

STRATEGIC STUDY

Changes in social security legislation: Impact on SME behaviour

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Abstract

In the Netherlands in recent years, many changes were implemented in legislation governing employees' disability for work. With the objective to reduce numbers of ill and disabled persons, the implementation of two new government acts, *Wulbz* and *Pemba*, shifted a great deal of responsibility for ill employees to employers by launching financial incentives. The underlying study mainly focuses on the relationship between changes in legislation and employers' behaviour. To this purpose a survey has been carried out among 1,742 SME employers.

This study found that the changes in legislation governing disability for work only had a limited impact on the behaviour of employers. Only 35 percent of the SME employers had factually intensified their focus on reducing employees' disability for work over the past years. Hardly one-third of the employers with less than 10 employees had become more active in this field in recent years, versus nearly 80 percent of the employers employing 50 to 100 staff. These 35 percent may be further divided into 21 percent of employers who say they had become more active due to changes in social security legislation, and 14 percent in respect of whom the above does not hold.

It was found that knowledge of the new legislation spurs employers to intensify the focus on employees' disability for work. Besides, a significant correlation was found with opinions as to whether or not influence may be exerted on disability for work. Employers who reckoned that influence may be exerted in this respect, were found to have intensified their focus on employees' disability for work. Also, it was concluded that more positive attitudes versus changes in legislation had also contributed to a higher focus by employers on reducing disability for work due to those changes.

Behavioural attitudes of employers who intensified their focus on employees disability for work and reintegration mainly manifested themselves in the adoption of preventive measures, such as adaptation of tasks or workplace, promotion of personal protective-gear use and instruction of employees to improve tackling in-company health hazards. Remarkably, despite of being prohibited by law, employers also increased their focus on health upon staff recruitment. The latter entails an undesired effect of the implementation of modified legislation.

The following typologies in the behaviour of employers were distinguished:

1. The *preventive* employers, who have improved coaching, adapted tasks or workplace to prevent, promoted the use of protective-gear use and instructed employees to improve tackling health hazards.
2. The *curative* employers, who have checked more in the event of employee absenteeism/disability for work and who have improved coaching of ill employees.

3. The *defensive* employers, who have checked more in the event of employee absenteeism/disability for work and who have increased their focus on health upon staff recruitment.

Employers who during recent years did not change their focus on employees' disability for work, generally failed to see the necessity thereof as they stated not to have encountered problems as regards disability for work, and/or because they reckoned that no influence could be exerted in this respect. A small share of those employers who had not intensified their focus on reducing employees' disability for work rates did not do so because that subject had already been high on their agenda.

1 Introduction

1.1 Introduction

During the last few years in the Netherlands many changes in legislation were implemented regarding short-term and long-term employee incapacity to work. One of the most important trends in legislation is the rise in financial incentives for employers. Relevant examples of recent changes in legislation are the abolition of the sickness benefits for employees (*Ziektewet*) and the changes in the contribution scheme of the permanent incapacity to work benefit (*WAO*). These changes were accompanied by the introduction of new legislation *Wulbz*¹ and *Pemba*², respectively.

The intended effects of *Wulbz* and *Pemba* are indirect. The idea is that effects on the level of disability for work³ may be realised by changing employers' behaviour through financial incentives. The assumption behind these types of regulations is that financial incentives will enhance the attitude and behaviour of the employer with respect to prevention, conditions and reintegration of the working employee. However, these assumptions were never tested prior to the implementation of *Wulbz* and *Pemba*. In general, not much is known about behaviour of employers and the factors that affect it.

It is evident that different employers will react to the implementation of legislation such as *Wulbz* and *Pemba* in a differing manner. Whereas one employer will indeed improve e.g. labour conditions and Human Resource Management (HRM), a second employer will focus more on health upon staff recruitment, to minimise the risk of illness amongst employees in the future. Some may do nothing but reinsure themselves. Moreover, there will also be employers that already pay a lot of attention to labour conditions and HRM and therefore that will need no change in their behaviour because of the new legislation.

The underlying study examines the response of employers to changes in social security legislation that aim to change their behaviour through financial (dis)incentives. Special attention will be paid to the difference in responses by small and medium-sized firms, with no more than 100 employees.

¹ *Wulbz*: Wet Uitbreiding Loondoorbetalingsplicht Bij Ziekte (legislation dealing with the extension of wages during illness).

² *Pemba*: Premiedifferentiatie en Marktwerking bij Arbeidsongeschiktheidsverzekeringen (contribution differentiation and competition as regards incapacity to work benefits).

³ In the remainder of this report the impression 'disability for work' will be used referring to both short-term (absenteeism due to sickness) and long-term incapacity to work.

1.2 Problem definition and research questions

The aim of the underlying study is to gain more insight in the responses by employers to financial incentives in government legislation. Some recent changes in Dutch social security legislation are used as case studies in this respect. The consequences of the introduction of *Wulbz* and *Pemba* on employers' behaviour will be studied in particular.

The general problem definition of the underlying study reads as follows:

What are the effects of financial (dis)incentives in government legislation on the behaviour of employers in small and medium-sized firms (SMEs)?

With respect to this case study of social security, this problem definition leads to the following research questions:

1. What changes in employers' behaviour have occurred due to the recent changes in social security legislation? In particular, which changes have occurred in the field of reintegration, selection of staff and labour conditions?
2. What is the relationship between characteristics of the employer and the above-mentioned behaviour? Is there a difference depending on the size of firms? Can typologies in the behaviour of employers be found?
3. What have been the effects of the behaviour of employers on short-term and long-term incapacity to work?
4. Are there undesired influences or side effects of the changes in legislation, due to employers' behaviour?

1.3 Methodology

In the framework of the underlying study, a telephone poll was conducted among a Panel of SME employers.¹ This Panel comprises more than 2,000 SME employers (employing up to 100 staff) that will be polled several times a year on various topics. During this telephone poll, employers were requested to indicate whether they displayed specific attitudes and behaviour that are characteristic as regards reducing disability for work. Besides, questions were posed as to the correlation with relevant legislation. Moreover, in this telephone poll, an attempt was made to gain an initial overview as to employers' motives to effectuate/not to effectuate measures in the framework of reducing disability for work. Besides, a literature survey was conducted, examining the social security regime in the Netherlands, as well as models explaining the influence exerted on behaviour.

¹ Annex II comprises a questionnaire based on the telephone poll.

1.4 Outline of the report

First, the social security regime in the Netherlands will be described, particularly the recently implemented changes, *Wulbz* and *Pemba*. The objectives of these changes will be part of this description. Next, in chapter 3, the conceptual framework for examining the relation between changes in legislation, governmental objectives and SME employers' response will be discussed. In chapter 4, the micro data as derived from the 'SME Policy Panel' will be analyzed. Finally, chapter 5 comprises the summary and the conclusions of the underlying study.

2 Changes in social security legislation

2.1 Introduction

Answering the research questions demands some background information about developments in the Dutch social security system. The underlying chapter contains an outline of these developments. The key topics are the abolition of the temporary incapacity to work benefit (*Ziektewet*) and the changes in the financial part of the permanent incapacity to work benefit (*WAO*). These changes led to the introduction of *Wulbz* in March 1996 and the implementation of *Pemba* in January 1998, respectively.

In this chapter, we shall describe the *Ziektewet* and *WAO* prior to the implementation of *Wulbz* and *Pemba*. Next, we shall narrate several recent developments in the field of social security. Furthermore, we shall provide a delineation of *Wulbz* and *Pemba*, including the objectives and the consequences of these changes in legislation. Lastly, we shall outline the background of the implementation of these laws, *i.e.* which objectives did the government have in mind when implementing these laws?

2.2 Sickness and disability insurance prior to *Wulbz* and *Pemba*

*General information*¹

Historically, the Dutch social security regime distinguishes four main categories of social security schemes, *i.e.* social insurance schemes, complementary social services, schemes for civil servants and occupational pension schemes. The social-insurance schemes are divided into general insurance schemes and employee insurance schemes. This division is based upon the persons who are eligible for making use of a specific insurance. This study restricts itself to employee insurance schemes.

Employee insurance schemes cover the risks of unemployment, incapacity to work and medical care. The risks of temporary and permanent incapacity² for work are thus covered by the employee insurance schemes.

The Dutch social security system used to have a temporary incapacity to work benefit (*Ziektewet*) and a permanent incapacity to work benefit (*WAO*).¹ After

¹ Most of this section is based on: D. Pieters, *Social security law in the fifteen Member States of the European Union*, 1997.

² Until 1998, the permanent incapacity to work benefit also contained a general supplement: AAW. In the underlying study, we only concentrate on legislation governing employee absenteeism/disability for work and the ensuing response by employers.

a person has been entitled to the *Ziektewet* for one year, this benefit was terminated and - on certain conditions and after medical examination - the *WAO* benefit followed. An important difference between both insurance types is that people are entitled to a *Ziektewet* benefit when they are not able to do their own work, while people are entitled to a *WAO* benefit if they, as a result of illness or a physical defect, have lost earning capacity in comparison with healthy people with identical education and experience background. In contrast to other countries, Dutch legislation does not distinguish between occupational and other diseases or accidents. In spite of the fact that employers are not able to influence all causes of disability, no distinction is made between social and professional risk. The point of departure is that the emergence of disability is very radical for an employee. So all kinds of risk are legally covered. Besides, the cause of disability is not in all situations very clear, and although the cause of disability might have nothing to do with the working conditions, the employer is the one who may play a key role in the aspect of reintegration. Therefore, the incentive of *Pemba* is not only pointed at the preventive aspect but also on the aspect of reintegration.

The temporary incapacity to work benefit: Ziektewet

The insured employees, incapable of carrying out their work due to illness were entitled to sickness benefit during at most a year. The concept of illness includes physical defects, pregnancy and birth.

Sickness benefits amounted to 70 percent² of the gross daily wages of the insured person (subject to an upper wage limit); incapacity due to real or expected pregnancy gave rise to a benefit at a level of 100 percent.

The contribution rate was fixed at a percentage of the wages paid by the employer and depended on the sector of economic activity. In some sectors, the employee paid as well, at most 1 percent.

The permanent incapacity to work benefit: WAO

The *WAO* insures employees who are longer than a year completely or partially disabled, for a wage-replacing benefit. After one year, a medical examination is enforced, during which it is determined whether someone is completely or partially incapable of working. A person is considered incapable of working if s/he, as a result of illness or due to a physical defect, is not able to earn an income from work that a 'standard person' would (theoretically) be

¹ The *Ziektewet* has now been abolished and replaced by an obligation to employers to continue wage payment in case of illness.

² By virtue of the Supplements Acts sickness benefits, unemployment benefits and invalidity benefits are where necessary supplemented up to the relevant social minimum. This benefit is subject to a means test in which the income of one's partner and the assets are taken into account.

able to earn, in the place where s/he is, or has been employed, or in the environment of that place. The standard person is someone in the same physical state as the person concerned, before her/his illness or physical defect occurred and with comparable education and experience. Only the theoretical earning capacity of the person is relevant; whether a person can actually obtain suitable employment is not taken into consideration.

