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“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE  
SOCIAL PARTNERS”**

**NATIONAL FICHE:**

# **The Netherlands**

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## Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:<sup>1</sup>

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.<sup>2</sup>
- Based on the two sources above and a review of available written materials and information, the expert team prepared *29 national “fiches”* on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31<sup>st</sup> January-1<sup>st</sup> February 2011) and The Hague (8<sup>th</sup> February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “*Social Partners and Flexicurity in Contemporary Labour Markets*” that was presented and discussed at a *EU-level synthesis seminar* on 31<sup>st</sup> March and 1<sup>st</sup> April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 8 February in The Hague. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards. In particular we would like to thank the Dutch trade union federation *FNV* and the *Ministry of Interior & Kingdom Relations* for the very valuable comments and suggestions we received on the draft report, that helped a lot the revision of the text. However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

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<sup>2</sup> The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

# 1. The economic and social context

## Economic crisis and recovery

The Netherlands economy is generally noted for stable industrial relations, moderate unemployment and inflation, a sizable current account surplus, and an important role as a European transportation hub through the ports of Amsterdam and Rotterdam. Industrial activity is predominantly in food processing, chemicals, petroleum refining, and electrical machinery. A highly mechanised agricultural sector employs around 3% of the labour force but provides large surpluses for the food processing industry and for exports.

The Netherlands has been one of the leading European nations in attracting foreign direct investment and is itself one of the four largest investors in the United States. The economy is highly open and is consequently very dependent on foreign trade and financial services

After 26 years of uninterrupted economic growth, the Netherlands' economy was hard-hit by the global economic crisis towards the end of 2008. Dutch GDP contracted 3.9% in 2009, and exports declined nearly 25% due to a sharp contraction in world demand. The Dutch financial sector has also suffered, largely due to high exposure of some major Dutch banks to the U.S. mortgage-backed securities. In response to the turmoil in financial markets, the government nationalised two banks and injected billions of dollars into a third, to prevent further systemic risk. The government also sought to boost the domestic economy by accelerating infrastructure programs, offering corporate tax breaks for employers to retain workers, and expanding export credit facilities. The stimulus programs and bank bailouts, however, have resulted in a government budget deficit of more than 5% of GDP in 2009 that contrasts sharply with a surplus of 0.7% of GDP in 2008. In addition, unemployment was avoided by the part-time unemployment benefit (“*Deeltijd WW*”). Social partners negotiated at company level the need, scope and duration of this instrument. Moreover, a training requirement in the released time was imposed.

The Dutch economy moved into modest positive growth in the last two quarters of 2009 as the country began to benefit from improved world trade, although the recovery is hampered by reduced domestic demand. Modest export led growth is predicted to continue through 2010 into 2011.

The challenge going forward is to promote economic recovery whilst at the same time correcting the budget deficit and improving the sustainability of public finances. The *Rutte government* that took over Dutch government at the end of 2010 has announced a number of drastic cuts in public expenditure (including the number of public servants) in order to consolidate public finances.

### THE NETHERLANDS - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
<b>GDP</b> – annual percentage change	3.9	1.9	-3.9	1.7	1.5
<b>Employment</b> - annual percentage change	2.2	1.2	-1.2	-1.1	0.2
<b>Unemployment rate</b> (Eurostat definition)	3.6	3.1	3.7	4.5	4.4
<b>General government balance</b> (as percentage of GDP)	0.2	0.6	-5.4	-5.8	-3.9
<b>General government gross debt</b> (as percentage of GDP)	45.3	58.2	60.8	64.8	66.6

Source: European Commission: Autumn 2010 Economic Forecast.

## Labour market indicators and trends

The Dutch system of industrial relations, the so called “Polder model” exercises a substantial impact on working life and gives rise to a number of distinctive features in the labour market. The *Wassenaar Agreement* of 1982, agreed by the national organisations of trade unions and employers was a key “change point” in Dutch industrial relations bringing in an era of wage moderation and employment flexibility (*werkflexibiliteit*) together with improved employment security and better work-life balance options for employees. The agreement was a trade-off for reduced working hours at acceptable wages. The average working week was reduced to 38 hours. According to the Dutch trade unions, the Wassenaar agreement should therefore *not* be regarded as an illustration of “*werkflexibiliteit*”.

