

# Employability and job security, friends or foes?

## The paradoxical reception of employacurity in the Netherlands

### **Abstract**

The idea that investing in employability is the answer to creative destruction caused insecurity originated in the context of Silicon Valley. Paradoxically, this ‘employacurity’ discourse has taken root in the Netherlands, a country in which the employment system is firmly based on the norm of job security, the total opposite of Silicon Valley’s employment system. Although management gurus have built an attractive discourse on employability, an associated collective action problem detracts from its realism. The Dutch case exhibits mechanisms that may alleviate such a collective action problem. These mechanisms are explored via an examination of policy documents, a quantitative analysis of collective labor agreements and two cases, one of a large bank and one of an industrial company. A craving among Dutch employers for flexibility, fueled by the norm of security that impacts their perception of potential benefits of investments in employability is crucial to our understanding of employacurity in the Netherlands.

**SER keywords:** employers, collective bargaining, flexibility, industrial relations, human resources

**JEL classification:** M12 new firms; startups, M53 training

### **1. Introduction**

*Enhanced employability is the new job security.* This idea is now dominant in the Netherlands, when it comes to managing the unemployment risk. We see it as a frame designed to organize experience by simplifying and condensing aspects of ‘the world out there’, to find resonance and to guide action (Benford, 2000). In this paper, the guiding question is: What enables this frame to fulfill its mission?

After some conceptual clarification, we attempt to deconstruct the original core of the discourse, focusing on its built-in attractions. This discourse is the product of American management gurus<sup>1</sup> who present the employment system of Silicon Valley as a model that, in their view, can be generalized to wider society. Accepted theory, however, suggests that collective action problems detract from the realism of the gurus' visions. We attempt to shed light on context-dependent mechanisms that may alleviate such collective action problems. We do this by examining the paradoxical reception of the frame in the Netherlands. It is paradoxical, since it took root in a context that is the opposite of its context of origin: in contrast to Silicon Valley, the Dutch employment relations system is firmly based on the norm of job security. Empirically, we base our argument on an analysis of agenda-setting documents produced by the main Dutch union confederation and the main Dutch employers' association, a database of collective labor agreements and two cases of Dutch organizations that exhibit a high level of activity regarding employability.

## **2. Conceptual clarification**

The concept of employability, roughly meaning capability to be employed, often comes across as fuzzy, slippery, complex and variegated. Therefore, some conceptual clarification is necessary. In the conceptual literature we see several attempts to create order by constructing typologies. Tamkin and Hillage (1999), who reviewed the literature and interviewed experts, distinguish five basic strands of employability and two emerging themes, one of which they subdivide into two perspectives that involve four types of skills. Gazier (1999) distinguishes seven main concepts of employability.

There is, however, no need for an explosion of complexity here. In the conceptual literature, some authors go beyond differentiating and look for the one leading interpretation. Gazier notes that there is a development in the way in which employability tends to be seen, and suggests, as the most up to date definition of employability, that what makes 'each worker a more aware and a more independent organizer of the succession of activities and commitments that, combined, constitute his/her working life' (2001, p. 23). Schmid (2006), in the same vein, stresses that autonomy is an important component of employability. In general terms, the integrative definitions of employability amount to empowerment in matters of

career development. We take the above as a starting point and we will analyze employability from the perspective of empowerment.<sup>2</sup>

### **3. Management gurus have linked employability and creative destruction in an attractive frame**

The deep structure of what management gurus do is the following. First, they define some social and/or economic problem. Then they launch a concept that promises, when wholeheartedly applied, to help solve or alleviate the problem. In this case, the problem in question is creative destruction (cf. Schumpeter, 1942). Adapting an organization to creative destruction entails the disappearance of job security (Kanter, 1991). To thrive in an era of creative destruction, companies need to be nimble. This involves moving into territories where the existing workforce may not be able to follow. Therefore, employers can no longer promise job security; job security is obsolete (Ghoshal *et al.*, 1999, p. 15; Herriot and Pemberton, 1996), long-term secure employment is a thing of the past (cf. Kanter, 1993). In the Netherlands, Gaspersz and Ott (1996), inspired by Kanter, announced the death of job security, notwithstanding that they note that, at the time of writing, people were clinging to their jobs more than ever before in the Netherlands. The number of people switching employment in one year had declined from 15% in 1990 to just 8% in 1994.

The solution to the problem of creative destruction that the gurus promote is enhanced employability. Kanter (1989) lifted the term employability from the context in which it was normally used, that of people without work (cf. Orr, 1973), and applied it to employees. Consistent with the analytical debate, management gurus, right from the beginning, saw employability as a form of empowerment. Kanter describes how employees ‘create their own opportunities’ in organizations of which ‘entrepreneurialism’ is a defining characteristic (1993, p. 305). Littleton (2000) speaks of ‘boundaryless’ careers, that develop in a context structured by the actions of the employees. Savickas sees individuals as ‘managers of their own worklives’. He maintains that the new pattern is best understood from a constructivist perspective because such a perspective concentrates on ‘self-conceiving, self-organizing processes’ (Savickas, 2000, p. 59). Waterman *et al.* approvingly quote managers of companies that have employability policies in place as saying: ‘we became convinced that we

had a responsibility to put employees back in control of their lives' and 'the new covenant is about empowering people so they have job choices when circumstances change' (1994, pp. 88–89). Waterman *et al.* also tell us that companies at the cutting edge 'give employees the power to assess, hone, redirect, and expand their skills so that they can stay competitive in the job market' (1994, p. 88).