The disabled are entitled to invalidity benefit on the grounds of an employee insurance scheme. The benefit consists successively of:

- A benefit for the loss of wages, based on the daily wage and which duration depends on the age of the disabled employee and varies from zero to six years.
- A benefit in continuation of the former, based on the continued daily wage. This continued daily wage is compounded from the minimum wage with a supplement.¹

With an incapacity degree of 80 percent or more, this rate equals 70 percent. If the degree of incapacity is less than 15 percent, disability benefit is not payable; with a degree of incapacity between 15 and 25 percent, benefit is payable at a level of 14 percent of the last earned wages (subject to an upper limit).²

Until 1998, a uniform contribution rate was fixed for all branches of industry.³ The employees paid this contribution. The employer deducts the money from their wages.

2.3 Recent developments in the social security regime

Compared to neighbouring countries, relatively large numbers of people in the Netherlands receive income support under the various sickness and disability insurance schemes. About 1987, the enormous cost involved spurred debates as to the volume and duration of those benefits. As a consequence, considerable numbers of measures were implemented to reduce the large number of people who received benefits instead of wages. Following some minor adaptations to the system, numbers of inactive people were still rising in proportion to the number of active people. Thereafter, the enforcement of social security laws was looked at critically, while particularly scrutinising whether the social security system was too attractive and, therefore, being abused by employers, employees and persons entitled to benefits.

¹ The supplement contains 2% of the difference between the daily wage and the minimum wage, multiplied by the number of years the employee is older than 15.

² This benefit will also be supplemented if the necessary conditions are fulfilled.

³ In 1997, the contribution was fixed at 8.45%. Earnings exceeding NLG 294 a day were not taken into account.

As a result, in the 1992-1995 period, three new laws were introduced. Two of these laws included measures that are forerunners of *Pemba* and *Wulbz*:

1. The law reducing the disability benefit¹ of 1992 includes a system of contribution differentiation, which is being enforced since 1 January 1993. The social security enforcement agencies (Uvi's) decide for a united group of employers (per sector) a mark for disability for work, and on account of this mark, contribution rates were fixed. When the employer realised within certain margins a higher or lower mark, her/his contribution rate would be higher or lower, respectively.
2. The law reducing the number of people who apply for disability benefits² in 1993. In this law WAO benefit recipients were confronted with more tight conditions, regarding the level and duration of their benefit, as well as periodical medical re-examinations.
3. In the law on reducing temporary incapacity to work benefit³ of 1994 the implementation of an own risk for employers is one of the main points. Effective 1 January 1994, the above scheme was complemented by provisions under Civil Law, on the grounds of which the employer was obliged to continue wage payments during relatively short periods in case of illness of an employee. The payments had to cover a period of two weeks for small companies (employing less than 15 staff), and a period of six weeks for larger employers (employing more than 15 staff). Payments had to be equal to the level of the minimum wage. Based on collective agreements, for the majority of employees, sickness benefits were supplemented up to 100 percent of the wages previously enjoyed. At the same time, since 1994, employers are statutory obliged to draft an in-company reintegration scheme at the moment the illness takes longer than 13 weeks. Employers also have to develop a temporary incapacity to work policy, in co-operation with the Arbo-services⁴. In this policy scheme, risks have to be analyzed and preventive measures are adopted.

¹ Wet Terugdringing Arbeidsongeschiktheidsvolume (TAV).

² Wet Terugdringing Beroep op de Arbeidsongeschiktheidsregelingen (TBA).

³ Change in the Labour Conditions Act (Arbowet) (Wet Terugdringing Ziekteverzuim/Wijziging van de Arbeidsomstandighedenwet).

⁴ Arbo-services: Occupational health and safety services. Since 1998, all employers have to be affiliated to certified Arbo-services. Arbo-services have a wide range of in-house experts in the field of working conditions, such as medical officers and safety experts. Arbo-services are able to advise and render support to employers on improving in-company working conditions, and they will assist in checking on and coaching of ill employees.

2.4 Wulbz

Objective

The most important objective of *Wulbz* is to attain a more adequate allocation of social cost. The expectation is that long-term disability will decrease further if individual employers and employees will be directly confronted with the cost of temporary incapacity to work. This means a reduction in the costs of social security and also a boosting participation in the labour market. In addition, an improvement of labour conditions is expected.

Description

With the implementation of *Wulbz* in March 1996, the obligation of employers to continue paying wages to ill employees was prolonged.¹ Employers are now obliged to continue paying a minimum of 70 percent of the last wages of ill employees during 52 weeks instead of two or six weeks.² They are free to pay ill employees 100 percent of their last wages.³ During this period of continuing wage payments to ill employees, the claim to sickness benefits will be lapsed fully. The commitment for continuing paying wages by employers is laid down in the Civil Code.

Since the implementation of *Wulbz*, it is clear that employers and employees have different relationships with the enforcement agencies (*Uvi's*) in the field of short-term incapacity to work.⁴ Employers assume the role of insurer now. However, employers still have some obligations towards the *Uvi* enforcement agency during the first year of employee's disability for work. *Wulbz* awards the social insurance agencies (*Uvi's*) monitoring and control tasks during the first year of employee disability for work. Several provisions should focus on early detection by and interference of the *Uvi* enforcement agency. After 13 weeks of consecutive illness of employees, employers are obliged to report this to the *Uvi* enforcement agency. At the same time, employers have to draft a preliminary in-company reintegration scheme comprising plans to reintegrate ill employees into the labour process, which scheme will also be sent to the *Uvi* enforcement agency. Finally, in the 39th week of illness, a full in-company reintegration scheme must be presented to the *Uvi* enforcement agency. When employers do not meet these obligations, they may expect a penalty.

¹ Wet Terugdringing Ziekteverzuim; see also section 2.4.

² The old system, the *Ziektewet*, is still reserved for a special group of temporary workers, pregnant women and unemployed people who fall ill. These groups would otherwise be insufficiently protected against the risk of temporary disability because they do not have a formal employer.

³ This obligation is based on Article 7:629 BW (Civil Code).

⁴ Tweede Kamer, nr. 22187, 1998-1999, *Ziekteverzuim en arbeidsongeschiktheid*. CTSV, *Augustusrapportage Arbeidsongeschiktheidsverzekeringen*, 1997.

The enforcement agencies (*Uvi's*) also check whether employers meet legal obligations, such as, for instance, coaching of ill employees and offering them an alternative possibility for in-company reintegration. An enforcement agency (*Uvi*) may also be consulted for furnishing a second opinion in the event of discords between employers and employees.

Consequences

The implementation of *Wulbz* has some consequences for employers and for employees. In the underlying section, the main consequences will be outlined.

Employers

The implementation of *Wulbz* entails a huge responsibility for employers. Since the implementation of *Wulbz*, employers are entirely responsible for the obligation to continue paying wages to ill employees during 52 weeks; they are also free to decide how to deal with this responsibility. This has financial as well as non-financial aspects, which are linked together. Owing to the higher financial responsibility, employers are expected by the legislator to look actively for solutions in the event of employee's temporary incapacity to work caused by problems related to the working environment.

Employers are free to deal with the (financial) responsibility in different ways. Despite the fact that risks for larger employers are more predictable than for small employers, and that financial risks for small and medium-sized employers (SME) are higher, no exceptions in legislation are made for different firm sizes. The justification for this is that SME employers have the possibility to reinsure themselves against risks that they cannot meet from their own resources.¹

Besides, employers are free in the way they make use of the *Arbo-services'* supervision and coaching in the event of employee's temporary incapacity to work.

Employees

The implementation of *Wulbz* has no financial consequences for ill employees: they can be assured of continued wage payments. On the other hand, it is possible that employees will have a direct interest in reducing the temporary incapacity to work. Since *Wulbz*, ill employees have to deal with their own employers or their *Arbo-services* instead of a big organisation like a *Uvi* enforcement agency. This may have positive as well as negative aspects in relation to the temporary incapacity to work rate. More activities will be aimed at the in-

¹ With the implementation of *Wulbz*, a number of insurance possibilities were developed that made it possible for small employers to insure themselves at a relatively favourable contribution. For example, covering contracts for short-term as well as long-term disability between one or more insurance companies and overall employers' organisations. Of course, it is uncertain whether these relatively favourable contracts can be maintained.

dividual, related to prevention, coaching and reintegration. This may have the consequence that employees report themselves ill less easily. On the other hand, the risk is looming that employees feel an enormous pressure to reduce temporary incapacity to work as much as possible, so they work on while being ill. If they finally report ill, it often will take longer before they recover and can work again. Therefore, this may also have a negative effect on the temporary incapacity to for work volume.

2.5 Pemba

Objective

The objective of *Pemba*¹ is to stimulate employers to pursue an effective preventive policy (by achieving adequate working conditions) and an adequate in-company reintegration policy (by recruiting, and by maintaining ill and disabled persons in their jobs). On the one hand, this has been done by giving employers more financial responsibility, and on the other hand by extending the number of measures to stimulate employers to recruit disabled employees. The expectation was that during the first years after the implementation of *Pemba*, the volume of *WAO* influx would be reduced by 10 to 15 percent, as a consequence of these measures. It was expected that the total volume in the *WAO* in 2000 should be around 30,000 years of benefit lower than without the measures in *Pemba*.²

Description

Pemba was implemented in January 1998. It changed the way disablement benefits are financed, *i.e.* the method of calculating and collecting contributions. *Pemba* has no consequences for the amount or duration of the *WAO* benefit. The financial responsibility of employers foreseen by the legislator entails that the contribution for the disability benefit is now fully paid by employers. The contribution consists of two parts: a basic part and a differentiated part. The yields from the contributions of the basic part are used for paying two kinds of benefits: the benefits that started before January 1998 and the benefits that arise under the new regime from the moment the benefit lasts longer than five years. There will be an effect on the basic part only from 2003 onwards. Yields from contributions of the differentiated part are used for paying benefits that started after January 1998, and last less than five years.

¹ In Dutch, *Pemba* stands for: contribution differentiation and competition in connection with disablement benefits.

² CTSV, *Augustusrapportage Arbeidsongeschiktheidsverzekeringen*, 1998.

The rate of the basic part is the same for every employer, and the rate of the differentiated part depends on the number of employees in the company who are entitled to a disability benefit. The main principle is that the higher the rate of influx of disabled employees, the more contribution an employer has to pay for disability. When the rate of influx is higher than the national average, the employer's contribution is higher. Consequently, at a lower rate, employers receive a deduction in their disability contributions. In other words: employers have a greater (financial) responsibility for the *WAO* cost that arise if their employees claim benefits under the *WAO*. The *Uvi* enforcement agency remains responsible for the judgement about the rate of disability.