Over the decade up to 2009 labour market participation in the Netherlands increased substantially as a result of economic success and the availability of more flexible options for working parents. The participation rate of workers aged 55-64 years increased even more substantially for the same reasons. However, the Dutch trade unions have also highlighted critical aspects of this development: Employment and social insecurity (e.g. pensions) in particular for part-time female and young workers has increased.

Reflecting the mirror of employment growth, unemployment rates decreased generally over the same period and substantially for women and older workers. The combination of economic growth, stable employee relations and flexible working has produced a healthy mix of high employment rates across the population and places the country in the favoured lower quartile in the illustration above with low levels of general and long term unemployment. The long term unemployment performance is only marred by the substantially higher rates noted for those in the age groups 55 to 59 and 60 to 64.

Going into the financial crisis, the Dutch labour market was very tight with unfilled vacancies matching the unemployment rate. The combination of labour market loosening, the flexibility of working hours, students choosing to stay in education and the impact of the government stimulus programme meant that the unemployment rate increased in 2009 by less than 1%. In fact, the rise in unemployment during the financial crisis was the lowest in Europe at just 0.6%.

Because the predicted modest growth for 2010 and 2011 and the unwinding of stimulus measures, the Dutch statistical office expected that unemployment will rise to 5.5% in 2010 and slightly decrease in 2011, still expected to be higher than in 2009).

Key figures of the Dutch labour market in comparison to the EU27 are described in the summary tables below. The first table offers basic labour market data and the second table sets out a series of specific flexicurity indicators. The complete fact file for the Dutch economy is appended to this fiche.

The Netherlands differs significantly from the European average in a number of ways:

- The economy is highly focussed on services with less than one in six workers employed in a very efficient and export centred manufacturing sector;
- The overall employment rate and employment rate for older workers are significantly higher than the EU average;
- Unemployment rates on average and for young people are lower – less than one half of the EU average;
- The long term unemployment rate is very low at 1%;

**THE NETHERLANDS - MAIN LABOUR MARKET INDICATORS 2008 IN COMPARISON TO EU27**

	Netherlands	EU27
Employment rate – % population aged 15 – 64	77.0	64.6
Employment rate older people – % population aged 55-64	55.1	46.0
Self employed - % total population	13.4	15.5
Employment in services - % total employment	80.5	70.4
Employment in industry - % total employment	16.7	24.1
Employment in agriculture - % total employment	2.8	5.6
Unemployment rate - % labour force 15+	3.4	8.9
Youth unemployment rate - % labour force 15-24	6.6	19.6
Long term unemployment rate - % labour force	0.8	3.0
Inequalities of income distribution (2008)	4.0	5.0

Source: Eurostat, *Employment in Europe Report 2010*.

### Flexicurity in the labour market and labour market policy

As the following indicators show, key features of the Dutch labour market in regard to flexibility and security are:

According to Eurostat figures, the share of the total population that has completed at least upper secondary education in 2009 was slightly above the EU-average.

Of all EU countries, the Netherlands are making the most use of part-time, while the use of fixed-term contracts is only slightly higher than the EU average. It has to be noted here however, that the Ministry of Social Affairs and Employment (SZW) and the Central Bureau of Statistics (CBS) no longer count temporary contracts of at least one year as ‘flexible’. According to a survey published by the Dutch labour office UWV in April 2010 that covered all types of flexible contracts (including longer-term temporary contracts) around 34% of the Dutch employed population is working on the basis of flexible contracts.

Although not at Scandinavian levels, participation in lifelong learning for adults is very high. As comments from the Dutch trade union federation FNV highlight, the high percentage of LLL participation of 17% may also reflect that very short-termed courses (1-2 days) are included here. Furthermore, it is reported that there is a significant gap between potential and actual enrolment in LLL: While many collective bargaining agreements include provisions for LLL, the participation rates are rather disappointing. The reasons often are a lack of time and motivation (often training is used in the context of restructuring situations and the impact on the individual work environment is unclear). In many cases also the training offers are not matching real needs.

Further features are: It is reported for 2004 (latest data available) that 37% of Dutch employees have access to flexitime (EU average was 31.3%). Regarding the percentage of the workforce participating in CVT courses, the Netherlands are showing EU average figures. Public expenditure on both active and passive labour market policies is higher than average.