Conversely, authors tend to describe what they see as the disappearing pattern of employment in terms that refer to a lack of freedom. Littleton (2000) depicts the development of a working life in the old pattern as 'pre-ordained' and the careers as 'bounded' i.e. prescribed by organizational structures. Ghoshal *et al.* (1999) suggest that the new type of human resource management puts an end to the dependent position of employees.

A second characteristic of enhanced employability, as prescribed against the woes of creative destruction, is that it is something that can be created. The idea is that employability is amenable to substantial enhancement by investing in it (Kanter, 1993). Possible assets to invest in are: awareness of marketable skills and talents, self-presentation efficacy, actual levels of skill, knowledge and experience (Ghoshal *et al.*, 1999). In addition to this, some theorists emphasize that cultivating a personal network is key to a successful 'boundaryless' career, because of the value of ties as such, and of the opportunities provided for learning (Arthur and Rousseau, 1995). Kanter suggests that a viable strategy for organizations is to provide 'ample learning opportunities, from formal training to lunchtime seminars—the equivalent of a month a year', 'challenging jobs and rotating assignments that allow growth in skills' and 'three months educational sabbaticals or external internships every five years', as well as to 'retrain employees as soon as jobs become obsolete' and to 'find job opportunities in the organization's network of suppliers, customers, and venture partners' (1991, p. 9). Waterman *et al.* (1994, p. 89) add that organizations can make employees aware of their 'skills, interests, values, and temperaments'. As suitable instruments they mention benchmarking, self assessment and establishing a career center that offers testing, counseling, seminars and information about jobs in and outside the organization.

There are several other features of this line of thinking that make it attractive. One of its attractions is that the prescription of enhanced employability is universally applicable; there is little contemplation about what works where. Beginning with Kanter (1991), advocates of

stepped-up investment in employability seem tacitly to assume that it will benefit anyone, and that this will be so from school-leaving age to retirement age. Statements such as ‘from full employment to full employability’ and ‘from lifetime employment to lifetime employability’ also suggest universal applicability.

A further attraction of this type of thinking is that management gurus paint a win-win situation for all parties, de-emphasizing or bridging contradictions. In their analysis of employability discourse, Hallier and Butts (1999, p. 6) see it as a rhetoric aimed at defusing intensifying antagonisms by suggesting an area of parallel interests between employers and employees. They also see it as a legitimating strategy towards public opinion: it shows companies making investments in people that benefit the economy as a whole.

The present discourse seems to mask a shift in power to the advantage of the employers. Psychological contract theory plays a role in this. A psychological contract is a set of expectations that the employer and employee have of each other. The theory is that the ‘old psychological contract’ in which the employer was expected to try and maintain a permanent employment relation with the employee in exchange for loyalty and performance is giving way to a ‘new psychological contract’ where the above no longer holds. The use of the word ‘contract’ here suggests that it is somehow binding for both parties in the employment relationship, i.e. that the employee is not completely at the whims of the employer. In the new psychological contract, the expectation is that employers will invest in their employees’ employability, in exchange for employee commitment (Ellig, 1998). Commitment, in this context, is thinking of opportunities instead of entitlements (Ellig, 1998) and thriving in a ‘performance culture’ (Rajan, 1997). Anderson and Schalk tell us that commitment entails ‘intrapreneurship, innovation, enacting changes to improve performance, excellent performance’ whereas previously ‘loyalty, attendance, satisfactory performance, compliance with authority’ sufficed (1998, p. 642).

Finally, management gurus associate their ideas with tremendous business success and prestigious dynamism. Credibility is derived from an empirical basis. In this case, it is Silicon Valley. In the 1990s, Silicon Valley was, like Japan in the 1980s, in terms of economic dynamics, the most widely respected territory on the planet. Kanter's heroes were the ‘roving engineers’ who created Silicon Valley. The same people provided the prototype for Littleton's

(2000) 'boundaryless' careers. Waterman *et al.* (1994) give examples of employability policies in renowned Silicon Valley companies, based on their own experience: Judith Waterman and Betsy Collard were involved in Silicon Valley based organizations that provided career counseling.

To summarize: management gurus have created a distinctive, consistent frame that promotes continuous investment in employees' employability as the key to long-term security. It is built on an empirical reference, Silicon Valley, and on a set of beliefs centred on learning, networking and win-win relations.

After surveying these characteristics, it seems legitimate to ask what was new here. After all, that being attractive to employers is a source of security, and that learning opportunities are valuable can hardly count as spectacular insights. What was new was the connecting of a specific conception of employability, seen as empowerment of employees, and creative destruction, and packaging this in a strongly voluntaristic discourse. To be able to develop and present an analysis of what makes this frame successful in terms of finding resonance and guiding action, we need to attach a label to it, we will call it 'employacurity'.