In addition, employers who recruit a disabled person will be rewarded by way of remission and reduction of *WAO* contributions. If this rate is more than 5 percent of the total wage bill of staff with a disability, they do not have to pay the basic *WAO* contribution for those employees. They are also granted a reduction on the basic contributions for other employees. This reduction applies up to a maximum of 15 times the average wage bill per employee. This measure makes it attractive for employers to recruit disabled persons.¹

To avoid high fluctuations in contributions, the law stipulates a minimum and a maximum rate. The level of the differentiated contribution depends on employer size. This has been done specifically for SME because in those employers, one case of disability can change the rate of *WAO* influx dramatically. Large employers (at most 15 times the national average total wage bill per employee) are affected by a maximum rate only, and small employers (less than 15 times the national average total wage bill per employee) are affected by a maximum as well as a minimum rate.

Furthermore, for the judgement for the classification small/large employer and the estimation of the total amount paid for *WAO* benefits to employees for the year 1999, the year 1997 will be used as level year. This also implies that there is a gap between the behaviour and the financial stimulus.

However, employers may choose not to pay the differentiated contribution and pay the cost of disabled employees themselves for the first 5 years.² In other words, they may opt out for the differentiated part of the contribution and chose to bear their own risk or to buy private insurance. After five years of disability, a disabled employee will automatically fall back into the public system. Employers choosing to bear the financial risks of one of their employees becoming disabled may wish to cover this risk by taking out insurance with a private insurance company. In the beginning of 2000, only 2,648 employers had chosen to bear their own risk. Among these are some large financial insti-

¹ Elsevier, *Sociale Verzekeringen Almanak*, 1998; Netherlands Ministry of Social Affairs, *A new disablement benefits system*, The Hague, 1997.

² The basic part of the contribution is compulsory.

tutions (banks and insurance companies) and many employers in the graphical industry.

If employers opt for bearing the financial risks themselves, it is very important for their employees that the compulsory *WAO* contributions can be met, even if the employer runs into less fortunate times. If an employer applies for acceptance as an employer who bears the risk her-/himself, s/he must be able to provide security in the form of a declaration drawn up by a reliable credit institution or insurer stating that any benefits will be met, even in the event of that employer's insolvency.¹

Consequences

Pemba is of particular importance for employers; it will have very few effects on employees. In this section, the main consequences will be outlined.

Just as with *Wulbz*, *Pemba* has financial as well as non-financial consequences for employers, which are linked together. Employers may choose the way they insure themselves against the risks of permanent incapacity to work. If they decide not to make use of the public system anymore, they will have to assume the cost for disability themselves. The idea of course is that through financial responsibility employers have a main interest in reducing the number of disabled employees as much as possible. The rate of disabled employees may (possibly) be influenced by prevention, coaching, HRM and adequate working conditions. Employers bearing the financial risks themselves are also responsible for in-company reintegration. If they feel there are no (more) possibilities for adapted work in their employer, they may request the social insurance agency to take over their reintegration activities. The agency will check whether employers who have undertaken to bear the risks themselves have effected adequate action to enable a return to work in their employer. In addition, the afore-mentioned *Arbo*-services can play a role in the employee reintegration process.

The choice for not making use of the public system is not without risks. Employers are - at that moment - fully responsible for the reintegration of their disabled employees. At the same time, employers have to examine beforehand whether their business provides for sufficient possibilities to limit the loss of disability cost as much as possible. Besides, the height of the contributions on the long term is another uncertain factor, compared to contribution rates in the public system.

It is clear that *Pemba* entails certain social risks. Increasingly, recruiting healthy employees will serve employers' interests. The new method of *WAO* funding could give rise to stricter, health-related staff recruitment procedures. To pre-

¹ Netherlands Ministry of Social Affairs, *A new disablement benefits system*, The Hague, 1997.

vent this from happening, the Medical Examinations Act has come into force as per 1 January 1998. This act does do justice to the proven low value of medical examinations carried out in connection with hirings.¹

2.6 The government's objectives of *Wulbz* and *Pemba*

The law texts on *Wulbz* and *Pemba*² show identical objectives. The changes in legislation ultimately aim at reducing the number of people who are dependent on social security, *i.e.* to reduce the level of employees disabled for work. The rationale underpinning these objectives is of an economic as well as social nature. The economic part entails reducing social security cost; the social part entails boosting participation in the labour market and, hence, society.

The means to reach this is to lay down as much responsibility as possible on individual actors who may influence the level of employees disabled for work. In the old system, prior to *Wulbz* and *Pemba*, *model behaviour* of the employer in, for instance, the labour conditions arena did not pay off that much, because financial profits had to be shared with the collective. The hypothesis underpinning both *Wulbz* and *Pemba* is that employers who display 'good behaviour' are rewarded by incurring lower cost. In this way, a direct relationship is established between the quality of an employer's prevention-cum-reintegration policy and the number of disabled employees.

¹ Netherlands Ministry of Social Affairs, *A new disablement benefits system*, The Hague, 1997.

² TK 24 439, nr. 3, and TK 24 698, respectively.

3 Conceptual framework

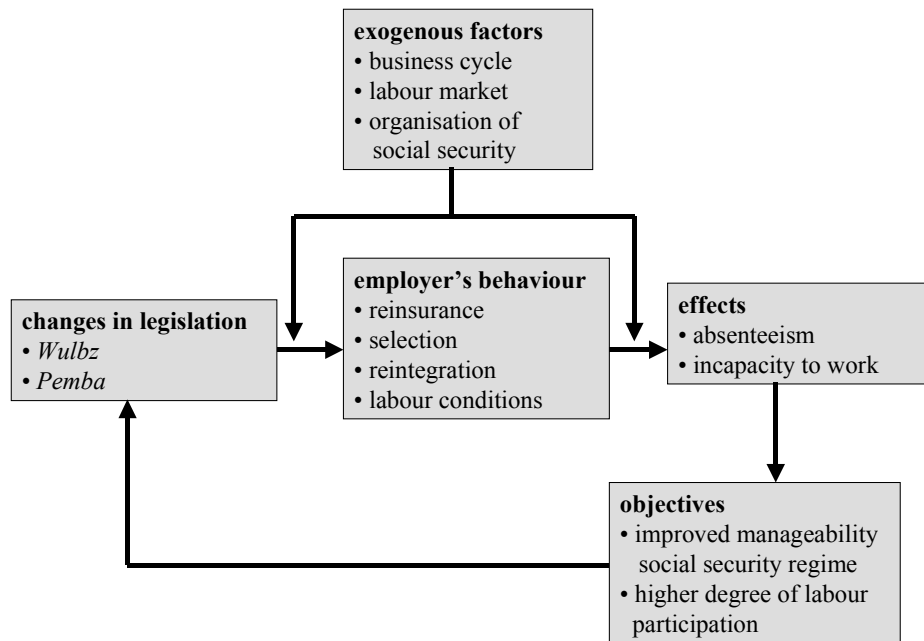
3.1 General analytical framework

As explained before, the objective of the recent legislation governing social security is to change employers' behaviour with the help of (financial) incentives. Even if the financial incentives bring about the desired behaviour of employers, a question that remains is whether employers actually are able to influence the rate of employees disabled for work. The conceptual framework (see chart 1) shows that there is no direct link between the changes in legislation and the desired effects.

The conceptual framework starts with the *changes in legislation* in the field of incapacity to work. These changes have consequences for *employers' behaviour* in relation to (the prevention of) incapacity to work. Finally, this behaviour will have *effects* on the rate of short-term and long-term employee absenteeism/disability for work.

These three aspects are the main variables of the underlying study. The effects of changes in legislation may lead to new objectives and new legislation. However, there are *exogenous factors* that may also have an effect on the relationship between the three aspects. Some of these factors are the business cycle, the situation in the labour market and the system of social security. It is not always clear whether these factors have their influence on employers' behaviour or directly on the effects.

Chart 1 Conceptual framework



One of the basic ideas behind the introduction of *Wulbz* and *Pemba* is that an adequate prevention-cum-reintegration policy and adequate labour conditions will reduce the number of disabled employees and, hence, the cost incurred by employers. Therefore, it should be studied firstly whether the employers' response will, indeed, be directed towards prevention of disability for work, in-company reintegration and the improvement of labour conditions. Apart from the desired, there might also be undesired changes in behaviour.

For example, one response to the new legislation may be that the employer will pursue a stricter selection policy based on the health and expected disability for work. During the period of probation or in a fixed-term contract, employers may pay additional attention to the health of their employees, and in the case of high rates of disability for work abstain from offering an open-ended contract. These actions may reduce the likelihood of an employer having to deal with high volumes of employee absenteeism/disability for work. Obviously, this strict selection policy was not the intention of the legislator when implementing *Wulbz* and *Pemba*. This policy may reduce opportunities in the labour market of persons with a supposed high rate of employee absenteeism/disability for work. This does not correspond to the objectives of the implementation of *Wulbz* and *Pemba* to stimulate participation in the labour market.

A second response may be that an employer will do nothing extra and just re-insure the financial cost. This could particularly be the case in SME where one disabled person may cause extensive financial loss for the employer. This type of employers may even lose interest in improving labour conditions, and in prevention-cum-reintegration policy. In that case, the changes in legislation do not activate employers but even have an adverse effect.

The conceptual framework shows that there are serious barriers that may influence the relationship between changes in legislation and effects. Firstly, it is possible that employers will not show the intended behaviour, maybe because relationships are not very clear, maybe because of disturbing exogenous factors. For example, social security bodies might furnish insufficient information, or may not offer suitable tools enabling employers to adapt behaviour. Secondly, employers may change their behaviour, but these changes will not have any effect on employees' disability for work, maybe because the relationship between measures and effect is weak or maybe due to exogenous factors. For example, it is known that there is a positive relationship between the business cycle and the volume of employees' disability for work.

Behavioural attitudes will not be enforced: It will not be mandatory for employers to either or not display specific behaviour. The government strives to stimulate employers to display desired behaviour - on a voluntary basis - by confronting them with the potential negative consequences (*viz.* the cost (to be) incurred) when not displaying desired behaviour. Therefore, this strive entails indirectly exerting influence on employers' behaviour. When examining

the effects of the legislation, it is thus important to examine the intervening process while focusing on employers' behaviour. Behaviour is the result of an uncomplicated process where many factors influence both each other as well as behavioural attitudes. The ability to forecast, understand, explain and influence behaviour demands knowledge about this process.

Scope and rationale of the underlying study do not permit an analysis of every theoretical relationship within the conceptual framework. In this study, we shall focus on employers' behaviour, and on the way this is affected by recently implemented changes in legislation. In the next section, we shall examine a model for the explanation and prediction of behaviour. Next, we shall apply this theory on employers' behaviour as a consequence of changes in social security legislation.

3.2 A model for analysing behaviour

3.2.1 Behavioural-attitudes model

When examining employers' behaviour, use may be made of general theories and models of behaviour. Generally, it may be said that people are more likely to be inclined to display specific behaviour if and when this behavioural attitude generates more advantages than disadvantages. This *weighing-the-pros-and-cons* process is the core of Fishbein and Ajzen's¹ theory of rationalised behaviour. Their theory provides an explanation of differences in human behaviour and, besides, presents a model-like specification of assessments required to forecast and explain behaviour.

