the Employers Association for Commercial and Service Organisations (Handelns Arbetsgivarorganisation or HAO), and the HTF. The first collective agreements were not about the temporary agency workers, but rather concerned the administrative staff within the agencies, managing the matching and placement of workers. This was realized already in 1979. In 1984 the first collective agreement regarding temporary agency workers was concluded between the HTF and the writing bureaus, again represented by the HAO. The agreement included a guaranteed salary for agency workers who were not placed on assignments. In 1988 the agreement was amended implying, among other things, that the guaranteed salary given to agency workers would be 50 percent of their salary when they were not placed on assignments. In congruence with all other industries, the temporary work agency industry in Sweden thus began to become regulated through collective agreements. The principle of a guaranteed salary, that was laid down in the 1984 agreement, represented an important difference with Dutch TWA-practice, since it implied that the TWAs should have a formal employment relation, either by an limited duration or an open-ended contract, with their temporary workers.

Formal acceptance and deregulation (1991-1993)

From the 1980s, the organisation of employment exchanges was evaluated several times by the government and there were several proposals in the Swedish parliament to liberalize these activities. The eventual deregulation was made in two steps.

The first step towards liberalisation was taken by the social democratic government in 1991. A new law introduced several small exceptions on the ban against private employment exchanges. Temporary work agencies were legalised but they were still subject to some important limitations, some of them similar to that imposed in the Netherlands. The use of agency workers were to be preceded by a temporary need for additional labour and the worker could only be assigned to the user company via a TWA for a period of at most four months. There should also be a written employment contract between the agency and the worker, a provision that formally aligned the TWA practice with the general labour practice

By 1991, the TWA industry was still small and, according to Svenska Kontorsservice Förbundet, placement of temporary workers at user organizations amounted to only c. 5000 man-years. It was the deregulation of 1993 that forcefully stimulated the growth of the industry. This second step towards liberalisation was introduced by the newly installed right wing government in 1991 who announced that it was going to withdraw its allegiance from the ILO convention. In 1992 the government announced the formal abolishment of the public monopoly on employment exchanges, which was enforced per 1 July 1993. The purpose was to create a better functioning of the labour market. As there was no longer a ban on private employment exchanges, in principle the new legislation meant that there was no regulation of the temporary work agency industry at all (there were however still a few important limitations, as it was forbidden to charge the individual any fee and to prevent agency workers from taking a permanent job at the user organisation). The Swedish regulation of temporary work agencies was thereby one of the most liberal ones in the world. The decision to discontinue the public monopoly on employment exchanges was received with highly critical voices from the social democratic party and the left party (Vänsterpartiet), who were afraid that an emerging TWA-industry would lead to a more segregated labour market and a reduced matching capacity in the labour market, leading to increasing long-term unemployment. They argued that an increasing number of irresponsible businesses would enter the market, which would lead to a destruction of the good labour relations characterising the Swedish labour market. They were also critical of the way the liberalisation was effected, in particular, that there was no thorough investigation of the consequences that it would have.

The government suggested that a neutral commission would evaluate the results of the reform. It also pointed out that the fears concerning irresponsible businesses and economic crime would be handled by the legal system and should not require any special regulation by law. Any disputes regarding working conditions would be handled through negotiations between the social partners. Of special relevance here was the co-determination act that obliged the employers to negotiate with trade unions in case of hiring subcontractors, since, in principle, trade unions would have the power to refuse employers' use of temporary agency workers in the workplace. Furthermore, the unions could prevent an actual full deregulation of TWA practices through collective bargaining. In 1994 HTF re-negotiated the agreement with HAO. A key condition was that employment through a TWA should have the shape of an open-ended contract. The agreement also reconfirmed guaranteed salaries of 50 percent.

After the liberalisation of 1993, several temporary work agencies entered the market, both domestic ones such as Proffice and multinational firms - the latter mainly by acquiring Swedish TWAs, as for instance Manpower did with Teamwork in 1996. Trade unions were worried about the expansion of TWAs in the Swedish labour market. They regarded agency work as implying an increased uncertainty in the labour market. They also expressed worries for wage dumping and worse working conditions for agency workers. Most importantly, it was regarded as problematic that someone should make a profit from the victims of unemployment.