**THE NETHERLANDS - FLEXICURITY INDICATORS IN COMPARISON**

	Netherlands	EU27
<b>Total population having completed at least upper secondary education (population aged 25-64, %), 2009</b>	73.4	72.0
<b>Part-time employment - % total employment, 2009</b>	48.3	18.8
<b>Fixed-term contracts - % total employees, 2009</b>	18.2	13.5
<b>Access to flexitime, % total employees aged 15-64, 2004</b>	37.0	31.3
<b>Percentage of employees (all enterprises) participating in CVT courses , 2005</b>	34.0	33
<b>Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009</b>	17.0	9.3
<b>Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)</b>	92.2	84.3
<b>Strictness of employment protection – regular employment, 2008</b>	2.72	2.11*
<b>Strictness of employment protection – temporary employment, 2008</b>	1.42	2.08*
<b>Strictness of employment protection – collective dismissals, 2008</b>	3.00	2.96*
<b>Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008</b>	1.27	0.96
<b>Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008</b>	0.71	0.46
<b>Persons at-risk-of-poverty after social transfers - % of total population, %, 2009</b>	11.1	16.3

Source: Eurostat; Employment in Europe Report 2010; Eurofound (European Working Conditions Survey 2010); OECD.\*OECD average

## 2. Flexibility and security in recent labour market and social policy reforms

### Introduction and overview

The Dutchman, Ton Wilthagen is often thought of as the father of flexicurity thinking in Europe and very many Dutch examples have been used in the development of current ideas and approaches to the topic. Expectation levels of flexicurity from the Netherlands are consequently quite high, and can in the eyes of the Dutch trade unions, be unrealistic and unfair.

The Flexibility and Security act of 1999 (“*Flexwet*” 1999), sits at the heart of current flexicurity policy in the Netherlands with its twin aim of simultaneously encouraging both flexibility and more security in the labour market in a single instrument. The act strongly reflects the role of balance and compromise in Dutch employee relations, and typical of the country, the social partners played a crucial role in the policy-making process. It should be noted here that the Flexibility and Security Act not applies to employees in public services.. For them comparable rights and obligations are regulated in the separate legal systems of government.

The underlying forces and main motivations of the flexicurity act are mixed: A direct intention was to regulate the situation of the flexible workforce that at that time accounted for approx. 12% of the employed population (today, according to the UWV survey quoted above it is nearly three times higher) and it is rather obvious that for many workers flexible work is regarded as a “vicious circle” or “track” of revolving doors. Against this the effectiveness of the flexicurity act of 1999 is put into question in particular by the Dutch trade unions.

As in many other countries, the labour market actors have pursued a wide variety of policy initiatives not formally labelled as instruments of “flexicurity”, but nonetheless, contribute to the distinctive shape of the Dutch labour market.

In its report to the European Commission outlining the country’s Lisbon reform programme, the Dutch government emphasises the delivery of what it calls “real security”, i.e. investing in employability and shifting from “job security” to “work security” through increased training and the use of “work to work” initiatives. The previous Dutch government stresses key aspects of flexicurity policy that have emerged in recent times including the commitment to lifelong learning, active labour market policies and modern social security systems. They also point to the high use of part-time and temporary contracts, the extensive level of hours, flexibility and large numbers of self employed entrepreneurs. Going forward the government proposes to operate a stricter definition of “appropriate work” for unemployed job seekers and to increase the incentives for people to move into work rather than stay on benefits. They also propose to encourage self employed entrepreneurship as a positive choice for workers. It has to be added, that the current Dutch government have changed policy here significantly. The priorities today are financial consolidation, reform of the social security system and other measures that in particular from the trade union point of view are regarded as a deterioration of social and employment protection.

The Dutch government and the social partners still have areas for discussion that are not yet resolved. Current flexicurity debate in the Netherlands is dominated by an ongoing debate about “external flexibility”, which for the employers is based on what they see as restrictive dismissal laws for workers with regular contracts. The trade unions do not agree that current laws are over-restrictive and see the level of protection as an essential ingredient in the balanced approach to flexibility and security in the Dutch labour market. As mentioned above, the initiatives of the current government are regarded in this context as a major threat.

In regard to the modernisation of social security, in June 2010, the social partners in the Netherlands agreed on new regulations governing the retirement age under the General Old-Age Pensions Act (*Algemene Ouderdomswet, AOW*) and pension schemes.<sup>3</sup> In this context the social partners have also discussed measure to support the employability of older workers and it is hoped that an agreement will be concluded in the spring of 2011. The social partners hope to reach an agreement with the new government soon in 2011 about amending the legislation.