#### **4. Potential wishful thinking and a collective action problem**

According to standard theoretical reasoning, the employacurity model should present a serious collective action problem. This is because it involves creating a skills formation system which is widely thought of as a collective good dilemma: for an employer, investing in his/her employees is less rational than poaching trained staff from competitors (Crouch, 2006). The 'guru' literature exhibits little awareness of this. It promotes investing in employability as a tool for retaining valued employees (Ghoshal *et al.*, 1999, p. 17; Vries *et al.*, 2001, p. 1193), and as a way for a corporation to establish a reputation as an interesting potential employer. Ghoshal *et al.* (1999, p. 16) mention Motorola with its 'Motorola University' as an example. The theory of the new psychological contract also hints at a private good that the employer can gain when investing in employees' employability: a non-sticky kind of employee commitment.

Several authors suggest that enlightened entrepreneurship can play a role in a decision to invest in employability. Ghoshal *et al.* (1999) assert that top managers who want to create

more value beyond just shareholders' value can do this by investing in employees. This provides a way out of a zero-sum frame of thought which causes top managers to hollow out their companies in endless rounds of reengineering and restructuring. It also unleashes innovation, cooperation and the sharing of knowledge from the boundaries formed by pure self-interest as an organizational guiding principle (Ghoshal *et al.*, p. 1999). Kanter (1993) speaks of creating 'social value'.

How valid is the pundits' claim that Silicon Valley's (probably stylized) model can be generalized to the wider society? The Silicon Valley model exhibits specific characteristics that are often cited as being able to help solve or alleviate the collective good dilemma. One of these is Silicon Valley's nature as an industrial district. Porter (1998, p. 78) argues that in industrial districts, defined as 'geographic concentrations of interconnected companies and institutions in a particular field', the ties between companies make the potential for collective benefits more easily recognized. Therefore private investments in public goods, such as training programs, are more likely to happen in a tightly-knit industrial district than in areas where at most, arm's length market relations between organizations exist. In addition to this, one may expect that networks also facilitate a flow of people across opportunities (Kanter, 1995).

Another factor which may help solve or alleviate the collective good dilemma is the knowledge-intensity of the work. Crouch (2006) mentions the knowledge-intensity of the work as a factor contributing to private investment in a public good skills formation system. This seems logical when we are dealing with activities that, by their nature, are so knowledge-intensive that getting the work done and creating a learning environment are two sides of the same coin. Evidently, this factor is also present in the Silicon Valley case.

Looking at the question of possible generalization of the Silicon Valley employment model, Kanter (1995) realizes that this would not be straightforward. She concludes that public action would be necessary, specifically in the form of providing supporting networks between firms.

## **5. The paradoxical rise of employacurity in the Netherlands**

In the US, after the 2000 dot-com bust, the appeal of employacurity faded. Instead, the general prospect became just heightened mobility combined with insecurity (Katz and Wheeler, 2004). In contrast to this, in the Netherlands, the vision of employacurity not only became popular in the late 1990s, but its star has continued to rise. We will argue that there is a paradox: although employacurity aims to generalize an employment system that is the total opposite of job security<sup>3</sup>, it is most productive in an employment system that is based on the norm of job security.

The rise of employacurity in the Netherlands began when the Dutch discovered the untranslatable word ‘employability’. This happened in the early 1990s when a leading consultancy firm, Berenschot started to promote the concept to human resource management professionals and labor market specialists. The word ‘employability’ appeared for the first time on a Dutch newspaper page in 1993 when Joep Bolweg, consultant and managing director at Berenschot Social Management Group, voiced his opinion about standardized career tracks: ‘Extremely dangerous, because they create false expectations. The organization of the near future is unknown, as are the positions in it that have to be filled. There is no resort other than increasing the versatility and employability of the employees’ (Meijnen, 1993, p. 23).<sup>4</sup> In response to a query in 2009 as to where he had first come across the term employability, Bolweg said that it was in the US.

Heleen Mes (1995), also from Berenschot, published the first Dutch article on employability, and in the section that explains the concept of employability, the sources quoted are Robert Saldich, president of Raychem, a Silicon Valley company, and management guru Robert Waterman. The first Dutch book on employability was published in 1996 (Gaspersz and Ott, 1996). It quotes and builds on Kanter’s ideas.<sup>5</sup> In short, the two seminal Dutch texts exhibit diffusion exclusively from the US.

The next phase in the diffusion process in the Netherlands involved the adoption of the concept by the key Dutch labor market and economic institutions. When explaining employability, policy documents from this phase refer to the two seminal Dutch texts. In late 1996, the Dutch Labor Foundation, the joint institution of employers’ associations and unions that sets the agenda for collective bargaining, produced a policy document on employee training (Stichting van de Arbeid, 1996). Referring to the Gaspersz and Ott (1996) book, the



authors adopted the perspective of ‘employability’, noting that there is not a good Dutch equivalent for the term. In 1997, the Ministry of Economic Affairs organized an ‘Employability Conference’. Prime Minister Wim Kok spoke about the topic. In the conference documents, the source referred to for the meaning of employability is again the Gaspersz and Ott book (Andriess and Planken, 1997). The Dutch Socio-Economic Council and the Central Planning Bureau followed with policy documents that exhibit the same pattern (SER, 1998; CPB, 1999).