According to Fishbein and Ajzen's theory, behaviour may best be forecasted by examining the *intention* of people to display this behaviour. The intention to display specific behaviour does not automatically entail corresponding behavioural attitudes. *Thresholds* may arise, or *impossibilities inherent to a person or an environment*, whereby the intention cannot be transformed into factual behaviour.

The next question arising is which factors determine whether or not someone has the intention to display specific behaviour. According to Fishbein and Ajzen, the intention to display specific behaviour may be forecast on the basis of two factors, *i.e.* the attitude of a person and the social norm. The first factor, *attitude*, refers to the advantages and disadvantages a person attaches to behaviour. *Social norm* refers to the views of important other parties as perceived by that person. The theory's point of departure is that people not only weigh the personal pros and cons or advantages and disadvantages but, besides, also deliberate on the views held by, for instance, family, friends, ac-

¹ De Vries (1988).

acquaintances, colleagues, organisations, etc. This pertains to the perception by acquaintances, colleagues, organisations, etc. This pertains to the perception a person has as regards the views held by these other actors. This (perception of) social environment may either hamper or stimulate a person's behaviour. With increasing degree of rating the prevailing social norm as positive versus one's own behaviour, a person will be more inclined to display that behaviour.

The social norm, too, comprises two facets; *viz.*:

- *Reference opinion*. This pertains to the opinion held by a person as to what others may think.
- *Motivation to conform*. This entails the inclination of a person to care about one specific other person. One is more likely to care about specific persons than about other persons.

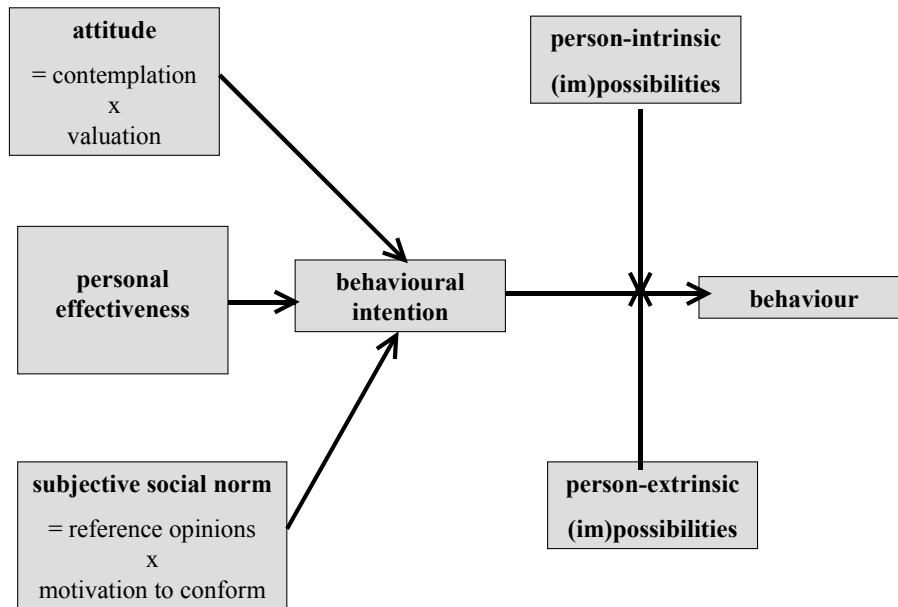
Summarising, according to the theory of rationalised behaviour, behavioural attitudes may best be forecast on the basis of a person's intention. This intention may be forecast on the basis of attitude and social norm. As explained above, attitude and social norm are the aggregate of several components. Attitude and social norm are not necessarily of equal significance for every type of behaviour. This implies that in the model, weights may be attributed to attitude and social norm, *i.e.* weights that represent the relative significance of both intention-forecasting entities.

There may be myriads of other influencing qualities. The model presented by Fishbein and Ajzen, however, departs from the assumption that such external variables as a person's socio-economic status, a person's intelligence properties and general attitudes (such as, for instance, a healthy lifestyle, the desire to socialise, etc.) exert influence on behaviour. If and when these factors are of significance, they will - according to their theory - affect the contemplation, valuation, reference opinion and motivation to conform, as well as the relative significance a person attaches to social norm and attitude.

Later on, one major factor was added to the original model presented by Fishbein and Ajzen; an addition entailing the *personal effectiveness* in respect of behaviour, pertaining to the opinion a person harbours as to whether s/he reckons to be able to display that very behaviour.

The adapted model of Fishbein and Ajzen serves as the theoretical framework of the underlying study. Chart 2 recapitulates how behaviour materialises according to these perceptions.

Chart 2 Behaviour



Source: Fishbein and Ajzen; derived from De Vries (1988).

3.2.2 Application of the model on employers' behaviour

As concerns non-mandatory behaviour desired by the government, the *attitude* of the employer is of substantial significance as to whether this desired behaviour will factually transpire or not. A positive attitude vis-à-vis the desired behaviour are conducive for the factual materialisation of desired behaviour. Whether or not an employer adopts a positive or negative attitude, depends on her/him weighing the pros and cons of the advantages and disadvantages. Particularly the following two questions will be of significance to employers:

- *What will be my benefit?* This consists of the result expected by employers, multiplied by the likelihood that this result may be achieved.
- *What cost will I incur?* Employers will also reflect on the cost to be incurred in the event of unfolding specific activities, while discriminating between short-term cost and long-term cost incurred. Besides calculating the cost of desired behaviour displayed, this also includes calculating the cost (*i.e.*, for instance, fines) of not conforming to desired behaviour, or of adopting another - undesired - behavioural pattern.

Besides contemplations, when weighing the pros and cons, the valuation attached to them by a person is of significance. The result of contemplations has impact on the *intention* to adopt specific behaviour.

Besides, behavioural intention is determined by the following factors:

- Belief or confidence of the employer as regards his/her own effectiveness.
- Perceived social norm, as generated by the multiplication of reference opinions (i.e. notions held by important other actors¹) and employers' motivation to conform to those opinions. As concerns SME employers, for instance, it seems very likely that the conception of or advice furnished by their accountant will have major impact, as for many SME employers, the relationship with accountants who assume the role of advisor as regards their overall business policy is based on the trust the employers place in their advisor.²

Whether behavioural intention factually generates behavioural attitudes, depends on possibilities or impossibilities of an employer or the environment:

- Sensitivity, knowledge and skills of the employer. These aspects determine whether or not an employer is able to tackle various issues.
- Preconditions, means, etc. in the environment that enable behaviour. These might entail the availability of sufficient financial means, and/or the accessibility to auxiliary devices required.

3.3 Employers' indicators in the present study

The effect aspired by the implementation of *Wulbz* and *Pemba* is based on the principle of influencing behaviour. The government strives that legislation may inspire employers to:

- Prevent employees' disability for work.
- Enable (more rapid) in-company reintegration of ill or disabled employees by either task adaptation or granting another position.

Primarily, the prevention of disability for work entails tackling work- and workplace-related safety issues, as well as welfare and health hazards. In the event of temporary incapacity to work, it is of significance that adequate disability coaching is effected to avoid that that employee may contract long-term illness and, conceivably, even be permanent incapable to work. In the event of long-term illness looming, the employer should consider and discuss the possibilities for in-company reintegration based on the original or adapted tasks/position.

During the telephone poll (see section 1.3), behaviour in the framework of reducing (risks of) employees' disability for work was operationalized as follows:

- (More) Checks on staff absenteeism.
- Facilitation of absenteeism coaching.
- Adaptation of task or workplace.
- Promotion of personal protective-gear use.

¹ I.e. other people deemed important by the employer.

² See a/o: Brouwers and Zwinkels (1999).

- Instruction of employees to improve tackling in-company health hazards.
- Stimulation of reintegration of ill employees.
- Health-related risk selection (i.e. improved focus on health upon staff recruitment).
- Insurance cover as regards the risks of employee absenteeism/disability for work.

Both, desired behaviour (preventive measures and stimulation of reintegration) as well as undesired behaviour (risk selection or no changes in behaviour) were included in the telephone poll.

Findings delineated in the previous section revealed that employers' behaviour may pre-eminently be explained on the basis of the intention to display these particular behavioural attitudes. Intention to behaviour is determined by employerial attitude and opinion, their weighing the pros and cons in terms of anticipated benefits and cost to be incurred; their belief or confidence attached to their own effectiveness, the views of important other actors and their motivation to conform to these views.

In the telephone poll conducted in the framework of the underlying study, these aspects were addressed in one way or the other. Questions were posed to employers as to their opinion in respect of the changes in social security legislation. Besides, employers' views were examined as to whether they expected to be able to influence employees' disability for work. The questions examining the motives to reduce employees' disability for work strived to gain an initial overview of the deliberations made by employers in this respect. Besides, questions were asked as to the motives for not intensifying the focus on reducing employees' disability for work. Here, too, items were incorporated that might match weighing the pros and cons of anticipated yields and cost to be incurred.

According to the behaviour model, social environment is of influential significance when opting for specific behaviour. Contacts or agencies/actors that/who might exert potential influence, are insurance companies, *Arbo*-services, enforcement agencies (*Uvi's*), accountants, in-company staff, family, friends, acquaintances. Employers were asked whether they had approached these agencies/actors or had activated other contacts to gather information or to contract advice. Besides, questions were asked as to which agencies or actors had influenced the decision to opt or not to opt for intensifying the focus on reducing employees' disability for work.

Whether behavioural intention factually generates behavioural attitudes, mainly depends on possibilities or impossibilities of the employer (sensitivity, knowledge and skills), as well as on possibilities, preconditions or impossibilities in the environment. These aspects were hardly examined in the telephone poll. However, the questions examining the motives for not intensifying the focus on reducing employee absenteeism/disability for work pertained to whether person-intrinsic impossibilities encountered had been of significance ('inclined to - yet no idea how to tackle this issue').

4 Research results

4.1 Introduction

The underlying chapter recapitulates the response by SME employers related to changes in social security legislation. The inventory was effected on the basis of data derived from the SME Policy Panel. Effective since 1998, a three-times-a-year telephone poll examining an array of policy issues is being conducted among approximately 2,500 SME employers (*i.e.* employers employing less than 100 staff) in this Panel.

In the second poll (1999), the 'prevention and reduction of employees' disability for work' issue was one of the components. The poll examined a net sample of 2,119 participants of the SME Policy Panel. The questions related to social security were asked to 1,742 employers. The remaining 377 employers were excluded since they did not employ staff at that time. To serve aggregation to population level, use was made of the number of employers as published in the 'Bedrijven in Nederland' of statistics Netherlands (CBS) publication. Table 15 in Annex I comprises data on the volume of the population and net sample survey, differentiated by sector and size class upon which the weights were calculated.

The results presented relate to weighed numbers of employers. As regards the results, in nearly all cases, a differentiation by size class is made. Generally, the differences between sectors are not that large when considering the size class factor. Besides, in nearly all cases, an employee related distribution is presented.