In 1997 an assessment and evaluation of the reform was made. A commission appointed by the government suggested that the TWA industry should be subject to state authorisation. It also proposed that all employment contracts with the temporary work agencies should be open-ended. Successive limited duration contracts were not regarded as acceptable. Surprisingly, however, the Social Democratic government did not follow the recommendations of the commission and was content with using authorisation as a latent threat. Instead of requiring state authorisation the government relied upon market forces to maintain good working conditions for the workers. This was surprising, because at this time the social democratic party had regained the power in the Swedish parliament and trade unions expected the left wing government to reinstall the monopoly on employment exchanges or at least re-inforce state authorisation or other forms of regulations of the industry. Given the government's rejection of the proposals of the commission, the latter's chairman encouraged the social partners to set up their own regulation of the industry and soon the temporary work agency industry's revived trade association took upon itself this task.

Increase in legitimacy through self-regulation and spread of collective agreements from 1997

Under the impulse of the four leading TWAs, in particular Manpower, in 1996 Svenska Kontorsservice förbundet, was revived under a new name, Personaluthyrnings- och Rekryteringsförbundet (SPUR), and an extensive change of the organization was made. An important part of this change was to create a clear profile. It was therefore decided to change the name of the industry from ‘office and clerical service industry’ to ‘bemanningsbranschen’ (manpower industry), which made a clearer distinction in relation to other industries and also gave it a more modern image.

The main activities of SPUR, just like those of Dutch ABU, were to enhance the legitimacy of the industry. An important part of this work was to co-operate with central state authorities, e.g. the tax authorities, the labour market board and the Office of the Ethnic Discrimination Ombudsman. Members of the organization were required to comply with certain criteria: they had to have been active in the industry for at least 12 months, they should have an annual turnover of at least 3 million Swedish kronor (300.000 Euros) and the management should be responsible and professional. There should be conditions available to take care of the workers in a fair way and to manage human resources in the company with respect to the statutes of the association and the ethical code of conducts. The role of adhering to a sound business moral and respect for the ambitions of the association were emphasised. The industry association also set up an ethical advisory board that would make sure that members followed the ethical codes of conducts of the association.

Despite these activities and assurances, the industry association was regarded with suspicion from the point of view of the trade unions. Several trade unions regarded state authorisation as the only way to create order in the industry and the demand for state authorisation was used as an instrument to put pressure on and to bring about change in the industry. However, trade unions could also see that the SPUR-membership did put some pressure on the members and that the attitude of the companies in the industry was more serious and accommodating than before.

The central actor in the revival of the trade association was Torbjörn Rindås, who became spokesman of SPUR in 1996. Before that, he had represented the TWAs interests in employers association HAO; he was already involved in the collective labour agreement of 1984. Still, even though the organisation was located in the office of the Confederation of Swedish Employers, the organisation was defined as an industry association and not as an employers’ organisation. This implied that collective labour agreements with the unions still were made by general employers associations. The employers’ application of the agreement of 1994 (see above) became a

disappointment for the trade union. The reason for this was the rules for unemployment benefits at the time, which made it possible for employers to employ workers on a limited duration contract and then leave them to receive unemployment benefits while they were not placed on assignments with clients. Thus, the rules implied that the TWAs could transfer the labour cost to the unemployment benefits, a possibility which they – according to HTF – used extensively.

As a response to this, the HTF notified this situation to the media, whereupon the national labour market board, from which the employers had withdrawn in 1991, decided in 1996 to exclude temporary agency workers from unemployment benefits. This decision made it even more important for employers in the TWA industry to sign collective agreements. In 1997 HTF and HAO signed a new agreement. In this agreement the guaranteed salary was raised to 75 percent, which implied that it became equal to the unemployment benefits level. The agreement also included the academics trade union and the civil engineers.

Since HTF was the first trade union to sign collective agreements it received a particular role compared to other trade unions, it was legitimising the agency industry, while at the same time it critically monitored its development. The collective agreements were extended to cover more and more trade unions. The reason for this was that the TWA industry was expanding to more and more areas and new occupational groups. It became for instance more common among highly educated workers to work as agency workers. Maybe most importantly there was an expansion of TWAs in the health care sector. There was an acute lack of labour in the health care sector and TWAs were presented as a solution to the problem. There were also examples of collaboration between public and private employment offices. The industry also expanded in new business areas, for example outplacement, recruitment and outsourcing.