In the spring of 2011, further talks between the government and the unions of public employees on the impact of the government proposal of “Compact Administration” (*Compact Overheid*) on employment in central administration and other levels of government has started according to the Dutch member of CEEP. For the trade unions this consultation is overshadowed by the government’s austerity proposals that include for example a zero-wage round which has been proposed without consultation with the social partners.

As comments made by the Dutch trade unions to this survey highlight, the context of flexibility in the Dutch labour market has changed significantly during the last decade and in particular in the aftermath of EU enlargement. Though different sectors are affected differently, the overall situation today is characterised by a large supply of “cheap” labour and a growing competition between workers and different forms of “flexwork” (e.g. poor working conditions, no coverage by collective agreements but only by the minimum wage by law (*WML*)). This has had negative effects of the possibility of professional transitions and upward mobility (even for those who are continuously visiting further training) and questions the balance between flexibility and security.

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<sup>3</sup> See EIRO Article from 8 August 2010.

## Lifelong learning and mobility of workers

In the Dutch economy, a combination of the social partners in collective bargaining, the establishment of sectoral education funds and the active role played by individual companies are the driving forces behind the country's rather successful programme of lifelong learning. However, in particular the Dutch trade unions are also concerned about recent trends and persisting structural weaknesses.

In the Netherlands, the issue of continuous training has figured prominently in collective bargaining since the early 1990s, often in the “soft” form of recommendations and guidelines. As the following table shows, by 2007 around a half of employees covered by collective bargaining had the right to take part in education, two fifths had entitlements or rights to education and almost two thirds had opportunities to combine work and learning. It should be noted here that also the right to individual career guidance for workers is an emerging issue addressed by collective bargaining efforts. Training and career development also feature in the industry-wide agreement for temporary and agency workers.

### COLLECTIVE BARGAINING PROVISIONS ON LIFELONG LEARNING RIGHTS

Provisions	Percentage of workers covered
<b>Workers' obligation of education</b>	48%
<b>Workers' entitlement/right to education</b>	40%
<b>Places/routes for combination working-learning</b>	57%
<b>Leave for training/education</b>	88%
<b>Individual plans for career developments</b>	76%
<b>Career checkups, mobility training etc</b>	69%

Source: Eurofound: *Flexicurity and Industrial Relations*, EIRO, 5.9.2009

However, as stressed already above, there also are concerns that the abstract right to training and LLL does not necessary mean that this also is happening in practice. As Dutch trade unions stress, in practice the usage of educational rights are often hindered by obstacles at company level and/or lack of financial resources. The trade unions also are increasingly confronted with cuts in collectively agreed training and education activities, e.g. in the construction industry, in the port sector or larger metalworking companies.

Training is supported in financial terms through the joint sectoral education funds that were introduced by the social partners in the system of sectoral collective bargaining. In the automotive sector, for example, after a reorganisation at the vehicle manufacturing company NedCar, some 1,500 jobs were lost, including subcontractors. As a result, the regional job centres, local authorities and the social partners set up an initiative to facilitate the outplacement of redundant employees through training and specific employment services. The initiatives were jointly funded by the joint sectoral education funds in the metalworking sector (there are two metal funds (large and small companies are covered by two different collective agreements and have different funds). However, it has to be noted that these initiatives are the only ones in the Netherlands and rather a case of good practice exception than the rule with in the labour market.

Another interesting and distinctive example of the Dutch approach to lifelong learning is the system of life-course savings accounts introduced by law in 2006. This system enables workers to save income or time to be spent later on leave periods or early retirement. Individuals can save up to 210% of their annual pay, for a maximum of three years of leave. Employers can contribute to these schemes and the basis for this is normally specified in collective agreements. In 2006, around 70% of collective agreements referred to aspects of the life-course savings account system. It should be noted again that

in practice (according to trade union estimations) only 30% of entitled persons actually make use of this scheme and the scheme currently is mainly used for early retirement. Also, the current government intends to transform the savings schemes to a so-called “Vitality Schemes” that excludes the application in case of early retirement.

Though no longer in place because the current government has abolished it, an important initiative of the previous Dutch government aiming at improving the employment prospects of disadvantaged groups, was the initiative of the Ministry of Education and the Ministry of Social Affairs and Employment to establish a public agency called “*Directie Leren en Werken*” in 2005. The agency’s plans for the period 2008-2011 included promoting 90.000 new individual projects in which learning and working are combined, organised locally by labour market agencies, employers and education institutions. Furthermore, 30.000 education projects for the weakest group of unemployed persons and 20,000 young workers should be able to obtain a certificate to establish competencies and experiences acquired earlier and elsewhere.