In the underlying chapter, we examine the question as to whether and how changes in legislation governing employees' disability for work had effects on the behaviour of employers. Research by Besseling *et al.* (1999), based on data of the Ministry of Social Affairs and Employment (SZW) Employers' Panel, also examined whether government policy had spurred employers to further develop their employees' disability for work policy and *Arbo*-policy. Besides, in the afore-mentioned survey, an attempt was made to identify whether policy developments effected in employers generated reduced absenteeism rates and lower *WAO* influx. Where applicable and possible, the findings of both the survey and the underlying study will be compared, while considering that the survey of Besseling *et al.* relates to all employers while the underlying study covers the cluster of employers employing up to 100 staff.

Section 4.2 discusses the response of employers to the changes in social security legislation. Aspects examined include knowledge of the employer about changes in legislation, employers' opinion in this respect, as well as the consequences related to the focus put on reducing employees' disability for work.

Section 4.3 focuses on employers that in recent years have intensified their focus on reducing employees' disability for work. *Inter alia*, the section elaborates on motives of the employer, activities unfolded and measures adopted, as well as on the impact of employers' social environment.

Section 4.4 outlines the findings related to employers that during recent years did not intensify their focus on reducing employees' disability for work.

Section 4.5 elaborates several explanatory analyses covering the issue whether or not employers have unfolded relevant activities.

4.2 Employers' response as regards the legal changes

Knowledge in respect of Ziektewet changes

More than 80 percent of the SME employers had knowledge about the *Ziektewet* changes. More than half (56%) stated to be more or less informed about the changes (= average degree of knowledge); approximately one-quarter stated to be informed in more detail (= high degree of knowledge); 17 percent, however, had no or hardly any idea about the changes (= low degree of knowledge). Knowledge about *Ziektewet* changes was found to increase with size class.¹

Table 1 Percent knowledge of *Ziektewet* changes

Size class	Degree of knowledge				Total
	Low	Average	High	Don't know	
1-9	19	55	25	0	100
10-49	7	58	35	.	100
50-99	8	52	40	0	100
Total employers	17	56	27	0	100
Total employees	12	54	35	0	100

Source: EIM, SME Panel 1999.

Insurance cover

More than three-quarters of all SME employers bought one or the other insurance to cover (parts of) the financial risks of employees' temporary incapacity to work. The share of policyholders appeared to be much higher among employers with less than 50 employees (*i.e.* 80% approximately) than among the 50+ employers (56% policy holders). In addition, the data compiled by the SZW Employers' Panel revealed that small(er) employers in particular had used the

¹ Differences (between sector, size class, ...) that are mentioned in the text are significant at 5%-level.

possibility to reinsure themselves against the financial risks of continued wage payments to ill employees.¹

Table 2 Insurance cover as regards risks of employees' disability to work (percentages)

Size class	Insurance cover?			Total
	Yes	No	Don't know	
1-9	78	21	0	100
10-49	83	16	1	100
50-99	56	43	1	100
Total employers	78	21	0	100
Total employees	76	24	1	100

Source: EIM, SME Panel 1999.

Employers' behaviour versus government measure

The government bestowed *more responsibility* on employers as regards reducing employees' disability for work. Nearly one-third of all SME employers had opposing views and adopted a negative stance in this respect. A slightly smaller employer cluster was found to hold neutral views about this government policy. The largest cluster of SME employers, however, appeared to be content (*i.e.* positive) in this respect. Here, too, results were found to differ by size class, as 50+ employers adopted an averagely more positive attitude in respect of the higher responsibility to be shouldered by employers. A large number of employers stated spontaneously to rate the higher responsibility as adequate, but not in the realm of the *risque social* (a/o sports-related accidents).

Table 3 Employers' assessment of employers' higher responsibility as regards employees' disability for work (percentages)

Size class	Assessment by employers				Total
	Positive	Neutral	Negative	Don't know	
1-9	37	29	33	1	100
10-49	39	28	32	0	100
50-99	58	27	14	1	100
Total employers*	38	29	32	1	100
Total employees	45	26	28	1	100

* Excluding the *risque social* (a/o sports-related accidents).

Source: EIM, SME Panel 1999.

¹ Besseling et al. (1999).

One of the changes in the *Ziektewet* entails that employers themselves are forced to effect continued wage payments to ill employees. A major share of the SME employers (*i.e.* 44%) rate this as inadequate, a slightly smaller employer cluster as fair, and merely 16 percent as adequate. The 50+ employers had an averagely more positive stance in this respect. Here, too, many (spontaneous) marginal comments were furnished in respect of cases where the causes of employees' disability for work were rooted in the realm of the *risque social* (a/o sports-related accidents).

Table 4 Employers' assessment of continued wage payments in the event of illness (percentages)

Size class	Assessment by employers				Total
	Inadequate	Fair	Adequate	Don't know	
1-9	44	40	15	1	100
10-49	41	42	17	0	100
50-99	34	46	19	0	100
Total employers	44	40	16	1	100
Total employees	41	40	18	0	100

Source: EIM, SME Panel 1999.

Opinion as to whether or not absenteeism may be influenced

Nearly two-thirds (65%) of the employers reckoned that employees' disability for work can hardly or not at all be influenced. Approximately 22 percent were of the opinion that influence can be exerted to a certain extent, while 11 percent thought that a high degree of influence can be exerted in this respect. Here, huge differences per size class were found. In 50+ employers, 64 percent reckoned that employee absenteeism/disability for work might be influenced (to a certain extent). As for smaller employers, this holds for approximately 35 percent only.

Table 5 Assessment of employers' influence as to the volume of employees' disability for work (percentages)

Size class	Influence possible on employees' disability for work?					Total
	To a high degree	To a certain extent	Hardly	Not at all	Don't know	
1-9	11	21	35	32	2	100
10-49	11	28	32	28	1	100
50-99	18	46	28	8	.	100
Total employers	11	22	34	31	2	100
Total employees	12	31	32	25	1	100

Source: EIM, SME Panel 1999.

Identifiable impact on focus on employees' disability for work?

Only more than one-third (35%) of all employers employing half of all staff in SME stated to have intensified their focus on reducing employees' disability for work during recent years. Particularly, this holds for employers that reckoned to be able to exert influence (to a certain extent) on the volume of employees' disability for work, such as the slightly larger employers. In 50+ employers, nearly 80 percent had intensified their focus on reducing employees' disability for work over the past years. Approximately 21 percent of the employers employing one-third of all staff in SME stated to have intensified their focus on reducing employees' disability for work due to the changes in legislation.

Table 6 Focus on employees' disability for work (percentages)

	Employers				Employees Total
	Size class				
	1-9	10-49	50-99	Total	
More focus	32	47	79	35	50
• Spurred by changes in legislation	19	31	46	21	33
• Irrespective of legis. changes	13	17	33	14	17
Equal (<i>i.e.</i> unchanged) focus	68	53	21	65	50
• Subject already high on agenda	11	17	8	12	13
• Other rationale	57	36	13	53	37

Source: EIM, SME Panel 1999.

During recent years, 12 percent of the SME employers did not intensify their focus on employees' disability for work since the subject had already been high on the agenda. If this cluster were to be included, it would entail that 47 percent of the employers employing 63 percent of staff in SME did reduce their employees' disability for work rates. As yet, merely the smallest employers (employing less than 10 staff) did so to a limited degree. A large fraction, 68 percent, did not change their focus, only 11 percent because the subject was already high on the agenda.

The legal changes that were most effective in changing the focus of the employers were the abolition of the *Ziektewet*, and the introduction of *Wulbz*. To a lower extent, also the *Arbowet*¹ has been of significance here, albeit comparatively more in the smallest-employers cluster.

¹ Arbowet: Labour Conditions Act.

Table 7 Legislation spurring intensified focus on reducing employees' disability for work (percent of relevant employers/number of employees)*

Legislation	Employers				Employees Total
	Size class			Total	
	0-9	10-49	50-99		
Changes in <i>ZW, Wulbz</i> implementation	62	72	82	65	72
Labour Conditions Act	35	31	22	34	30
Changes in <i>WAO, Pemba</i> implementation	7	17	10	9	13
Disabled Reintegration Act (<i>REA</i>)**	3	0	2	2	1
Combined legislation	11	7	6	10	7
Other legislation	2	8	2	3	5
Don't know	3	2	2	3	3

* Figures do not add up to 100% per size class, as more answers were possible.

** *REA: Wet op de (Re)integratie Arbeidsgehandicapten.*

Source: EIM, SME Panel 1999.

Remarkably, to a limited degree only, changes in *WAO*, as well as *Pemba* and *REA*¹ spurred employers to intensify their focus on reducing employees' disability for work rates. The findings of another survey among employers of the *SZW* Employers' Panel, however, reveal that a majority of the employers (50 to 60%) had stated that *Pemba* had spurred them to either expand their activities in the realm of preventing employees' disability for work, and/or to scrutinise health-related risks more closely upon recruiting staff in the future.²

Gathering information and contracting advice

More than two-thirds of all employers employing approximately 80 percent of all staff in SME had gathered information or contracted advice due to the *Ziektewet* privatisation. This percentage was found to be considerably higher among employers that had reinsured themselves than among those that had not reinsured themselves (75 and 50 percent of all employers, respectively).

Insurance companies were found to be the source of information primarily approached by employers (53% of all employers that had contracted advice).³ Other often stated sources of information were accountants, *Arbo*-services and enforcement agencies (*Uvi's*). Merely a limited part of the employers had been advised by in-company staff or family, friends and acquaintances. As for small-scale employers, mainly insurance companies and accountants were of signifi-

¹ *REA*: Effective January 1998. Law includes all kinds of measures for the (re)integration of the disabled. Employers as well as the non-working disabled can ask for provisions financed by the *REA* budget.

² Besseling et al. (1999).

³ As explicitly stated in the telephone poll (Question SZ09A1): Excluding invitation for insurance quotations.

cance in this respect, whereas *Arbo*-services were important for large-scale employers.

Table 8 Information gathered or advice contracted in the framework of *ZW* privatisation (percentages)*

Info gathered/advice contracted	Employers				Employees
	Size class				
	0-9	10-49	50-99	Total	Total
Yes	71	80	83	69	80
No	29	20	16	30	20
Don't know	0	0	1	0	1
Total	100	100	100	100	100
If yes: Agencies/actors furnishing info/advice (percent of all relevant employers/employees; total= 100)					
Insurance company	53	55	33	53	51
Accountant	47	42	21	46	39
<i>Arbo</i> -services	42	57	74	45	57
Enforcement agency (<i>Uvi</i>) or industrial insurance board	40	43	37	40	41
Family, friends, acquaintances	5	5	9	5	5
In-company staff	4	8	8	5	8
Other actor(s)	19	19	22	19	19
Don't know	0	1	2	1	1

* Figures do not add up to 100% per size class, as more agencies/actors could be approached.
Source: EIM, SME Panel 1999.