References to employability recommendations made by international institutions only occur in Dutch policy documents post 2001, that is only after the employability discourse and policy had been firmly established in the Netherlands. Here, the context of references to documents of international bodies is one of justification rather than discovery. An example is a 2002 Dutch Labor Foundation report that focuses on EU recommendations (Stichting van de Arbeid, 2002). This report notes that the Labor Foundation had already been working on the issue of employability for six years, and that the EU recommendations were, to an extent, based on the Dutch experience. In short, during the phase in which employability policy became established, the policy documents of the key Dutch institutions exclusively refer to a small, Dutch base of seminal literature. This seminal literature, in turn, is based on what we have called American guru thinking, thinking that has an empirical background in Silicon Valley.

More recently in the Netherlands the concept employability has started to inform the debate about the future of the welfare state. Thinkers on this subject tend to emphasize investment in employability rather than consumption, with the popular metaphor shifting from ‘safety net’ to ‘trampoline’ (Leijnse *et al.*, 2002). In 2007, the concept of employability was incorporated into the coalition agreement that formed the basis of the new Dutch government (Balkenende IV).

## **6. Unions and employers' associations**

In the Netherlands, both employers' representatives and union leaders tend to be adamant about employability. We can take this as a consensus, however with one qualification: when unions and employers' associations speak about employability, they are not entirely speaking

about the same thing. During the 1998 collective bargaining round, it became apparent that employers and the trade unions did not agree on how to translate the word ‘employability’. The Dutch union representatives chose ‘*weerbaarheid*’ meaning empowerment (Veenis, 1998)<sup>6</sup>, while the employers thought of ‘*inzetbaarheid, mobiliteit, flexibiliteit*’, which means availability or usability, mobility, flexibility. Defining employability in this way, the employers stressed traits that they felt were desirable in employees. We traced the employer-favored definition back to the Berenschot consultancy firm. In his 1993 interview, its managing director/consultant Joep Bolweg defined employability as ‘willingness to take training, usability, geographical mobility and positive attitude towards change’ (Meijnen, 1993, p. 23). When Heleen Mes (1995), from the same consultancy firm, elaborated on this definition in a Dutch management journal, she described the origin of the term employability as a combination of the words employment and adaptability. According to Gaspersz and Ott (1996), however, this is an etymological myth.

The differing ways in which employability has been interpreted in the Netherlands persisted. We analyzed a database containing programmatic texts produced by the trade union confederation FNV and the employer's association VNO/NCW (Verbond Nederlandse Ondernemingen / Nederlands Christelijk Werkgeversverbond). Our research strategy was to examine every document for sections containing the word ‘employability’, and then to determine how the authors had defined employability in each case. The results are summarized in Table 1.

<insert table 1 about here>

The concept of employability hit the Dutch employment relations scene in 1997. At first, the unions treated the term with reservations. Then they started to associate it with training, which led to their embracing of the concept of employability as a form of empowerment for the employee. The employers started with a definition that included usability, mobility and flexibility and have kept to this.

The inclusion of the terms usability, mobility and flexibility in the definition of employability favored by the employers is crucial. It creates an image of employability that can help

employers to overcome the collective good dilemma that investment in employability entails. This is because of the promise of a private benefit, i.e. that it will be easier for employers to move their employees around.

The Dutch employment relations system is based on the norm of job security, leaving employers with a craving for more flexibility. The inclusion of usability, mobility and flexibility in the employers' definition of employability allows it to speak to this desire, producing a discourse that might lower the barriers for investing in the public good, and as a result of Dutch central coordination of collective bargaining through bipartite institutions, this discourse works through in collective labor agreements.

It is important to realize that the inclusion by the employers of usability, mobility and flexibility in their definition of employability only has consequences at the level of ideology. Increased usability, mobility and flexibility are aims, not assets that lend themselves to direct investment. On the practical level, assets that do lend themselves to direct investments are skills, knowledge, insights and contacts. There were no indications that Dutch employers and unions felt differently about this.

The central part of the argument can be summarized as follows: the inclusion and confusion of usability, mobility and flexibility promises a private benefit to employers—a way around the collective action dilemma. The proposition of such a private benefit is possible because Dutch employers crave flexibility, and this, in turn, is because the Dutch system is based on the norm of job security.

## **7. Collective labor agreements**

Collective labor agreements can help solve the collective action dilemma, provided that they cover a sufficient number of employers in a given industry. What also helps is that, as a measure to protect workers, Dutch law makes industry-wide enforcement of collective labor agreements possible (CPB, 1999).

We analyzed a database containing collective labor agreements, and found a relationship between investments in employability and items that regulate and make possible flexible employment. This suggests a quid pro quo. It is easier to reach an agreement on investments

in employability, in this case training that is not job-related or function-specific and the creation of personal development plans, when the employers' craving for flexibility is catered for simultaneously. Again, this signals a mechanism that can make employability productive in a system based on the norm of job security. We will cover the analysis in some detail below.

We made use of the DUCADAM dataset, created by the Amsterdam Institute for Advanced Labour Studies using the data contained in the FNV Collective Labor Agreements Database. It covers nearly all collective labor agreements concluded in the Netherlands from 1995 onwards and spans all sectors of the economy. Collective labor agreements are coded on 650 main variables (Schreuder and Tijdens, 2004). We used the data from 1995 up to 2003.<sup>7</sup> The total number of cases in our analysis is 2162.

