

Firm internal labour markets in the Netherlands : a contract-theoretical approach

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SUMMARY AND CONCLUSIONS

8.1 Summary and conclusions

The starting point in *Chapter 1* of our examination of internal labour markets was the problem of unemployment. In that chapter a trend was marked which indicated that an increasing number of economists seem to admit that the labour market model in its traditional shape is unsuitable to explain widely observed labour market phenomena such as wage rigidity, labour immobility and unemployment. This is not to say that the traditional labour market model is worthless. Instead the common opinion seems to be that this model needs to be refined, ameliorated or adjusted. In this respect other analysing concepts, such as segmented labour markets and internal labour markets, appear useful.

Nevertheless, these recent approaches are not full-grown yet, and cannot replace the traditional model. In this study attention is focused on one of these relatively new concepts: the internal labour market. This is commonly described as (that part of) an organization in which the payment of employees, as well as the way in which they are distributed over the job hierarchy, is subject to rules and procedures of personnel policies and management. The distinguishing characteristic of the internal labour market concept from other labour market concepts is that it mitigates the influence of market forces, usually referred to as the price system.¹ The cliché which is used to refer to this development in labour economics is that the black box, *i.e.*, the firm, is opened.

Topics previously discussed in diverging research areas such as personnel management, organization sociology, management development, microeconomics, organization theory and labour psychology, can all be related to this new concept. It is clear that it is impossible to study all aspects related to the internal labour market. Therefore, the number of research questions is limited to three, which refer to the characteristics of internal labour markets and the relationship between internal labour markets, wages and mobility (see Table 8.1).

¹ In later approaches concerning the internal labour market, as well as in ours, this distinction is less sharp.

Table 8.1 Research questions of this study

- | | |
|------|---|
| I. | What are the characteristic features of workers and jobs on the internal labour market? |
| II. | What is the relationship between firm internal labour markets and wages? |
| III. | What are the consequences of internal labour markets for the flexibility of wages and the mobility of labour? |

The first question concerns an investigation into the aspects which make internal labour market positions differ from those outside. In fact it tries to examine how workers employed on the internal labour market differ from those outside, and how jobs on the internal labour market differ from those on the external labour market. The second question enquires into the relationship between internal labour markets and wages. Since internal labour market theory might, in the future, be a serious candidate for explaining unemployment, it must be clear how the pricing process on the labour market works if internal labour markets exist. The third question asks for general conclusions on the relationship between internal labour markets and labour mobility. In Chapters 2 to 7 we have tried to find answers to these questions.

In *Chapter 2* we started with a discussion on the origin of the internal labour market concept. This is done by shortly referring to the discussion on the segmentation of labour market following the historical line from Mill and Cairnes, to Kerr and Dunlop, until Doeringer and Piore. In fact it is their definition of the internal labour market which is the starting point of most analyses. Nevertheless, a review of prior definitions of the internal labour market shows that there is no agreement on its essentials. Instead, this review results in a long list of features adhered to the internal labour market. Since it is our purpose to empirically investigate the internal labour market with survey data, this forces us to define the internal labour market in our own terms by a restricted number of essential features. In line with the arguments of Doeringer and Piore we consider both long-term employment relations and internal promotion opportunities as essential to the internal labour market.

Having defined the internal labour market in this way, in *Chapter 3* an attempt is made to answer the questions of research by investigating prior labour market theories. Six labour market theories are examined in order to explain long-term employment relations and internal promotion opportunities. These are the radical approach, transaction cost theory, human capital theory, implicit contract theory, efficiency wage theory, and insider outsider theory. The conclusion is that, although the concept internal labour market appears in some theories, none of these approaches offers clear-cut answers to why jobs exist with long-term employment relations and good promotion opportunities. Nevertheless, what can be found from this review is that two explanatory concepts appear fruitful for the research questions. These are the development of firm-specific human capital and the existence of imperfect information on the productivity of employees. Our further examinations are based on these two phenomena.