### External/internal flexicurity and contractual arrangements

The issue of contractual arrangements is a critical component in Dutch public policy on balancing flexibility and security in the labour market. The calibration of that balance has been, and remains an important area of disagreement between the Dutch social partners.

The *Flexibility and Security Act* (“*Wet Flexibiliteit en Zekerheid*” or *Flexwet* 1999) sits at the centre of the delicate balance involving external numerical flexibility, stability of income, social security and ongoing labour market participation. Important aspects of the law govern the establishment and operation of temporary work agencies, protection for agency workers and limits on the use of fixed term contracts. With regard to the protection aspects it has to be noted that in the context of the 2008 crisis the Dutch government has limited the scope of the act in parts, e.g. by the possibility to employ younger workers (up to 27 years) longer on a temporary basis than originally stipulated.

The legislation provides a considerable amount of space for trade unions and employers organizations in the implementation of the *Flexibility and Security Act*, particularly as regards their right to agree on the legal provisions regarding the maximum number of successive fixed-term contracts and the maximum overall length of the successive change. These include in part a reduction in the maximum number and duration of fixed term, usually in two agreements and a term of two years rather than the legal limit of “three and three”. It has to be noted here that in sectors characterised by rather weak collective bargaining structure and coverage, the number and duration of fixed-term contracts often exceeds the “three x three” rule as monitoring reports of the labour authorities have shown.

An important and distinctive aspect of contractual flexibility in the Netherlands is related to the determination of working hours, in a way that promotes flexibility and allows employees to better combine their jobs with their private lives. The “*Equal Treatment Working Hours Act*” (*Wet verbod op onderscheid naar arbeidsduur*, WOA), which came into force in 1996, prohibits discrimination on working hours and guarantees the equal treatment of workers with parttime and permanent contracts.

In the later “*Act on Adjustment of Working Time*” (*Wet Aanpassing Arbeidsduur*, WAA, 2000), employees have a right to request the employer for an adjustment of their working hours. This includes a decrease or an increase in the number of working hours in the contract. Today Netherlands has the highest share of part-time workers for men and women, where part-time work amongst women is significantly higher than amongst male workers. With view on the voluntary character of part-time work, in particular the Dutch trade unions are concerned about the large number of part-timers working only a few hours per week and not being able to earn enough for living independently. This problem has been addressed by

the previous Dutch government by setting up a task-force that has made recommendations which however so far have not been implemented.

### Active labour market policies

In the Netherlands active labour market policies are targeted toward a variety of groups: women, job seekers, long term unemployed, minorities, and both younger and older workers.

For women the focus has been on the promotion of day care centres for their children – here, the large number of women working part-time also is an indication of the persisting lack of childcare facilities. The policy directed at the unemployed contains a mix of positive job transition support and the application of penalties where job seeking or training efforts are deemed to be inadequate.

The problem of long-term unemployed is tackled by subsidies and premium reductions of the wages for employers and by protected and subsidies jobs. Other ways of job creation in particular by jobs below the minimum wage or on temporary bases are opposed by the Dutch trade unions.

The policies for youth are focused on career and job search counselling and ensuring that youths end their school career successfully with a relevant certificate. The “Investment in Young People Law” (WIJ) that aimed at supporting the labour market integration of people under 27 was not successful according to the assessment of Dutch trade unions since no significant progress has been made to reduce the unemployment amongst young people.

The policies for older workers have been focused on the abolition of financial disincentives for labour market participation, including fiscal incentives for early retirement; the re-introduction of the obligation for older unemployed workers to apply for jobs; and a shortening the unemployment benefit maximum period from five to three years and two months.

It should also be noted here that as a part of the social pension agreement the social partners try to reach agreements that not only impose obligations to older workers, but also supports their right to work. This seems necessary because recent labour market trends show increasing unemployment rates amongst older workers.

### Supportive social security systems

Since the Dutch social security system has been often portrayed as too expensive with too many people in passive income benefits system like the unemployment (WW) or disability insurance (WAO), the last twenty years had been also two decades of significant reforms and changes.

Policy changes have resulted for example in the replacement of the WAO by the “*Work and Income Act*” (WIA). This has led to stricter eligibility criteria and a reduction in the duration of benefits that as Dutch trade unions stress are not meeting the minimum protection standards as defined by the ILO. Previously, the law extending compulsory payment of wages during illness (WULBZ) obliged the employers to continue the payment of workers on sick leave during the first two years and make increased efforts to re-integrate workers.