When it comes to finding indicators for investment in employability, the subject of training presents something of a problem. We can picture training in a continuum. At one extreme, training is completely job- and company specific, at the other extreme of the continuum there is training that is general and not job-related. In between the extremes we find training that is multifunctional. Such training can help someone's performance on the job, and, at the same time boost the employee's employability.

We would not regard job- and company specific training as an investment in employability, conversely it is straightforward to see training that is general and not job-related as investment in employability. In short, taking all training as investment in employability would lead to an overestimation. Thus, because we prefer to err on the safe side, we decided to restrict ourselves to the extreme of not-job related training. Luckily, the designers of the database had created an indicator for not job-related training, which we used. An additional advantage of only taking clearly not job-related training into account is that it provided a focus on investments that are strictly towards the public good of an employable workforce, which is at the heart of our argument.

Apart from this, we included in the analysis an indicator for personal development plans. Again, we see this as unambiguously investing in employability as a public good. Together, both indicators make up a dichotomous variable for employability policy. It has the value of 1

if job-unrelated training and/or personal development plans are included in the collective labor agreement (26.0%).

To illustrate, an example of a clause in a Dutch collective labor agreement that underpins investments in employability reads:

‘Both the employer and the employee have their own responsibilities in relation to development efforts. The responsibilities of both parties are expressed in the targets of development policy:

- to keep the knowledge of the employees up to date, as a way to prepare them better for their jobs or to enhance their multi-functionality.
- in the long run, employees should be able to move to a different job.
- there will be additional training efforts for employees who risk becoming undertrained for their jobs. There will also be extra training efforts for employees who are sufficiently qualified but who are no longer used to learning.’ (collective labor agreement of Croda, formerly Uniquema, 2008, p. 60.)

Suitable indicators for clauses on flexibility are also present in the dataset. There are two indicators that correspond to the concept of numerical flexibility. One of these records whether the collective labor agreement makes it possible to conclude labor contracts for fixed terms. Another indicator captures clauses that make it possible to offer zero-hour contracts, i.e. contracts without rights of employees to work. We created a new variable for numerical flexibility. Its score is 0 if none of the items were found within the collective labor agreement (50.6%) and 1 if one or two of the items was/were found within the collective labor agreement (49.4%).

An example of a Dutch collective labor agreement clause that entails numerical flexibility reads:

‘For on call workers the work schedule depends on the supply of work. It will be distributed a week in advance’ (collective labor agreement of ABP Loyalis, 2006, p. 14.).

In a cross tabulation of employability and flexibility within collective labor agreements, we can see that there seems to be a relation between the two (Table 2). When there are no arrangements made about investments in employability the majority of the collective labor agreements will not contain arrangements about investments in flexible labor contracts (57.8%), but when there are employability arrangements within the collective labor agreement the majority contains arrangements of flexible labor contracts (69.8%). We found a correlation between the two variables of .24\*\*.

<insert table 2 about here>

The data cover the years 1995 through 2003. The proportion of collective labor agreements with clauses on investment in employability arrangements grew over time, from 5,7% in 1995 to 31,4% in 2003. The proportion of collective labor agreements with clauses on numerical flexibility also grew.

The rising tendency in these variables introduces the problem of possible spurious relationships. It could be that both factors have risen together through time, but independently. A way to take this possibility into account is to perform a linear regression analysis in which the factor time is one of the independent variables. Controlling for the factor time, this analysis showed that a significant effect of flexible labor contracts remained (table 3).

<insert table 3 about here>

To summarize: the regression analysis shows that collective labor agreements containing clauses on investment in employability are also more likely to have arrangements that focus on numerical flexibility, an indication that investment in employability is traded for flexibility. The small percentage of the total variance explained is immanent to the method used. It also reflects that contingent factors play a large role. There are indications that employability, apart from its intrinsic value, is a convenient bargaining chip in the final phase of wage negotiations. Joep Bolweg provided the following example. It occurs that the unions

ask for, say, a three per cent wage increase, while the employer is reluctant to give in. A not unlikely outcome is a two per cent wage increase and one per cent allocated for investment in employability. The unions can claim the success of obtaining three per cent more for the employees, while the employer keeps control over one third of the financial space for wage increases. Once such an agreement is reached both sides tend to extol the virtues of employability. As Bulmahn and Kräkel (2002) show, in cases where jobs are associated with high risks employers tend to wish to have overeducated workers. The reason is that workers who are educated beyond the basic level required to perform their job are more capable of taking appropriate measures and of improvising if necessary, when something goes wrong.

## **8. Case studies**

### *8.1 The case of a large bank*

In this section we will explore how employability guides action on the level of the organization. For this, we selected the case of a large bank, ING, that has considerably enhanced its employability policy. Brakenhoff, Dusschooten *et al.* (2008) presented it as a case in best practice of social innovation. The sources which we used are the employability sections of a succession of six collective labor agreements spanning the time period from the year 2000 until 2010, and interviews with protagonists, the top human resource manager for the Dutch operations consisting of 28 000 employees and the key trade union negotiator. Specifically, we were interested in how the collective action problem was managed. Before ING enhanced its employability arrangements, they consisted of the following aspects, which remain in place: in every part of the organization, employability consultants provide coaching to employees, employees have to make personal development plans that are discussed and evaluated on a yearly basis and job rotation exists to enhance experience. There is a website that offers tests and an 'e-coach' (Bosveld, 2009). In one year it received 77 000 hits, users downloaded 50.000 test reports.