In *Chapter 4* we offer a contract interpretation of the internal labour market. Contracts are classified according to two criteria: whether employment is *ex ante* guaranteed for a long time or not, and whether wages are *ex ante* fixed or variable. Several contracting modes are distinguished according to these two criteria. Of the resulting contracts some capture the essence

of the internal labour market. Starting from our definition of the internal labour market we argue that it can be interpreted as a labour contract between employer and employee which covers more payment periods and includes internal promotion opportunities. Internal labour market contracts are alternatively referred to as delayed payment contracts. Subsequently contracts are examined in a two-period model based on Malcomson (1984). According to the findings in Chapter 3 two sources of the internal labour market are distinguished: firm-specific human capital and incentives. If there is firm-specific human capital it can be efficient for the employer to bind the worker to the firm by offering him long-term employment contracts with good promotion opportunities. If worker productivity is hard (and thus costly) to observe, it can be efficient for the employer to offer contracts with guaranteed employment and opportunities for future wage increases. By these promotion opportunities workers are motivated to exert higher effort levels. Thus promotion contracts and seniority contracts can result from the development of firm-specific human capital or monitoring problems. Of course these two contracts, seniority and promotion contracts, are highly complementary, for instance, because workers who have developed a serious amount of firm-specific skills are increasingly difficult to monitor.

With this distinction of two types of internal labour market contracts an attempt is made to answer the research questions. Accordingly some hypotheses are derived from the Malcomson model and some related models. These hypotheses are summarized in Table 8.2 and related to the original research questions (note that the order of hypotheses differs from that of the research questions). With respect to the question into the features of workers and jobs on the internal labour market in comparison with those on the external labour market it is argued that internal labour market contracts are used if the development of firm-specific skills is important and problems of monitoring workers exist. Accordingly in hypothesis 4.5 features of workers and jobs are listed. Question 2 concerns the relationship between internal labour markets and wages. In general it is argued that internal labour markets consist of better (higher paying) jobs and better qualified (or more productive) workers. This leads to hypothesis 4.2: average wages on the internal labour market exceed those on the external labour market. With the Malcomson model it is argued that even for (initially) identical workers wages are higher on internal labour markets. Workers on the internal labour market are rewarded for their higher productivity which is a result of more firm-specific skills and higher effort. So higher wages exist even after differences in characteristics of jobs and workers are taken into account (hypothesis 4.1). Furthermore, the deferred payment schedule which characterizes internal labour market contracts results in a higher increase in wages with seniority than outside the internal labour market (hypothesis 4.3). Finally, with respect to question 3 it is hypothesized in hypothesis 4.4 that on internal labour markets intrafirm mobility is higher and interfirm mobility is lower. At most some indications that internal labour markets lead to more rigid wages are found in this study.

The formulation of the hypotheses closes the theoretical part of this study. Next attention is turned to the empirical part, which includes our own empirical investigations into these hypotheses. First, in *Chapter 5*, prior empirical research into internal labour markets and some related topics are reviewed. It appears that prior research into internal labour markets is scarce. However, many features which are usually adhered to the internal labour market, have previously been a matter of discussion. Moreover, most research is based on case studies or interviews, which prohibits general conclusions. One of the reasons for this restriction to case studies in previous research is the argument that the internal labour market cannot be described by a single statistic, and thus many empirical methods fail. A further argument is that data on firm side variables are scarce. In response to these considerations we argue that inter-

nal labour markets can be described by a single (in fact two) statistics: long-term employment and internal promotion opportunities. Furthermore, supply-side data, as in household surveys, can be used as well to investigate some questions concerning the internal labour market. Thus in the proceeding chapters results are presented based on such a definition and such a data set.

Table 8.2 Research questions and related hypotheses

<i>Question I:</i>	
Hypothesis 4.5:	On the internal labour market the proportion of male and full time workers is higher than on the external labour market. Further, the length of the initiation period, average job level, average firm size and capital intensity is higher on the internal labour market. Finally, average age, years of education and previous experience are not significantly different from the external labour market.
<i>Question II:</i>	
Hypothesis 4.1:	Average (expected) wages on the internal labour market are higher compared to those outside the internal labour market for identical workers on identical jobs.
Hypothesis 4.2:	Average (expected) wages on the internal labour market are higher than those on the external labour market.
Hypothesis 4.3:	On the internal labour market the slope of the earnings profile is steeper than the slope on the external labour market.
<i>Question III:</i>	
Hypothesis 4.4:	On the internal labour market the inter-firm mobility is lower and the intra-firm mobility is higher compared to the external labour market. Further, average tenure is higher on the internal labour market.