4.3 Employers who intensified their focus on reducing employees' disability for work

As stated before, more than one-third of the employers unfolded more activities to reduce the volume of employees' disability for work in recent years (see table 6). The major grounds for SME employers to do so entailed financial reasons (64%; see table 9). Another major reason stated by employers was that they attached more importance to staff health (55%), or had gained increasing knowledge of in-company health hazards (47%). These findings correspond with the findings of the *SZW* Employers' Panel¹, whose employers stated to have intensified their focus on employees' disability for work policy. Financial incentives aside, this might be explained by the fact that a cultural change

¹ Besseling et al. (1999).

transpired causing employers as well as employees to increase their focus on the consequences of employees' disability for work.

Comparatively many of the employers among the 39 percent employers who had intensified their focus on reducing employees' disability for work did so in order to enhance task attractiveness for staff; more than one-quarter of the employers did so because of problems encountered in respect of ill employees.

Other, considerably less stated reasons included 'following third-party advice', 'higher rate of employees' disability for work' or 'due to staff request'. Occasionally, reasons stated to justify the higher focus concerned employer continuity, the tight labour market and (ISO) certification.

Table 9 Motives for intensifying focus on reducing employees' disability for work (percent of relevant employers/employees)*

Motives	Employers				Employees Total
	Size class			Total	
	0-9	10-49	50-99	Total	Total
Financial motives	62	69	66	64	69
More importance attached to staff health	54	53	63	55	56
Improved knowledge of in-company health hazards	47	46	50	47	47
So as to enhance task attractiveness for staff	40	36	35	39	37
Problems encountered in respect of ill employees	25	29	36	26	28
Higher employee disability for work rate	15	15	27	15	18
Third-party advice	11	19	25	13	17
Staff request	11	12	26	12	15
Other motives	20	19	30	20	20
Don't know	2	0	0	1	0

* Figures do not add up to 100% per size class, as more answers were possible.
Source: EIM, SME Panel 1999.

Activities undertaken

Increasing focus on reducing employees' disability for work pertains to various activities undertaken. The majority of the employers stated adaptation of tasks or workplace as preventive measures. Yet also the other activities distinguished had been adopted by more than half of the relevant employers.

Table 10 Activities adopted to reduce or prevent employees' disability for work (percent of relevant employers/employees)

Activities unfolded	Employers				Employees Total
	Size class				
	0-9	10-49	50-99	Total	
Adaptation of tasks or workplace to prevent work-related illness of employees	76	63	72	73	70
Promotion of personal protective-gear use	67	73	60	68	68
Improved focus on health upon staff recruitment	69	57	56	66	58
Improved coaching of ill employees	62	71	87	65	77
Instruction of employees to improve tackling in-company health hazards	56	58	61	56	60
More checks on employee's disability for work	52	63	80	55	68

Unsurprisingly, larger employers undertook much more activities, given the higher extent of strategic HRM policy enforced. Larger employers focused on improved coaching of ill employees and improved checks on absenteeism. Remarkably, two out of three employers enforced health-related risk selection upon the recruitment of future staff. In this respect, larger employers were found to be considerably more reluctant than smaller companies.

Reintegration measures

More than half (52%) of the employers who intensified their focus on reducing employees' disability for work had employed long-term ill or disabled staff during recent years. Unsurprisingly, this holds in particular for slightly larger employers, given their higher share of staff employed. Two-thirds of the employers that employed long-term ill or disabled employees had adopted specific measures on behalf of these employees to ensure their in-company reintegration, *i.e.* by means of task adaptation or by granting another position. Again, this applies more to the larger employers.

Table 11 Experience gained in terms of long-term ill or (partially) disabled employees and measures adopted (percent of relevant employers/employees)

	Employers				Employees Total
	Size class				
	0-9	10-49	50-99	Total	
No experience gained	53	35	23	48	32
Experience gained	47	65	77	52	68
Measures adopted to encourage reintegration	67	60	80	66	68
No measures adopted to encourage reintegration	33	40	20	34	32
Total	100	100	100	100	100

Source: EIM, SME Panel 1999.

Influence exerted by agencies/actors

Primarily *Arbo*-services were of substantial significance when opting for an intensified focus on reducing employees' disability for work. This holds for 47 percent of the relevant employers. To a considerably lower extent (*i.e.* 12 and 11 percent of the relevant employers, respectively), enforcement agencies (*Uvi's*) and insurance companies were of significance. Accountants (5 percent) and in-company staff (5 percent) were stated to a low degree only. Nearly 30 percent of the employers who had intensified their focus on reducing employee absenteeism/disability for work stated that other parties/actors had not been of major significance. Unsurprisingly - since they had gathered more information from that source -, it was found that large-scale employers had been more often influenced by *Arbo*-services.

4.4 Employers who did not intensify their focus on reducing employees' disability for work

Nearly two out of three employers (65%) did not change their behavioural pattern over the past years (see table 12). The majority of these employers did not see any necessity to change, as they had not encountered problems as regards employees' disability for work (70%). Approximately 18 percent stated that reducing employee absenteeism/disability for work had already been high on their agenda.

Table 12 Motives underpinning equal (i.e. unchanged) focus on reducing employees' disability for work (percent of relevant employers/number of employees)*

Motives	Employers				Employees Total
	Size class				
	0-9	10-49	50-99	Total	
No problems encountered as regards employees' disability for work	72	56	46	70	62
Subject already high on the agenda	16	33	40	18	27
Employees' disability for work unrelated to work/workplace	4	5	7	4	5
Insufficient benefits	2	1	2	2	2
Inclined to - yet no idea how to tackle this issue	0	0	1	0	0
Lack of time/lack of opportunity	0	1	1	0	0
Too high cost involved	0	0	1	0	0
Covered by insurance	0	0	0	0	0
Other motives	16	14	10	16	14
Don't know	0	0	0	0	0

* Figures do not add up to 100% per size class, as more answers were possible.
Source: EIM, SME Panel 1999.

Employers hardly or not at all, stated *lack of time/lack of opportunity, cost (to be) incurred, insufficient benefits or covered by insurance* as reasons. A small share had not intensified their focus on reducing employees' disability for work since the latter were unrelated to the work/workplace. A very small share of employers were inclined to, yet had no idea how to tackle this issue.

Primarily small-scale employers had not encountered problems as regards employees' disability for work. The reasoning that the subject was already high on the agenda was comparatively more often stated by medium-scale and large-scale employers.

Upon the question which agencies/actors had been of significance as regards decision-making in this respect, the majority (75%) of the employers who had not intensified their focus on reducing employees' disability for work in recent years stated that they made this choice on their own - unsurprisingly, considering that the majority of these companies stated not to have encountered any problems in this respect.

4.5 Explanatory analyses

Following the recapitulation of single relationships in previous sections of this chapter, the underlying section elaborates more in-depth employers' behaviour, and the factors affecting that behaviour, while utilising multivariate analysis techniques.

So as to identify factors affecting changes in the focus on reducing employees' disability for work in recent years, a logit model was estimated. In this analysis, no differentiation was made as yet as to the reasons to intensify/not intensify the focus due to changes in legislation. Table 13 recapitulates the corresponding results. Owing to the high number of observations, only parameters at 5%- and 1%-level were marked as significant.

The results confirm the image presented in table 6, *i.e.* that large employers have intensified the focus on reducing employees' disability for work. Several sectoral differences were found that, however, can not be explained easily. Employers commanding more knowledge about *Wulbz* have intensified their focus. Remarkably, employers that reinsured themselves have not significantly intensified or decreased their focus on employees' disability for work. Lastly, the assessment as to whether any influence may be exerted on employees' disability for work is of significance, as employers who reckoned that influence may be exerted here were found to have intensified their focus.

Table 13 Logit model: Higher focus on reducing employees' disability for work in recent years

Variable	Coefficient		Standard error
Volume (ref. 50-100)			
• 1-9 employees	-1.47	*	0.16
• 10-49 employees	-0.96	*	0.14
Sector (ref. manufacturing industry)			
• Construction	0.02		0.20
• Trades	-0.36		0.20
• Hotel & catering	-0.60	*	0.23
• Transport/haulage	0.02		0.23
• Rental agencies	-0.64	*	0.22
• Financial services	-0.21		0.22
• Other services	-0.12		0.25
• Non-private sector	0.05		0.22
Knowledge of <i>Wulbz</i>	0.19	**	0.09
Reinsured	0.10		0.13
Positive attitude versus more responsibility assumed by employers	0.07		0.06
Positive attitude as regards financial incentives	0.08		0.09
Assessment degree of employers' influence on employee's disability for work	0.42	**	0.06
Constant	-0.74	*	0.35

* Significant at 1% level; N = 1,696.

** Significant at 5% level; N = 1,696.

Source: EIM, SME Panel 1999.

Table 14 comprises an identical analysis while incorporating the focus due to changes in legislation as an independent variable. Here, too, knowledge and

assessment of *yes-or-no-potential-influence* were found to be of significance. Besides, whether or not employers had reinsured themselves was of no significance. This allows for the conclusion that there is no large cluster of employers that reinsured themselves due to the launching of financial incentives in social security legislation, and henceforth ceased to effect active policy to reduce employees' disability for work. This conclusion corresponds with the findings of Besseling *et al.* (1999, p. 37). Remarkably, it was found that employers adopting a positive attitude versus the financial incentives imbedded in *Wulbz* did intensify their focus due to changes in legislation. This indicates the significance of a positive attitude of employers as regards materialisation of behavioural changes as desired by the government.

Table 14 Logit model: Higher focus on reducing employees' disability for work in recent years due to changes in legislation

Variable	Coefficient		Standard error
Volume (ref. 50-100)			
• 1-9 employees	-1.04	*	0.16
• 10-49 employees	-0.63	*	0.14
Sector (ref. manufacturing industry)			
• Construction	0.45	**	0.20
• Trades	0.21		0.20
• Hotel & catering	-0.35		0.26
• Transport/haulage	0.44		0.24
• Rental agencies	-0.26		0.23
• Financial services	-0.32		0.23
• Other services	0.08		0.27
• Non-private sector	0.28		0.21
Knowledge of <i>Wulbz</i>	0.20	**	0.09
Reinsured	-0.06		0.13
Positive attitude versus more responsibility assumed by employers	0.10		0.06
Positive attitude as regards financial incentives	0.20	*	0.09
Assessment degree of employers' influence on employee's disability for work	0.33	*	0.06
Constant	-2.13	*	0.37

* 1% significance level; N = 1,696.

** 5% significance level; N = 1,696.

Source: EIM, SME Panel 1999.

Conceivably, owing to the integration of the *whether-an-employer-is-reinsured-or-not* variable, the afore-stated analysis might be affected by a methodological dilemma - as, in all probability, employers' opting for reinsurance might be determined by factors identical to those integrated in the logit model. Therefore, a logit model was calculated while integrating reinsurance as *the* explanatory variable versus all other explanatory variables. The analysis

revealed the substantial significance of size class; *i.e.* the share of reinsured employers rose with decreasing employer size. Although average employees' disability for work figures were found to be lower in the smallest employers, the probability of an excess risk is larger. The smallest employers thus had less demand for higher responsibilities in this respect. Besides, smaller-scale employers often stated not to be able to exert any influence whatsoever on the volume of employees' disability for work. Besides size class, merely one other difference between employers that did and those that did not reinsure themselves was found; *i.e.* employers reckoning that employees' disability for work may not be influenced, had reinsured themselves more often - another unsurprising, size class-related result.