Furthermore, the rules for unemployment were changed: The maximum duration for benefits was reduced and the concept of “suitable employment” has been extended in cases of people receiving unemployment benefits for longer than one year. The current government also intends to reform various benefit schemes for people at the margin of the labour market (young disabled, persons on so-called “Social Workplaces” according to the “*Wet op de sociale werkvoorziening*” or WSW scheme) and merge existing schemes into a single “*Act Work and Income*” (“*Wet werken naar vermogen*”). From the point of the Dutch trade unions the term “reform” is obscuring the fact that the major aim is to reduce social expenditure and protection. Against these significant changes and cuts, the current Dutch government

has recently announced that for the future no further government intervention in social security are planned.

### 3. The role of social partners

#### General remarks on the role of the social partners

The Dutch social partners are heavily engaged in shaping the country’s labour market either through policy concertation with government or direct intervention through the sectoral collective bargaining system. These features are at the heart of what is generally called the “Polder model” of employee relations that has generally served the country more than 20 years.

The *Flexibility and Security Act* (1999) is the most illustrative example of flexicurity policy in the Netherlands. The involvement of the social partners in the policy-making process that led to this act and their role in its implementation is very substantial. It is often argued that without the active engagement and decisiveness of the social partners, the Dutch government could not have enacted the law. In the absence of policy agreement between members of the “purple coalition government”, the Bipartite Central Labour Foundation (*Stichting van de Arbeid*) was asked for advice and reached an agreement that was recommended to, and accepted by, the government. The 1999 Act, led to a general acceptance of the broad concept of flexwork in the Dutch labour market by providing rules by which flexworkers could improve productivity, and at the same time enhance income and employment security.

The basic intention of the act was to create a certain and well regulated framework for flexibility in the Dutch labour market. However, as mentioned before, the act of 1999 have neither foreseen nor being able to avoid the emergence of new forms and “below standard” forms of labour market flexibility, e.g. the share of 4-6% of in-work poverty or the rapid increase in the number of flexible workers to 34% of the employed people. An example for these new forms of flexible forms that has been highlighted by trade union comments on this study is the widespread use of so-called OVO contracts (“*Overeenkomst van Opdracht*”, i.e. “agreements of assignment”) in the postal sector that result in a lack of coverage of workers (who legally not have an employment status) by social security or pensions rights.

Today, the Dutch social partners are less confident than in the past to either in delivering wage restraint in exchange for quality labour agreements or finding the right balance between flexibility and security in respect to the protection of workers with fixed and flexible contracts.

#### Recent changes and challenges

Today, the flexicurity debate between the social partners is focused on the system of dismissal law in the Netherlands. This debate clearly illustrates the positions of the social partners in the concept of flexicurity. National organisations of employers and trade unions disagree with each other in the tripartite Socio-Economic Council (SER) about “whether” and “how” to make it easier for employers to dismiss regular employees. In this debate the employers stress the argument that less dismissal costs and more easy dismissal procedures would lead employers to recruit new workers. In addition, they point to the need for companies in a globalized and competitive world to adapt labour relations in a more quick and flexible way than was previously possible. Here, job security should be reduced in favor of more employment security.

The Dutch trade unions are against more easy dismissal procedures suggesting that such actions will not lead automatically to new jobs and workers need today, as much as ever, to be protected from dismissal. They see this element of security and as essential in the flexibility security balance. From the point of view of the trade unions, the possibilities of flexible ways of work today are already going too far.

Furthermore, too little progress has been made in regard to increasing employability of workers and the coverage by minimum standards in the field of security, protection and modern labour rights. The high proportion of flexible workers even in the OECD comparison from the point of view of the trade unions should be interpreted as a warning signal of productivity in danger.

Therefore, the FNV, the largest trade union federation in the Netherlands, remains critical of the concept of ‘flexicurity’ in the way they see it discussed at European level. They are opposed to the position of the European Employers and the European Commission, who they consider to be too focused on the flexibilisation of dismissal protection without countervailing measures to provide guarantees that workers can find another job after dismissals take place. Furthermore, the trade union expresses the clear opinion that the security pillar within flexicurity has been further weakened by the actions taken by governments in Europe:

“Due to the economic crisis the European governments are forced to use budgetary discipline to realign with the stability and growth pace, this means severe cut backs in government spending mainly by cut backs in social security. We see this trend throughout Europe, speaking in terms of flexicurity this means an overall weakening of the security pillar.” (FNV response to the survey)

The CNV, the second largest trade union (Christian), is also against the flexibility of dismissal law in the way it is promoted by national employers and the Minister suggesting that flexible contracts and job mobility have to be integrated into a more general policy on education and job transition support.