In *Chapter 6* empirical research is presented which is based on a cross-section of the Dutch potential labour population of 1985, gathered by the Organization of Strategic Labour Market Research. The main purpose of this chapter is to operationalize our definition of the internal labour market. Therefore the labour market is divided in an internal labour market, defined by good promotion opportunities and long employment relations, and the remainder of the labour market, the external labour market. The internal promotion criterium is constructed by using nine questions which reflect the perception of the employee of the internal promotion opportunities of his work. With respect to the second criterium it is argued that it is not actual tenure which is of interest for the importance of long-term employment relations on the internal labour market, but the eventual tenure of an employee. Since there is no such variable directly available from the survey it must be calculated first. So for every individual worker

in the survey an eventual tenure is estimated with the hazard. This hazard is an estimate of the individual's probability of leaving the firm within some time. In the next step of the analysis workers with an expected tenure of ten years or more are assumed to be on an internal labour market, provided they have good (or above average) promotion opportunities. With these proxies for good promotion opportunities and long tenure, the size of the internal labour market can be found. It appears that on the Dutch labour market about 26% of the workers is employed on the internal labour market. With 32% this percentage is more than twice as high as that for women (14%). This could be due to the finding that most part-time workers are women. However, restricting the sample to full-time workers these percentages are 31% for all workers, while for men (with 34%) this is still almost twice as high as for women (18%).

Chapter 7 tests hypotheses 4.1 to 4.6. Using the method of Chapter 6 workers are divided into those employed on the internal labour market and those on the external labour market. Now both groups are compared with respect to their worker and job characteristics. With respect to question 1 (or hypothesis 4.6) the following results are found: the percentage of men was significantly higher on the internal labour market. Furthermore, average age, average tenure, the initiation period, job level, and firm size were higher. However level of education was hardly different, which suggests that low level workers can be employed at the internal labour market as well. Finally it appeared that the percentage of workers on the internal labour market was rather high in banking and rather low in governmental jobs.

In order to investigate question 2 (or hypothesis 4.2) average wages are compared. Indeed average wages for all workers, as well as for men and women separately and for full-time workers and part-time workers are higher on the internal labour market. Of course this could be caused by the differences found under hypothesis 4.6. Thus wage equations are estimated with OLS controlling for worker and job differences as mentioned under hypothesis 4.6. Substituting features of workers outside the internal labour market into the wage equation of those on the internal labour market gives an indication of the wage difference between the groups, controlling for a set of other influences. It appeared that employment on the internal labour market leads to higher wages. Furthermore, the wage equations differed significantly. Finally seniority wages are investigated.

With respect to question 3 the hypothesis into labour mobility resulted in the findings that intra firm mobility is relatively high and interfirm mobility is lower.

8.2 Evaluation and further research

Two matters remain to be discussed. First, we argue in what way this study improves on other studies. Second, its shortcomings are summarized and some directions for further research are listed. Starting with the improvements of this study, it improves on previous research on several points. First, a thorough discussion on the essential features of the internal labour market is provided in order to avoid descriptive, rather vague, definitions of the internal labour market which hamper empirical investigations. Second, the internal labour market concept is related to recent developments in labour economics which focus on information imperfections and firm internal processes. This is achieved by interpreting the internal labour market as a contract. This location of the internal labour market in this contract theoretical tradition opens the way to more analytical approaches of the internal labour market. Third, empirically this study has shown that the theoretical concept can be used in empirical research as well. It is possible to assess on an individual level whether a worker is employed on the inter-

nal labour market. In fact this is one of the first studies which allows general conclusions on the size and characteristics of the internal labour market, especially for the Netherlands. Fourth, and more precisely, this research has shown that the wage differential which exists between those employed on the internal labour market and those outside is not a result of differences in jobs and workers only. So it provides an argument for efficiency wage theories which argue that some parts of the labour market employ human resources more efficiently. Fifth, and last, this investigation has empirically specified down some features of workers and jobs on the internal labour market, instead of assuming *a priori* that workers differ in these characteristics.

Nevertheless, this study certainly has its drawbacks. In general, every study which focuses on both theoretical and empirical matters incorporates the risk of being criticized by specialists of both "sides". Therefore, we close this study by listing those points on which ask for improvement in future research. As a general point, attention is restricted to a limited number of questions. Undoubtedly, one can point to many questions which are not treated in this study, but are of importance in this research area. Some remarks on this point are in order. First, the method of investigation, with cross-sectional survey data, restricts the topics discussed. Some for instance argue that, in order to study the essentials of internal labour markets, longitudinal data are needed concerning firm internal processes, or case studies are required to capture all aspects of internal labour markets. Our research is based on cross-sectional data for a single year and a single country. One reason for this is that no longitudinal data were available at the start of our investigations. Nowadays such data are available and subsequent research based on longitudinal data will most certainly lead to interesting complementary findings. Nevertheless, we regard our cross-sectional data as appropriate for our research questions (see Section 2.5 and 5.3). Second, having mentioned this restriction, the important question to ask is whether the questions treated are worthwhile. In this respect we think that, referring to the problem of unemployment, which originates this research in a way (see Chapter 1), the question of internal labour markets and wages, which is the core of our examinations, is essential. Further, to clarify some of the discussion on the features of internal labour markets a discussion on its jobs and workers is of value. Since our discussion evolves around these two topics, we think that our choice of research questions is justified. Notwithstanding, other questions remain which provide a research agenda for future research.