When downsizing is on the horizon, say a reduction of the size of a hundred jobs, not just a hundred employees are given notice, but instead an entire department of maybe a thousand is declared 'preventive mobile'. This means that everyone's job is theoretically at risk, and that the facilities provided by the social plan, such as training and coaching, are open to all. The

idea is that the broad approach will lead employees to see investment in employability as a preventive measure, rather than as a way of softening the blow when downsizing.

In an earlier phase, in the mid 1990s, ING had programs for employees with little formal qualifications designed to bring them up to the level of a vocational training diploma.

The enhancement of the employability arrangements entailed earmarking ten million euros per year, laid down in the collective labor agreement, for investments in employability that are not related to the work that employees are doing or are planned to be doing in the future. This is on top of the employability arrangements already in place. Every employee can spend around 1200 euro over the course of three years on activities, especially training, that are related to work in general and to development. Part-time employees, regardless of how many hours they work, are also entitled to 1200 euro. Willem Daalder, the top human resource manager of the Dutch part of the bank, sees the 1200 euro plan as a 'means to create a shift in mindset' (interview). The arrangement was modeled on an arrangement that the union FNV Bondgenoten used internally. Union official Fred Polhout said that it was important to him that he knew that it could be implemented successfully, because 'otherwise you are organizing your own defeat' (interview).

It is essential to the scheme that employees take the initiative. They enter their proposals on-line. A special team evaluates the proposals; evaluation is swift and without going into details. The teams that review applications consist of two persons, a second level manager and the HR manager of the business unit. The HR manager especially has little time to spend on each application, since the unit for which he or she is responsible, retail for example, may comprise as many as 12 000 employees. The team members review each application via computer. If their assessments differ, they then discuss the case.

One valid reason for turning down a proposal is that it is too closely related to the actual work an employee does, and therefore within the realm of the budget for regular training. The employee's supervisor has no say in the spending of the 1200 euro for employability. The activities are undertaken in the employee's own time. A communications campaign 'me and my employability' supports the program. It includes a magazine that portrays employees who worked on their development. It shows, for example, a call center agent who learnt truck driving and aspires to become a truck driver. There are on-line 90 second movies in which



employees talk about what they going to do in the 1200 euro scheme and their motivation for it. A set of posters depicts employees representing various viewpoints. Examples are:

- 'I want to get more out of my job', put forward by a support worker, who is 'investigating what else is possible'.
- 'For years I have been wanting to do something else', stated by a commercial clerk, 'soon to be the owner of a dog hotel'.
- 'For the moment I want nothing', the reaction of a project team member who wants 'to continue with this for some time'.
- 'I don't want to lose my people', a statement by a manager. (Brakenhoff, Dusschooten *et al.*, 2008. p. 173-175)

In 2008 there were 4 900 applications, spread among all levels of the organization, of which 72% were accepted. The top human resource manager has found some resistance among managers, to which he tends to react by telling them that if they see good people leave after taking advantage of all the opportunities for development, capable replacements are bound to turn up: 'in a way, it is the psychological contract' (interview). The Dutch Tax Administration is also a source of some resistance, due to a tendency for it in some cases to see the employability money as taxable income. The trade union official sometimes finds himself explaining to a manager that the employee needs to take the initiative, and that management suggestions as to what to do are unwanted.

What made this enhancement of employability policy possible? There were several ingredients that came together. One is the clear vision of the protagonists. The HR manager views employability as empowerment: 'Make sure that people become resilient, that they can take responsibility. This is much better than when someone cares for them. Thus, what I am trying to do is to make people take responsibility, to be in control of their own career'. He takes care to avoid confusion with mobility: 'Often, what you see is that employability is synonymous to mobility. Here, that is absolutely not the case. Employability may lead to mobility, but it is not the same' (interview). The FNV trade union negotiator: 'Employability is the way to keep people in employment longer. Give people opportunities. Of course, some people will take care of themselves and other people will need help. If you invest as much as

possible, some people will see the light. We are trying to do this within ING, with the employability budget, for which the FNV has made a big effort' (interview).

Then, there was the window of opportunity that opened in 2006 with the bargaining about the Social Plan, i.e. a plan that stipulates how layoffs will be handled. At ING, large reorganizations, plus outsourcing, loomed on the horizon, and negotiations took a full year. This prompted a desire to stop managing the consequences of change exclusively at the 'back end', and instead also do something at the 'front end'. The goal was to avoid sending employees into unemployment by facilitating transitions from 'work to work'. Thus, this window of opportunity was opened in a quest for flexibility without violating the norm of job security.

The same holds true in the justification process for the 10 million per year expenditure for the employability budget. It involves, as part of a 'dashboard' showing key performance indicators, keeping track of and reporting inter-divisional mobility and lay-off costs, both indicators of flexibility. Again, we see a private payoff for the organization in conjunction with investment in the collective good. This private payoff, flexibility, is valuable in the context of an employment system that is based on the norm of job security.