Next, a logit analysis was effected analogous to that in table 14, while omitting the more or less endogenous *reinsured-or-not* variable. This exercise did not produce different parameter estimations. Identical variables are significant.

In order to determine whether the behavioural aspects correlate a factor analysis has been carried out on the aspects of the behaviour employers that have intensified their focus on reducing employee absenteeism/disability to work.

The six aspects are:

- checking in the event of employee absenteeism/disability for work
- improved coaching of ill employees
- adaptation of tasks or workplace to prevent work-related illness
- promotion of personal protective-gear use
- instruction of employees to improve tackling in-company health hazards
- improved focus on health upon staff recruitment.

The analysis shows three significant factors (with eigenvalue > 1):

1. The *preventive* employers, who have improved coaching, adapted tasks or workplace to prevent, promoted the use of protective-gear use and instructed employees to improve tackling health hazards.
2. The *curative* employers, who have checked more in the event of employee absenteeism/disability for work and who have improved coaching of ill employees.
3. The *defensive* employers, who have checked more in the event of employee absenteeism/disability for work and who have improved their focus on health upon staff recruitment.

There is no clear relationship between these typologies and size class. This can be explained by the small differences in size class from the activities (see table 10). Also some variables within a factor show different relationships with size class. For example in the third factor, bigger firms have adopted more checks but smaller firms have enforced health-related risk selection.

5 Summary and conclusions

5.1 Background

In recent years, many changes were implemented in legislation governing employees' disability for work. With the objective to reduce numbers of ill and disabled persons, the implementation of *Wulbz* and *Pemba* shifted a great deal of responsibility for ill employees to employers. This was effected by launching financial incentives. As for *Wulbz*, this is realised by compelling employers to continue wage payments to ill employees during the first year of disability. *Wulbz* thus makes up for the fact that the sickness benefit act (*Ziektewet*) for employees was abolished. *Pemba*, amongst others, caters for variable contribution rates depending on influx of the number of disabled from a given employer into the disability scheme. The rationale underpinning these laws entails that financial incentives launched should stimulate employers to ensure that employees' disability for work rates are kept as low as possible. Employers' response to the changes in legislation may differ, and their behavioural response may not necessarily correspond with the behaviour aspired to by legislators when implementing that legislation. Moreover, the question remains whether employers' behaviour factually contributes to reducing the volume of employees' disability for work. The relationship between government policy, business policy and effect is of a rather complex nature. The underlying study mainly focuses on the relationship between changes in legislation and reactive changes in employers' behaviour.

5.2 Problem definition and research questions

The general problem definition of the underlying study reads as follows:

What are the effects of financial (dis)incentives in government legislation on the behaviour of employers in small and medium-sized firms (SMEs)?

With respect to this case study of social security, this problem definition leads to the following research questions:

1. What changes in employers' behaviour have occurred due to the recent changes in social security legislation? In particular, which changes have occurred in the field of reintegration, selection of staff and labour conditions?
2. What is the relationship between characteristics of the employer, the employer and the above-mentioned behaviour? Is there a difference depending on the size of firms? Can typologies in the behaviour of employers be found?

3. What have been the effects of the behaviour of employers on short-term and long-term incapacity to work?
4. Are there undesired influences or side effects of the changes in legislation, due to employers' behaviour?

5.3 Methodology

In the framework of the underlying study, a telephone poll was conducted among a Panel of SME employers.¹ This Panel comprises more than 2,000 SME employers (employing up to 100 staff) that will be polled several times a year on various topics. During this telephone poll, employers were requested to indicate whether they displayed specific attitudes and behaviour that are characteristic as regards reducing disability for work. Besides, questions were posed as to the correlation with relevant legislation. Moreover, in this telephone poll, an attempt was made to gain an initial overview as to employers' motives to effectuate/not to effectuate measures in the framework of reducing disability for work. Besides, a literature survey was conducted, examining the social security regime in the Netherlands, as well as models explaining the influence exerted on behaviour.

5.4 Results

Knowledge as regards changes, and assessment of changes

The research findings reveal that the majority of the employers commanded knowledge of the *Ziektewet* changes. This holds in particular for employers employing 10+ staff. Opinions on these changes strongly vary. On average, larger employers (employing 50+ staff) rated the changes as more positive than smaller employers did, partly owing to the fact that larger employers were more often of the opinion that influence may be exerted as regards the volume of employees' disability for work.

Additional focus on reducing employees' disability for work and on Arbo-policy

One major conclusion of this research is that the changes in legislation governing disability for work only had a limited impact on the behaviour of employers. Only 35 percent of the SME employers had factually intensified their focus on reducing employees' disability for work over the past years. A significant difference by size class was, however, found. Hardly one-third of the employers with less than 10 employees had become more active in this field in recent

¹ Annex II comprises a questionnaire based on the telephone poll.

years, versus nearly 80 percent of the employers employing 50 to 100 staff. These 35 percent may be further divided into 21 percent of employers who say they had become more active due to changes in social security legislation, and 14 percent in respect of whom the above does not hold. In addition, 12 percent of the companies stated not to have intensified their focus since the subject had already been high on the agenda.

Size class-attributable differences aside, it was found that commanding knowledge about legislation was much more likely to spur employers to intensify the focus on employees' disability for work. Besides, a significant correlation was found between opinions as to whether or not influence may be exerted on disability for work. Employers who reckoned that influence may be exerted in this respect, were found to have intensified their focus on employees' disability for work. Also, one may conclude that more positive attitudes versus changes in legislation had also contributed to a higher focus by employers on reducing disability for work due to those changes.

Remarkably, whether or not employers had reinsured risks, appeared to be of no significance as regards intensifying the focus on reducing employees' disability for work. Apparently, other factors had been of relevance in this respect. From previous research it could already be concluded that there were no differences between employers reinsured and those who were bearing their own risks as regards revising their employees' disability for work and *Arbo-policy*.¹ Besseling *et al.* did, however, identify differences in disability for work rates: When considering several employer characteristics, such as size, employees' disability for work rates appeared to be significantly higher in employers that had reinsured themselves than among employers that were bearing their own risks. Apparently, employers that had reinsured themselves had perceived less direct financial incentives to reduce employees disability for work rates.

Changes in behaviour mainly attributable to Wulbz and Arbowet

Policies adopted by SME employers were mainly affected by *Ziektewet* changes, the *Wulbz* implementation and the *Arbowet*. Changes in the *WAO*, and implementation of the *Pemba* and *REA* Acts, had less impact on SME as regards intensifying the focus on reducing employee absenteeism/disability for work. This might be caused by the recent introduction of the latter.

Reasons for additional focus on reducing employees' disability for work and on Arbo-policy

Reasons to intensify the focus on reducing the volume of employees' disability for work primarily entailed finance-related motives (64%). Besides, the changes in legislation also appeared to have spurred a change in culture: Ap-

¹ Besseling *et al.* (1999).

proximately half of the employers stated that they had attached more importance to staff health, and an improved knowledge as regards in-company health hazards. Moreover, nearly 40 percent of the employers stated to combat employees' disability for work by enhancing task attractiveness for staff. In more than one-quarter of the employers, the reasons were attributable to problems encountered in respect of ill employees.

Employers' behaviour

Behavioural attitudes of employers who intensified their focus on employees disability for work and reintegration mainly manifested themselves in the adoption of preventive measures, such as adaptation of tasks or workplace, promotion of personal protective-gear use and instruction of employees to improve tackling in-company health hazards. Remarkably, despite of being prohibited by law, employers also adopted an improved focus on health upon staff recruitment. The latter entails an undesired effect of the implementation of modified legislation. Activities more often unfolded in the event of employees' disability for work entailed improved coaching of ill employees and more checks on employees' disability for work. The latter activities were primarily found in larger employers. Besides, two out of three employers were found to enforce health-related risk selection upon staff recruitment; this holds for smaller employers in particular. Considering reintegration activities unfolded by employers who intensified their focus on employees disability for work, it was found that more than half of these employers had had long-term ill or disabled employees on their payrolls over the past years. Two out of three of these employers had adopted specific measures to enable in-company reintegration of these employees, by means of either adaptation of tasks or by granting another position. This holds for larger employers in particular.

The following typologies in the behaviour of employers were distinguished:

1. The *preventive* employers, who have improved coaching, adapted tasks or workplace to prevent, promoted the use of protective-gear use and instructed employees to improve tackling health hazards.
2. The *curative* employers, who have checked more in the event of employee absenteeism/disability for work and who have improved coaching of ill employees.
3. The *defensive* employers, who have checked more in the event of employee absenteeism/disability for work and who have improved their focus on health upon staff recruitment.

Reasons for equal (i.e. unchanged) focus on reducing employees' disability for work and on Arbo-policy

Employers who during recent years did not change their focus on employees' disability for work, generally failed to see the necessity thereof as they stated not to have encountered problems as regards disability for work, and/or because they reckoned that no influence could be exerted in this respect. On av-

erage, passive employers operated more small-scale businesses; besides, employees' disability for work rates often lingered around much lower levels in smaller employers. A small share of those employers who had not intensified their focus on reducing employees' disability for work rates did not do so because that subject had already been high on their agenda. The highest response rate in terms of *subject-already-high-on-the-agenda* was found among larger employers.

Impact of social environment on employers' behaviour

The underlying study also elaborates on the impact of the social environment on employers' behaviour. The findings reveal that - spurred by the *Ziektewet* privatisation - a considerable majority of the employers had gathered information or contracted advice. This holds in particular for employers that drew insurance to cover the financial risks of employees' disability for work. Insurance companies were stated as the most prominent source of information, followed by accountants, *Arbo*-services and enforcement agencies (*Uvi's*). Furthermore, nearly half of the employers who had intensified their focus on reducing employees' disability for work had gathered subject-related information at *Arbo*-services. Here too, this holds for larger-scale employers in particular. Other agencies/actors, such as enforcement agencies (*Uvi's*) and insurance companies, were of much less significance in this respect. The majority of the employers who deliberately had not intensified their focus on reducing the volume of employees' disability for work had not been influenced by any other agencies/actors.

5.5 Conclusion

Relationship between government policy and employers' behaviour

The research findings reveal a limited impact of legislation governing the domain of employees' disability for work on employers' behaviour, as well as on business policies in SME, as illustrated by the fact that - due to changes in legislation - 35% of the employers had intensified their focus on reducing employees' disability for work rates. It should be considered, however, that a higher focus was primarily found in larger employers. Particularly, smaller employers with less than 10 employees as yet hardly focus on reducing employees' disability for work. Government policy spurred employers to take much more account of the financial consequences of employees' disability for work as regards their business operations. This is illustrated by the fact that the most prominent reason stated for an intensified focus on reducing employees' disability for work and on *Arbo*-policy are finance-related motives. Besides, government policy was also accountable for the substantially enhanced knowledge among employers as regards the significance of healthy and moti-

vated staff, as well as for the improved knowledge as regards in-company health hazards.