First, we stress that the *development of internal labour markets* needs to be discussed in more detail. Dynamic aspects of internal labour markets are hardly discussed in this thesis. Some studies mentioned in Chapter 5 addressed this topic (see for instance Scholten, 1984; Warmerdam and Van den Berg, 1986; Blossfeld and Mayer, 1988). For a better understanding of the mechanisms of the labour market it is worthwhile to know whether the internal labour market moves in the same direction as the business cycle. Do internal labour markets increase during a boom because employers try to bind their employees who perceive better opportunities elsewhere (Verburg, 1985). Or, on the contrary, does the internal labour market increase during a downswing because of reorganizations, and protection of inside workers (Albeda, 1985; Scholten, 1984).² In fact our approach to the internal labour market is *static*, while several authors have emphasized its dynamic character. Thus we give no explanation for cyclical movements in wages, employment, profits and productivity, although this is an important elaboration for policy questions.

² Some other references on this discussion are Akerlof and Yellen (1986, p.11), Katz (1986, p.241-242), De Grip (1985), Bills (1987, p. 218), Osterman (1984, p.20) and Sengenberger (1981).

Second, the model discussed in Chapter 4 provides no comprehensive discussion on the *relative efficiency* of contracts. Several contracts were ruled out *a priori* since they were of minor importance for the research questions. Examples of these are piece rates and "up-or-out" contracts. Also the relative efficiency of internal labour market contracts, especially seniority contracts and promotion contracts, is not discussed. A model including firm specific skills as well as effort or incentive effects is required for such an analysis. Thus the comparison of contracts should be extended in future research. In this respect it is useful to point to the importance of long run considerations. Some theoretical studies have argued that in the long run different contracts might lead to similar outcomes in effort and wage terms (Weitzman, 1983; Malcomson, 1986). A complete investigation in the efficiency of (internal) labour markets contracts should take these considerations into account. It implies that, despite some remarks made in Chapter 4, our investigations merely concentrate on the short run.

Last, but not least, if the internal labour is to become the alternative (or improved) framework of the traditional labour market model it has to be modelled in a general equilibrium context. Most approaches discussed in this study are partial, concentrating on the labour market, and mainly concerned with short run aspects. For a proper modelling of the labour market the equilibrium two-sector models in the tradition of Harris and Todaro (see Section 4.8) are helpful. Evidence, as presented in this study, for the existence of internal labour markets increases the need for economists to discuss and model these firm internal processes in a proper way. Interesting in this respect is the question mentioned above, whether the contract offered to employees matters in the long run. The equivalence theorem of Malcomson (1986) shows that under some conditions for every piece rate contract a tournament contract can be developed which reaches the same efficient outcome. Weitzman (1983) also has pointed to the long run indifference of payment systems.

Third, to keep our discussion of internal labour market rather simple, *several phenomena are a priori ruled out*. Wage increases between periods are considered as internal promotions. This implies that vertical and horizontal job changes are similarly treated. Wage changes without internal promotion, or internal promotions without wage changes are also not discussed in this study. In the same way a drawback is that firm internal demotions are not discussed. Nevertheless, it is our opinion that the contract approach, on which our analysis is based, is able to incorporate these elements. Internal promotions can be modelled considering both changes in monetary and status aspects, so internal mobility with an increase in status without an increase in income can be analysed.

The previous point is part of a more general shortcoming. In general, little attention is paid to *varying types of internal labour markets* (Bills, 1987) and detailed firm internal processes such as careers, job clusters, and vacancy chains. There are two reasons for our relative ignorance on this point. First, it is our opinion that the general questions into the definition, existence, size and features have to be addressed before a detailed analysis of firm internal processes can be performed. It is possible to use our definition of the internal labour market in a subsequent research into different kind of internal labour markets, firm internal career patterns, and job clusters which make up an internal labour market. A second reason why we did not concentrate on such questions was that our dataset did not allow such an approach. Although the data set of the Organization of Strategic Labour Market Research (OSA) is rich, it does not contain very detailed information on the required data for such research questions. It is likely that the new cross-sectional surveys of the OSA, based on firms instead of households, will provide improved information on these aspects.