## *8.2 The case of an industrial firm*

Employability policy is firmly institutionalized at Royal Philips Electronics of the Netherlands, which specializes in lighting, healthcare and consumer lifestyle products. The collective labor agreement (2008) contains a chapter on employability. It states, as an aim, that Philips wants to increase the employment security of its employees and asserts that it is a joint responsibility of employer and employees to contribute effort, time and money. The agreement comprises training plans as recurring events and a personal development plan for any employee who shows an interest in having one. The agreement also covers implementation. There are two notable schemes. One scheme, started in 2004, targets a group of 2086 experienced workers who, when they started work, lacked a generally recognized diploma. At the end of 2008, 1105 of them had obtained a diploma, 581 were still in training. The level of the diploma obtained corresponds to what the Dutch Education and Vocational Training Act designates the minimum required for sustainable participation in the labor

market. The focus is on hard skills, such as those needed to function as an operator in continuous process production (Visser, 2009). The program recognizes and credits informally acquired competences, which saves about one-third of the time that would normally be required to obtain the relevant diploma. At least sixty percent of training is done in a practical setting. The program dovetails with a program in which Philips gives unemployed people the opportunity to learn skills and acquire work experience. Participants fill in for Philips employees that are away from their jobs because of training. The unions make it clear in promotional material, that they co-own the program and that they want to stimulate employees to participate.

In the field of employability policy, motivating workers with few formal qualifications is seen as a challenge. Together with other companies, Philips is taking part in a state funded research and development program aimed at identifying factors that encourage or inhibit enrollment in training courses and that is developing strategies for intervention (Keijzer, Oomens and Hazelzet, 2009). Philips already organized workshops in which employees reflected on themselves and their future.

As is the case at ING, flexibility is an important issue in the justification of the investments made in these projects. Explaining what he sees as the advantages of the program, project leader Frank Visser said that employees were increasingly able to change jobs, and that there was an increased flow of employees through the organization and added 'We like this, but of course it should not be excessive. It is not the intention that everybody who gets a diploma starts looking for a new job' (Hamers, 2008).

This program targets a specific group of employees, those who are deemed to have the most reason to worry about their employability. Apart from this, Philips has a second employability program that targets all employees, with the exception of a relatively small number of 'high potentials'. Employees get 'E-miles' i.e. 'employability miles', a kind of token that they can exchange for access to workshops, tests and career counseling.

## **9. Concluding notes**

We can see employability as an instance of institutional complementarity. Institutional complementarity exists in ‘situations in which the functionality of an institutional form is conditioned by other institutions’ (Höpner, 1995, p. 331.) In employability, the norm of job security conditions the functionality of policies for investment in employability. This complementarity is unintended, but, as far as institutional complementarities go, this seems to be more the rule than the exception (cf. Crouch *et al.*, 2005, p. 365).

The Dutch employment system solves the public good problem related to investments in enhanced employability in several ways. Foremost is that it creates the perception among employers that enhanced employability, apart from being a public good, entails private benefits for employers, in the form of flexibility.

Additionally, the coordinated nature of the collective bargaining process, in which the bipartite Dutch Labor Foundation sets the agenda, creates institutional pressure, and coordinated wage setting puts a damper on poaching employees. These factors operate regardless of whether collective labor agreements cover entire industries or, in the case of ING or Philips, just one company. Dutch law makes industry-wide enforcement of collective labor agreements possible, cutting out free-rider behavior. There is also an abundance of ‘sector funds’. These engage in a variety of activities, of which training is the most notable. Their main source of income is a percentage of the wage sum contributed by the employers in a sector. Donker van Heel *et al.* (2008) present data gathered from eighty sector funds. Seventy-eight per cent of these funds engage in training. Half of these funds, in turn, invest in enhanced employability. Furthermore, respondents expect to see a stronger emphasis on employability in the future. Generally, employers have no option but to pay the contribution: 92% of the Dutch funds have their funding written into a collective labor agreement and 79% of the collective labor agreements are industry-wide enforced.

The Dutch state assumes little responsibility for employability, except for its own employees. In contrast, the European Social Fund (ESF) does subsidize investment in employability. Thirty per cent of the sector funds function as channels for ESF subsidies.

Our analysis highlighted the link between investment in employability and normative pressure on employers to avoid dismissals. A further indication of the importance of this link

is that some highly visible cases that demonstrate the power of training to enhance employability owe their existence to a norm of job security. In the Dutch 1996 ‘guru’ book of Gaspersz and Ott, the Dutch examples of substantial investment in employability involve companies that, when faced with change, made efforts to keep their employees employed. In the special issue of the Harvard Business Review on employability that Kanter edited, the most powerful example of gaining employability through learning was an American IBM plant. Faced with the loss of its economic viability, managers achieved a turnaround by giving wider responsibility to employees, drafting career tracks and spending five per cent of the total labor cost on training. They got this opportunity because of IBM’s lifetime employment policy (Stone, 1991).

There is also a counterfactual case in the Netherlands: legal protection against dismissals. Proponents abolishing this protection bolstered their argument with the claim that investment in employability will take care of the unemployment risk (Commissie Arbeidsparticipatie, 2008). As of yet, unions have not bought into this line of thinking. This again shows that employability, paradoxically, seems productive when, and as far as, it builds on a system based on the norm of job security.