Relationship between the complex of government policy, business policy and impact on employees' disability for work

The afore-stated conclusions mainly pertain to the relationship between government policy and business policy. The underlying study does not (or hardly) elaborate(s) on the relationship between government policy, business policy and the impact thereof on the volume of employees' disability for work. This relationship is of a rather complex nature; it is, therefore, not easy to identify whether employers' response spurred by behaviour due to changes in legislation had genuine effect on the volume of employees' disability for work. The major problem here entails that an array of exogenous factors may affect that impact. Partly, this is also attributable to the recent implementation of the legislation, as - therefore - the time span to identify any effect is short, particularly as regards *Pemba*. Besides, the underlying study covers a field still developing both at present and in the immediate future.

Recommendations as regards follow-up studies

By means of the underlying study, EIM furnished an initial onset to gain knowledge about the relationship between government policy, business policy and the effects thereof on the volume of employees' disability for work. The relationship between behaviour and effects, and - thus - indirectly the relationship between government policy and effects, should be further examined. Ever since the social security regime's modification of 1987, the government unfolded a multitude of measures to curb the volume of employees' disability for work. In their majority, these measures aimed to influence the behaviour of one or more of the parties involved (employers, employees and social security enforcement agencies (*Uvi's*)). To serve additional policy formulation in this domain, it is essential to gain knowledge as to the factual effects of these measures.

Another interesting aspect for follow-up studies is the introduction of financial incentives in legislation. Full wage payments throughout the first year of illness (*Ziektewet*-year) and financial incentives in the *WAO* contribution system meant a new development in the social security regime. Following the identification of employers' behaviour in response, and the impact thereof on employees' disability for work rates, follow-up studies could examine the feasibility of launching additional incentives.

Furthermore, follow-up studies might serve as models for incentives (to be launched) in other legislation domains. Finally, further research may also include an international comparative survey in the field of employees' disability for work, examining the question how legislation is enforced in other countries, as well as the role of the government and public/private parties. Measures adopted in other countries to reduce the volume of employees' disability

for work may also be examined, as favourable and unfavourable experience gained abroad may serve the future development of the social security regime in the Netherlands.

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Annex I: The SME Policy Panel

Table 15 recapitulates the net sample survey figures. To serve aggregation to population level, use was made of the number of employers as mentioned in the 'Bedrijven in Nederland' CBS publication, whose data are also included in the table. Based on this information, weights were attributed to employers while differentiating by sector and size class.

Table 15 Number of SME employers in the SME Policy Panel and at population level, differentiated by sector and size class

Sector	Population (x 1,000)							
	Size class (# of employees)				Size class (# of employees)			
	1-9	10-49	50-99	Total	1-9	10-49	50-99	Total
Manufacturing	20	8	1	30	56	103	83	242
Construction	22	7	1	29	62	83	94	239
Trades	87	13	1	101	87	95	82	264
Hotel & catering	27	2	0	29	78	70	14	162
Transport/haulage	11	3	0	15	45	65	29	139
Rental agencies	40	6	1	48	42	86	52	180
Financial services	8	1	0	9	91	78	25	194
Other services	25	5	2	32	35	76	6	117
Non-private sector	25	2	0	28	43	73	89	205
Total	266	47	7	321	539	729	474	1,742

Annex II: Questionnaire for telephone survey

Question SZPERS

Do you employ staff?

1. Yes
2. No
3. Don't know/no answer

If Question SZPERS = larger than 1, THEN proceed to Question SZAFSL

Question SZ01INT

Effective March 1996, the *Wulbz (Wet Uitbreiding Loondoorbetalingsplicht Bij Ziekte)* was enforced. This new Act is also referred to as the *Ziektewet* privatisation. From that date onward, it is mandatory for employers themselves to remunerate ill employees.

Question SZ01

Do you rate your knowledge of *Ziektewet* changes as low, average or high?

1. Low
2. Average
3. High
4. Don't know/no answer

Question SZ02

Did you draw insurance cover as regards the risks of employee absenteeism/disability for work?

1. Yes
2. No
3. Don't know/no answer

Question SZ03INT

By means of financial incentives, the government attempts to motivate employers to adopt an improved approach in reducing employee absenteeism/disability for work.

Question SZ03A

Do you adopt a positive, neutral or negative attitude as regards the fact that employers themselves have to assume more responsibility in this respect?

1. Very positive
2. Positive
3. Neutral
4. Negative
5. Very negative
6. Don't know/no answer

Question SZ03B

As regards the measure adopted for this purpose, entailing that it is mandatory for employers themselves to remunerate ill employees: Do you rate this measure as inadequate, fair or adequate?

1. Inadequate
2. Fair
3. Adequate
4. Don't know/no answer

Question SZ04

May employee absenteeism/disability for work in your employer to a high degree, to a certain extent, hardly or not at all be influenced?

1. To a high degree
2. To a certain extent
3. Hardly
4. Not at all
5. Don't know/no answer

Question SZ05A

Did you intensify your focus on reducing employee absenteeism/disability for work during recent years?

1. Yes
2. No

If Question SZ05A = answer 1, THEN proceed to Question SZ05B, ELSE proceed to Question SZ07

Question SZ05B

Was that also due to changes in legislation?

1. Yes 2. No

IF question SZ05B = answer 1, THEN proceed to Question SZ05C, ELSE proceed to Question SZ06

Question SZ05C

What type of legislation?

[POLLSTER: Spontaneous answers required]

1. Changes in *Ziektewet, Wulbz* implementation
2. Changes in *WAO, Pemba* implementation
3. Labour Conditions Act (*Arbowet*)
4. Disabled Reintegration Act (*REA*)
5. Combined legislation
6. Other legislation; *viz.: ...*
7. Don't know/no answer

Question SZ06

Why did you intensify your focus on reducing employee absenteeism/disability for work?

[POLLSTER: READ ALOUD:]

[POLLSTER: Only record 'Other reason(s)' if answer is definitely not attributable to any other item]

1. Financial reasons
2. Higher rate of employee absenteeism/disability for work
3. More importance attached to staff health
4. Problems encountered in respect of ill employees
5. So as to enhance task attractiveness for staff
6. Improved knowledge as regards in-company health hazards
7. Staff request
8. Third-party advice
9. Other reason(s); *viz.: ...*
10. Don't know/no answer

If Question SZ05A = answer 1, THEN proceed to Question SZ08INT

Question SZ07

Why did you not intensify your focus on reducing employee absenteeism/disability for work?

[POLLSTER: Spontaneous answers required]

[POLLSTER: Only record 'Other reason(s)' if answer is definitely not attributable to any other item]

1. No problems encountered as regards employee absenteeism/disability for work
2. Inclined to - yet no idea how to tackle this issue
3. Lack of time/lack of opportunity
4. Too high cost involved
5. Insufficient benefits
6. Subject already high on the agenda
7. Employee absenteeism/disability for work unrelated to work/workplace
8. Covered by insurance
9. Other motives; viz.: ...
10. Don't know/no answer

If Question SZ05A = answer 2, THEN proceed to Question SZ09A1

Question SZ08INT

I shall state several activities that employers may adopt to reduce or prevent employee absenteeism/disability for work. Employers may seek the support of, for instance, *Arbo*-services in this respect. Please state in respect of every activity whether it was applicable to an increasing degree over the past years.

Question SZ08A

Activity 1: *[POLLSTER: READ ALOUD: 'More checks in the event of employee absenteeism/disability for work?']*

1. Yes 2. No

Question SZ08B

Activity 2: *[POLLSTER: READ ALOUD: 'Improved coaching of ill employees?']*

1. Yes 2. No

Question SZ08C

Activity 3: [POLLSTER: READ ALOUD: 'Adaptation of tasks or workplace to prevent work-related illness of employees?']

1. Yes 2. No

Question SZ08D

Activity 4: [POLLSTER: READ ALOUD: 'Promotion of personal protective-gear use?']

1. Yes 2. No

Question SZ08E

Activity 5: [POLLSTER: READ ALOUD: 'Instruction of employees to improve tackling in-company health hazards, for instance by means of facilitating training?']

1. Yes 2. No

Question SZ08F

Activity 6: [POLLSTER: READ ALOUD: 'Improved focus on health upon staff recruitment?']

1. Yes 2. No

Question SZ08G1

Did your employer encounter long-term ill or fully/partially disabled employees during recent years?

1. Yes
2. No
3. Don't know/no answer

IF Question SZ08G1 = larger than 1, THEN proceed to Question SZ09A1

Question SZ08G2

Activity 7: [POLLSTER: READ ALOUD: 'Did you adopt specific measures as regards these long-term ill or disabled employees, so as to facilitate their in-company reintegration, for instance by means of task adaptation or by granting another position?']

1. Yes 2. No

Question SZ09A1

Did you gather information or contract advice upon Ziektewet privatisation?

[POLLSTER: Excluding invitation for insurance quotations]

1. Yes
2. No
3. Don't know/no answer

IF Question SZ09A1 = larger than 1, and Question SZ05A = answer 1, THEN proceed to Question SZ09C1

IF Question SZ05A = answer 2, THEN proceed to Question SZ09C2

Question SZ09A2

Where did you gather information or contract advice?

[POLLSTER: READ ALOUD]

1. Insurance company
2. Arbo-services
3. Enforcement agency (Uvi) or industrial insurance board
4. Accountant
5. In-company staff
6. Family, friends, acquaintances
7. Other actors; viz.: ...
8. Don't know/no answer

[POLLSTER: Record answers 'GAK', 'CADANS', 'DETAM', 'GUO', 'SFB' and 'BVG' sub 3]

IF Question SZ05A = answer 1, THEN proceed to Question SZ09C1

IF Question SZ05A = answer 2, THEN proceed to Question SZ09C2

Question SZ09C1

Which agencies/actors were of significance when you opted for intensified reducing of employee absenteeism/disability for work?

1. No agency/actor
2. Insurance company
3. *Arbo*-services
4. Enforcement agency (*Uvi*) or industrial insurance board
5. Accountant
6. In-company staff
7. Family, friends, acquaintances
8. Other actors; *viz.:* ...
9. Don't know/no answer

[POLLSTER: Record answers 'GAK', 'CADANS', 'DETAM', 'GUO', 'SFB' and 'BVG' sub 4]

Question SZ09C2

Which agencies/actors were of significance when you opted for not reducing employee absenteeism/disability for work to a higher extent?

1. No agency/actor
2. Insurance company
3. *Arbo*-services
4. Enforcement agency (*Uvi*) or industrial insurance board
5. Accountant
6. In-company staff
7. Family, friends, acquaintances
8. Other actors; *viz.:* ...
9. Don't know/no answer