Moreover, at this point we refer to two types of research for these kinds of questions. First of all there is the organizational perspective on internal labour markets (for review articles

see Schreuder, 1985; Hendrikse and Schreuder, 1987). From an *organizational* point of view there are many interesting questions concerning the structure of organizations, personnel management, diversity of payment systems and the different kind of promotion ladders, job clusters and career trajectories. What precise administrative rules and procedures are used on an internal labour market?, what do the promotion ladders look like?, how do workers move along the ladders?, what is the advantage of having many short ladders compared to one long ladder?, what is the function of job clusters?, and how important is horizontal mobility compared with vertical mobility? Apart from extensive treatment of all kinds of questions concerning personnel management techniques, human resource management and organizational behaviour with respect to internal labour market is not presented. Research like that of Bills (1987), Soeters and Schwan (1990), Schwan and Soeters (1991a, 1991b, 1991c), Di Prete (1987), Baron, Davis-Blake and Bielby (1986), Lawler III (1987), Jensen and Meckling (1976), Brüderl (1990) and Rosenbaum (1979a, 1979b) focuses on these firm internal processes.

A second type of research which focuses on these questions from a microeconomic perspective is concerned with the development of career lines and reward structures. References in this respect are Cooter and Restrepo (1979), Morrison and Schmittlein (1981), Oswald (1981), and Beckmann (1978, 1983). A topic which is regularly discussed in these models is the relative efficiency of ability and seniority as promotion criteria (Abraham and Medoff, 1985; Mills, 1985). Perhaps our discussion in Chapter 4 of turnover and incentive models might provide arguments for this analysis.

Fifth, there is little attention for *considerations of equity, fairness, custom and status*. Nevertheless, these might play an important role on internal labour markets. In fact, the moral hazard problem, which is solved by the promotion contract, can be solved by considerations of fairness. In the partial gift exchange model of Akerlof (1982) workers exchange effort for employment guarantee. Since these approaches are not directed to promotion opportunities, they are beyond the scope of our internal labour market analysis. Additionally, we do not state that these aspects are empirically irrelevant, but merely stress that our data, as most data, provide no information on equity and fairness.

Sixth, although internal labour markets are concerned with institutions, rules and procedures concerning firm internal processes, there is no explicit treatment of such institutions, such as *trade unions*. Although unions are casually mentioned in this study, a complete description of the relationship between unions and internal labour markets is not given. Nevertheless, this relationship is interesting, since the question is raised whether unionization and the development of internal labour markets are complementary (internal labour markets being highly organized), or substitutes (by installing an internal labour market a union can be kept out of the firm). On the one hand unions in highly unionized firms or industries can persuade or force the employer to offer acceptable working conditions, even including long-term employment and good promotion opportunities. Investigating internal labour markets in US and British iron and steel industries Elbaum (1983, p. 264) suggests that internal labour markets are (partly) originated by unions or "pressure collectively exerted by workers for employment security and advancement, with consequences which may include rigid internal promotion rules". On the other hand one can argue that in firms or industries with an internal labour market workers have no incentives to join a union and union membership will be low. In this respect we quote Bills, who investigated the internal labour market in a City Hospital: "The hospital's wage and salary administration indicated that the high wage rates are a part of City Hospital's effort to remain union-free" (1987, p. 209). Theories which discuss these relationships are found in Freeman and Medoff (1984), Katz (1986, p. 236), Doeringer and

Piore (1971), Creedy and Whitfield (1988, p. 248), and Addison and Castro (1987). In the previous point the relative efficiency of seniority and ability as criterium for promotion is discussed. In this respect it can be asked whether unionized firms sooner use seniority as a promotion criterium compared with non-unionized firms. Such questions are investigated in Abraham and Medoff (1985) who find that, although seniority seems more important in union settings, the difference with non-union settings is rather small. In contrast Mills (1985) finds no separate influence of unionization on the use of seniority as an internal promotion criterium.

So, although from Section 8.1 we concluded that some questions concerning internal labour markets are answered, at the end of this closing section we are with our feet back on the ground. Section 8.2 has shown that at least as many questions remain unanswered, and ask for further research. It is our hope that this study has provided a useful discussion and definition of the concept of the internal labour market, and that it has shown that cross-sectional data can be useful in answering (some) questions concerning internal labour markets and the processes which are going on inside the black box.