### *9.1 Discussion: employability in the age of flexicurity*

In the European discourse on the reform of the welfare state, flexicurity is the important model (Wilthagen and Tros, 2004). Are employability and flexicurity contradictory, compatible, or even complementary? One problem is that flexicurity is a vague concept (Viebrock and Clasen, 2009), however, it seems safe to say that the focus of *flexicurity* is legal and institutional, regardless of whether one sees it as a “golden triangle” of low dismissal protection, extensive unemployment benefits and active labor market policies (Burrioni and Keune, 2009) or as a coordination of employment and social policies towards a new balance of flexibility and security (Viebrock and Clasen, 2009).

In contrast, the focus of *employability* is on development and empowerment of employees, in the organizational context of work. Thus, flexicurity and employability focus on different areas; this implies that flexicurity and employability could be complementary.

Employability and flexibility could arguably compensate for some of each other's weaknesses, i.e. areas in which they may be counterproductive. Flexibility can be counterproductive, because it can entail continuous testing of employees' productivity, which in turn may spur exclusion (Madsen, 2006). Employability may remedy this through investment in employees' development.

Employability can be counterproductive, like all forms of empowerment, when it burdens people with responsibility for conditions beyond their control. For example, one can think of ageing-related employability loss. Employability presupposes that the number of new opportunities matches the number of employees that need or want to move on.

In flexibility, at least, not all responsibility is pushed to the individual level, some responsibility is lodged in a system that offers protected transitions (Auer, 2006). That is, unless we are dealing with mass unemployment. In this case, flexibility involves subjecting unemployed workers to pointless retraining and activation discipline.

There is, however, a potential stumbling block to the complementarity of employability and flexibility: the norm of job security. It is common for labor market experts to denounce this norm, however, if this becomes more than just rhetoric it could hamper employability. This is because we suspect that the norm of job security does act as a resource for employability. It causes a craving for flexibility that helps to overcome collective action problems that would otherwise discourage employers from investing in employability. This craving for flexibility has to be permanent.

Denouncing of the norm of job security might conceivably become more than rhetoric in a discourse that aims at legal and institutional reform, i.e. the flexibility discourse. The flexibility discourse projects an ideal employment system that has a dual face: to employees, it offers a new type of security in the form of social policies that mitigate the dangers of a flexible labor market; to employers, it presents pure flexibility, the disappearance of constraints. It is difficult to see how, in such a system, employers could develop a craving for flexibility that would induce them to invest in employability.

Nevertheless, so far, in the Netherlands, the norm of job security has been resilient. Even the Dutch Flexibility and Security Act of 1998, labeled as *the* example of Dutch flexibility (Wilthagen and Tros, 2004) upholds the norm of job security. This is because it treats the

time-unlimited contract, entailing protection against dismissal, as a preferred state. While the law does offer flexibility to employers, it also restricts the use of time-limited contracts. If an employer wants to continue hiring an employee after three years of working under time-limited contracts, or shorter if the third contract is due to expire, offering a time-unlimited contract is mandatory. Moreover, the Flexibility and Security Act introduced employment protection for flexible workers by giving those employed through temporary manpower agencies the right eventually to obtain a time-unlimited contract. Thus, the key to complementarity of flexicurity and employacurity is to keep the norm of job security intact. The Dutch experience shows that this is possible.

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<sup>1</sup> Huczynski (1993) provides a useful overview of the management guru phenomenon.

<sup>2</sup> A further characteristic of the concept of employability is that it has a built-in supply side bias. McQuaid and Lindsay (2005, pp. 204–205) use the term ‘supply side fundamentalism’. The term employability fits well into a discourse that focuses on the supply side, i.e. the skills and other qualifications that people bring to the market, and ignores the demand side, that is the opportunities that people get to put their skills and qualifications into action. The resulting mechanism is that, when people fail, this automatically becomes their fault, although a lack of opportunity might be the real cause of failure. Hallier and Butts (1999, p. 11) suggest that employability-centered discourse leads employees to one-sidedly blame themselves when they cannot find suitable work.

<sup>3</sup> Benner (2002) provides an in-depth analysis of Silicon Valley’s employment system. He distinguishes two major categories of workers. One category consists of workers who can handle routine tasks. They provide numerical flexibility and are hired on a contingent basis and have no job security. The second category consists of highly skilled workers who possess specialized knowledge and are hired by companies to contribute to innovation. Their jobs are contingent upon firms’ priorities. Just as the routine workers, workers in the second category have no job security.

In the Netherlands, employers normally can only dismiss workers after either obtaining permission from a state agency, the Center for Work and Income, for which the necessity of dismissing must be proven, or by going to court. The latter procedure tends to involve monetary compensation to the employee. Part-time workers have the same protection that fulltime workers enjoy.

<sup>4</sup> This was determined through a search in the Lexis-Nexis database,

<sup>5</sup> These two seminal texts do not refer to any EU or OECD policy recommendation.

<sup>6</sup> Sprenger and Van Klaveren (2004, p. 346) confirm that the Dutch trade union confederation FNV (Federatie Nederlandse Vakbeweging) defined employability policy as: ‘empowerment of members, to be in charge of their lifetime decisions’. As we already mentioned, empowerment is also part of our own definition of employability, which goes back to the original ideas of Kanter and other American management gurus, and which follows from the conceptual debate among scholars.

<sup>7</sup> The reason for this restriction is that, after 2003, coding is inconsistent.

The complete dataset can be downloaded from the website: <http://www1.fee.uva.nl/aias/Ducadam/>