TWAs were established in new geographical areas, outside the large cities. In 1998 several new TWAs were started. The expansion was no longer only due to the large companies. There were also a number of structural changes in the industry. In February 1998, Proffice acquired the Swedish company, Kontorstjänst, and could thereby increase its market share. Several TWAs entered the Swedish stock exchange and the industry was described in finance newspapers as one of the most expansive industries in the Swedish economy. In 1999 the industry turnover increased by 71 percent and there were more than 400 companies in the industry. But the share of agency workers in total employment of 0.8 percent remained relatively low compared to 4.0 percent in the Netherlands at that time (Storrie, 2003b, 232).

The fact that TWAs expanded to new occupational areas and that more and more workers were working as temps gave rise to trade unions' attention. The unions found themselves in a new situation and had to do something about it. An important reason for the trade unions' change of

policy in relation to TWAs was that they could no longer block the way for it through state regulation. TWAs were here to stay. It was important to take the members interest into consideration in a pragmatic way. It became evident that there were examples of agency workers who had acceptable working conditions and sometime better than those of the permanent workers. The health care sector was such an example. This meant that it was increasingly difficult for trade unions to maintain the image of the TWA industry as something completely negative. While other trade unions had been sceptical, the health care workers trade union regarded TWAs as a type of employer that created competition and change in an otherwise locked situation for the workers.

Thus, although the trade unions opinions about TWAs remained differentiated and in particular LO still considered it as something that should not exist, the collective agreements spread to more and more workplaces, companies and trade unions. In 2000 an agreement between the central employers' association Almega (Tjänsteföretagens arbetsgivarorganisation) and LO was signed. This was regarded as a breakthrough for the establishment of the TWA industry in the Swedish labour market. Now even the blue-collar workers trade union had made an agreement with the industry. From the TWA industry's perspective it meant that the last pocket of resistance against the industry was defeated. As a consequence, the TWA industry may be regarded as integrated in the core of the Swedish model of industrial relations. The collective agreement coverage in the Swedish TWA industry is now remarkable in an international perspective.

Conclusions

We draw a few central conclusions from our comparison. Both in the Netherlands and Sweden getting societal acceptance was a main point of focus for the TWA industry from an early stage. The first TWAs that organized themselves in trade associations focused exclusively on service work and entered into collective labour agreements with the unions mainly for the sake of gaining legitimacy. Nevertheless, this strategy of gaining-acceptance-at-some-costs enabled the TWA industry to cumulatively broadening its base and increasing its legitimacy throughout the years.

In the Netherlands it was able to do so in a context of tripartite regulation of the labour market at the central level, wherein both the government and the unions took a rather ambiguous attitude towards the newly emerging industry. The government began to support and legalize TWA activities already in the 1960s, but – mainly reacting to persistent dubious or even illegal activities of intermediaries in the labour market and rising unemployment - introduced some

significant limitations on TWA practices in the 1970s, later to be removed again. The major labour union initially seems to have underestimated the viability of TWA-industry. When the union changed its course to a fundamental opposition to commercial TWA activities in the mid-1970s, the TWA-industry had already built up a certain position. Through successive stages of the business cycle, its share in employment moved upward and it was more and more accepted as a legitimate player in the field of labour provision, fulfilling an increasing number of functions.

In comparison, the Swedish TWA industry seemed to operate in a context of less ambiguous practices in and views concerning the labour market until the early 1990s. Swedish government and labour unions' commitment to the public monopoly on employment exchanges relegated firms involved in temporary work solutions much longer to a (semi-)illegal existence than in the Netherlands. More in general, the strong position of unions - also on the firm level, limited the possibilities for deviation from prevailing labour practice. While the Dutch TWAs were long able to stick to an organically developed practice, according to which they could rid themselves of the temporary workers at will, their Swedish counterparts were forced to incur part of the costs of unemployment of the temporary workers from an early stage. Even after the far-reaching liberalization in 1993, the prevailing general labour practices continued to put their mark on the industry as unconditional open ended-contracts, including a very high salary guarantee level, became the norm in collective agreements made in the Swedish TWA business.

In other words, as institutional entrepreneurs, TWA representatives defined the malleability of their environment as significantly limited and acted – with their focus on gaining legitimacy - according to this perception. In this respect the Dutch context provided TWAs with more leeway in creating and sustaining idiosyncratic solutions than the Swedish one as they could draw on a more ambivalent attitude towards TAW. As such, agency by institutional entrepreneurs mattered, as representatives of the Dutch trade association ABU showed an unusual vigour and ability in shaping the organization of temporary agency work emphasizing societal legitimation and responsibility.

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