NEDERLANDSE SAMENVATTING

Het verschijnsel werkloosheid stelt economen in het algemeen voor grote problemen. Voor de verklaring ervan grijpt men vaak terug op achterliggende problemen als starheid van lonen en immobiliteit van arbeid. Arbeidsrelaties zouden niet flexibel genoeg zijn, en lonen te star, om te zorgen dat iedereen die een baan wil er ook een kan krijgen. Om een beter inzicht te krijgen in de omstandigheden waarin loonstarheid en immobiele arbeid voorkomen is het zinvol de aandacht te richten op de plaats waar beslissingen over loonhoogte en duur van de arbeidsrelatie tot stand komen: de organisatie. Het onderzoeksgebied dat schuil gaat achter de term *interne arbeidsmarkt* omvat het onderzoek naar loonvorming en allocatie van arbeid binnen de bedrijfsinterne arbeidsmarkt. Omdat bij een onderzoek op dit terrein legio begrippen, aspecten en factoren van invloed zijn, en diverse disciplines zich met aan de interne arbeidsmarkt gelieerde verschijnselen hebben beziggehouden, is een van de eerste stappen in deze studie het afbakenen van het onderzoeksterrein. Daarom is besloten het onderzoek te beperken tot drie vragen. De eerste gaat na door welke kenmerken de interne arbeidsmarkt wordt beschreven. Welke werknemers komen op de interne arbeidsmarkt voor, welke banen zijn er te vinden en wat voor soort bedrijven hebben zulke interne arbeidsmarkten. De tweede vraag richt zich direct op de beloning van arbeid en onderzoekt de relatie tussen de interne arbeidsmarkt en beloning. De derde en laatste vraag grijpt enigszins terug op het achterliggende probleem van werkloosheid, en gaat in op de gevolgen van het bestaan van interne arbeidsmarkten voor de mobiliteit van arbeid en de starheid van beloning. Deze afbakening van het onderzoek aan de hand van drie onderzoeksvragen vindt plaats in hoofdstuk 1. Het doel van de dissertatie is deze vragen zowel theoretisch als empirisch te onderzoeken.

In hoofdstuk 2 wordt dieper ingegaan op de term interne arbeidsmarkt. Een bestudering van eerdere definities van het begrip interne arbeidsmarkt laat zien dat er geen consensus bestaat over de definitie van de interne arbeidsmarkt. Hoogstens bestaat er overeenstemming over de definitie van Doeringer en Piore, maar deze is nogal vaag en biedt geen direct aanknopingspunt voor empirisch onderzoek. De definitie stelt dat de interne arbeidsmarkt bestaat uit een verzameling regels en procedures die zorgen voor de beloning en allocatie van arbeid. Als centraal kenmerk van de interne arbeidsmarkt nemen we eigenschap dat werknemers op de interne arbeidsmarkt afgeschermd zijn van de buitenwereld. Sommige banen op de interne arbeidsmarkt zijn alleen toegankelijk voor hen die reeds op de interne arbeidsmarkt werkzaam zijn. Op zo'n interne arbeidsmarkt ontwikkelen zich daarom langdurige arbeidsrelaties. Maar omdat een langdurige arbeidsrelatie zonder mogelijkheden om vooruit te komen geen juiste beschrijving is van de interne arbeidsmarkt, is het bestaan van interne promotiemogelijkheden als tweede kenmerk meegenomen. Zo komen we tot onze definitie van de interne arbeidsmarkt: de interne arbeidsmarkt bestaat uit die werknemers en die banen welke gekenmerkt worden door langdurige arbeidsrelaties met interne promotiemogelijkheden.

In hoofdstuk 3 proberen we door het bestuderen van een zestal recente arbeidsmarkttheorieën antwoorden te vinden op onze onderzoeksvragen en op het verklaren van langdurige arbeidsrelaties en interne promotiemogelijkheden. Na bestudering van de zes theorieën, te weten de radicale benadering, de theorie van de transactiekosten, de theorie van het menselijk kapitaal, de impliciete contracten theorie, de efficiënte loon theorie en de insider-outsider theorie, is de conclusie dat geen enkele een afdoende verklaring geeft voor de drie onderzoeksvragen. Wel zijn twee concepten gevonden welke centraal lijken te staan bij vrijwel elke

verklaring van langdurige arbeidsrelaties, namelijk het bestaan van meetproblemen met betrekking tot het vaststellen van de productiviteit van de werknemer en de ontwikkeling van bedrijfsspecifieke vaardigheden. De rest van ons betoog is dan ook in hoge mate gebaseerd op deze twee begrippen.

Voor een meer analytische benadering van de interne arbeidsmarkt wordt in hoofdstuk 4 aansluiting gezocht bij de contracttheoretische benadering van de arbeidsmarkt. In navolging van de transactiekostenbenadering vatten we de interne arbeidsmarkt op als een contract. Contracten worden gerangschikt volgens twee criteria. Ten eerste of een werknemer en een werkgever op voorhand besluiten tot een kortdurend contract dan wel een langdurig contract. Ten tweede, of de beloning op voorhand vastligt, of dat deze afhankelijk is van de prestaties van de werknemer. Op deze manier onderscheiden we diverse soorten contracten, waarvan de belangrijkste op dit moment zijn: het prestatieloon, een vast salaris, het senioriteitsloon en de promotiebeloning. Het interne arbeidsmarktcontract, dat vanwege onze definitie gekenmerkt wordt door langdurige arbeidsrelaties met promotiemogelijkheden, wordt beschreven door het senioriteitsloon, alsmede door het promotieloon. Onze stelling is dat het senioriteitsloon, waarbij een werknemer voor een lange tijd wordt aangenomen en waarbij vantevoren gegarandeerde loonstijgingen zijn afgesproken, voorkomt als er sprake is van bedrijfsspecifiek kapitaal. Het promotiecontract, waarbij een werknemer voor lange tijd wordt aangenomen, maar waarbij eventuele loonsverhogingen in de toekomst (als gevolg van promoties) afhankelijk zijn van zijn prestaties, komt voor als er sprake is van meetproblemen met betrekking tot de exacte productiviteit van de werknemer. Senioriteitscontracten zijn efficiënt wanneer specifieke vaardigheden van grote betekenis zijn en de werknemer dus aan het bedrijf gebonden moet worden door hem loonsverhogingen in het vooruitzicht te stellen. Promotiecontracten zijn efficiënt wanneer ze werknemers aanzetten tot een hogere productiviteit door het leveren van een hogere inspanning. Met deze interpretatie van de interne arbeidsmarkt als een contract wordt onderzocht in hoeverre een antwoord geven kan worden op de drie onderzoeksvragen. Vervolgens worden een zestal hypothesen afgeleid, welke in het empirische deel van de studie getoetst worden.

In het tweede deel van de studie bespreken we allereerst empirisch onderzoek dat in Nederland en het buitenland verricht is naar de interne arbeidsmarkt. Het blijkt dat ook in het empirisch onderzoek geen overeenstemming bestaat over de variabelen welke een maatstaf zijn voor de interne arbeidsmarkt. Veelal worden in een studie diverse variabelen of kenmerken onderzocht en wordt uit hun gemeenschappelijk voorkomen geconcludeerd dat interne arbeidsmarkten bestaan. Veel onderzoek bestaat dan ook uit case studies. De resultaten van zulk onderzoek zijn in de regel niet generaliseerbaar. Wij proberen daarentegen in de volgende hoofdstukken de interne arbeidsmarkt te onderzoeken met behulp van een representatieve steekproef van de werkende Nederlandse beroepsbevolking. In de bespreking van de resultaten van eerder onderzoek, in hoofdstuk 5, worden, zij het gefragmenteerd, in diverse studies aanwijzingen gevonden die wijzen op een ondersteuning voor de meeste hypothesen. Dat duidt erop dat interne arbeidsmarkten voor het merendeel bevolkt worden door mannen en full timers. Verder lijken interne arbeidsmarkten vaker voor te komen in grote bedrijven. Werknemers op interne arbeidsmarkten ontvangen gemiddeld hogere lonen, maar het is onduidelijk in hoeverre dat een gevolg is van de hierboven genoemde verschillen in kenmerken tussen werknemers op en buiten de interne arbeidsmarkt. Gegeven het fragmentarische karakter van de bevindingen is voorzichtigheid geboden met het generaliseren van de resultaten. Om onze drie onderzoeksvragen consistent te beantwoorden is onderzoek nodig waarin deze gezamenlijk beantwoord worden. Dat wordt in hoofdstuk 6 en hoofdstuk 7 uitgevoerd.

In hoofdstuk 6 wordt de data set beschreven waarmee het empirisch onderzoek wordt uitgevoerd. Het betreft hier de resultaten van een in 1985 in opdracht van de Organisatie voor Strategisch Arbeidsmarkt Onderzoek (OSA) gehouden enquête onder de potentiële Nederlandse beroepsbevolking. De gebruikte steekproef, welke representatief is voor de het werkende deel van de beroepsbevolking, bestaat uit 1846 personen. Om onze onderzoeksvragen te beantwoorden is het eerst nodig dat we voor elke werknemer vaststellen of hij werkzaam is op de interne arbeidsmarkt. Gezien onze definitie impliceert dit dat we moeten vaststellen of hij nog lange tijd bij dezelfde werkgever werkzaam zal zijn, en of hij goede promotiemogelijkheden binnen het bedrijf heeft. Met behulp van de zogenaamde 'hazard rate methode' wordt voor elke werknemer een te verwachten baanduur berekend, op basis van zijn persoons- en baankenmerken. Met behulp van de resultaten onderscheiden we werknemers die uiteindelijk minstens 10 jaar bij dezelfde werkgever zullen blijven, en zij die deze baanlengte niet zullen halen. Vervolgens bekijken we de promotiemogelijkheden voor elke werknemer. Met behulp van een negental vragen over de mogelijkheden die het werk biedt om vooruit te komen wordt een maatstaf ontwikkeld voor promotiemogelijkheden. Iemand die meer dan gemiddeld scoort op die maatstaf wordt verondersteld goede promotiemogelijkheden te hebben. Door de gegevens over de verwachte baanduur en promotiemogelijkheden te combineren is het mogelijk vast te stellen of iemand op de interne arbeidsmarkt werkzaam is. Dit leidt tot de bevinding dat in Nederland 26% van de werknemers op de interne arbeidsmarkt werkzaam is.

Met behulp van deze gegevens wordt de steekproef opgesplitst in twee groepen, namelijk de werknemers *op* en werknemers *buiten* de interne arbeidsmarkt. In hoofdstuk 7 worden de drie onderzoeksvragen beantwoord door beide groepen met elkaar te vergelijken. Bij een vergelijking van de kenmerken van beide groepen blijken ze op bepaalde punten duidelijk te verschillen. Mannen zijn vaker werkzaam op de interne arbeidsmarkt, evenals full timers. Verder is de gemiddelde lengte van het dienstverband langer. De verschillen in de leeftijd, het aantal jaren scholing en de jaren ervaring opgedaan in andere bedrijven, zijn minder pregnant. Werknemers op de interne arbeidsmarkt hebben echter een duidelijk langere inwerktijd, bezetten banen van een hoger niveau en verrichten vaker leidinggevend werk. De omvang van de bedrijven, gemeten aan het aantal werknemers, is groter voor de werknemers op de interne arbeidsmarkt en de interne arbeidsmarkt is vooral aanwezig in de banksector en minder vaak bij de overheid. Bij de bestudering van de lonen blijkt dat het gemiddelde loon op de interne arbeidsmarkt hoger ligt. Ook als we rekening houden met het feit dat werknemers en banen op de interne arbeidsmarkt verschillen van die erbuiten blijken de lonen op de interne arbeidsmarkt hoger te zijn. Dat duidt er op dat werknemers op de interne arbeidsmarkt een extra hoog loon krijgen. Tenslotte zijn de gevolgen voor loonrigiditeit en mobiliteit bestudeerd. Alhoewel hierover niet veel informatie te vinden is, zijn er toch aanwijzingen dat werknemers ervaren dat ze hogere lonen krijgen voor dezelfde werkzaamheden en dat ze vaker tevreden zijn met hun loon. Verder duiden de bevindingen, dat ze vaker onbetaald overwerk verrichten en dat ze regelmatig loonsverhogingen krijgen, erop dat er een bepaalde mate van starheid in de beloning zit. Als we de mobiliteit van arbeid in beschouwing nemen blijken werknemers op de interne arbeidsmarkt vaker mobiel te zijn binnen het bedrijf. Verder is een lager aandeel van de werkenden op de interne arbeidsmarkt op zoek naar andere banen en verwacht een lager percentage binnen een jaar werkloos te worden. Dit duidt op een lagere mobiliteit tussen bedrijven. Al met al lijken de hypothesen bevestigd te worden in dit onderzoek.

In het afsluitende hoofdstuk 8 worden tenslotte de verbeteringen van deze studie ten opzichte van eerder onderzoek beschreven, maar worden ook de voornaamste tekortkomingen genoemd, welke wellicht een agenda bieden voor toekomstig onderzoek.