In an evaluation of the Flexibility and Security Act that was published in 2007 (i.e. before the crisis and other changes took place that are described in this brief study) the following assessment was noted with view on the perception of the Act by the Dutch social partners: Employers liked the greater acceptance of flexible labour contracts in the labour market whilst commenting negatively on increasing bureaucratic burdens on companies. While trade unions welcomed the approach of better protection of non standard workers they also already in 2007 demanded further improvements, for example decreasing the maximum number of successive fixed term contracts to two and a maximum of the total length of consecutive contracts of two years and making educational facilities available for workers employed on fixed term, temporary and agency work contracts. Furthermore, the trade unions had been concerned that too little improvement has been made with view on the “stepping stone” objective of flexible contracts, i.e. the transition of workers on flexible contracts into permanent and stable jobs.

Against this, the Evaluation of the Act in 2007 concluded that in the Dutch labour market flexibility seems to be more guaranteed than security and predicts that a change in the economic climate (in either direction) would change the nature of the balance. Today’s discussions in the Netherlands reflect on the impact of the crisis on employment security and the social partners see little opportunity today for win/win negotiated outcomes.

## Cases of good practice in the field of labour market flexibility and security

The Dutch social partners that responded to the questionnaire survey indicated the following cases as examples of good practice:

### CASES OF GOOD PRACTICE IN THE FIELD OF “FLEXICURITY” AS SUGGESTED BY THE DUTCH SOCIAL PARTNERS

Social Partner	Good Practice
FNV	<p><b>Collective agreement policy on confederation level</b></p> <p>Yearly the 19 different unions under the umbrella of the FNV negotiate the main points for the next collective agreement season. hoofpunten</p> <p>For 2009/2010 the FNV agree upon three main points:</p> <ul style="list-style-type: none"> <li>- Maximize the use of flexible contracts If the duration of an employment contract is longer than 9 months it should be regarded as a permanent contract in the collective agreement. Thereby entitling the worker to all the rights associated with a permanent employment contract. Flexible working arrangements should be brought back to ‘in times of illness and seasonal activities’.</li> <li>- In the case of temporary workers the collective agreement of the company the temporary worker is assigned to, must be leading and not the collective agreement for the temporary work agencies sector. NB in the Netherlands we have 3 collective agreements for the temporary work agencies. The LLL and educational arrangements in collective agreements must be applied to both permanent and temporary employment contracts. (up until now these types of arrangements often are not applied to temporary workers).</li> </ul> <p>A demand of 130% of the statutory minimum wage should be applied to all workers of the company (including self-employed workers used by the company). Our aim is to enable the self-employed without personnel to make their own social security provisions because by law a self-employed without personnel is not entitled to these types of arrangements.</p>
Public Employers / Ministry of the Interior & Kingdomrelations	<p><b>Project “Leer je Rijk”</b></p> <p>This project was initiated and coordinated by the ‘labour foundation for the government/public sector” (A+O fonds Rijk targeting all employees working for the government/ministries and so called executive governmental agencies). The social partners of this sector sit in the board of this organisation, which also includes the Ministry of Interior and Kingdom Relations, representing the employers side. As such also the Ministry of Interior and Kingdom Relations initiated this project with the other social partners in this sector.</p> <p>The aim of the project was to broaden the career opportunities of employees in the public sector by increasing the level of qualification of employees, so that they qualify for other functions. In order to reach this at least 1000 learning/working trajectories (studying/training next to working) and 2500 additional accreditations of prior learning (APL) in this sector have been realised. The project ran from the end of 2005 until January this year.</p> <p>The project fits well within the framework of flexicurity as it relates to the second principal (Flexicurity involves the deliberate combination of flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies, and modern, adequate and sustainable social protection systems.) but also to the aspect of internal flexicurity</p>

Public Employers /  
Ministry of the  
Interior &  
Kingdomrelations

**“Mobility organisation” (mobieleitsorganisatie)**

This organisation has been set-up within the framework of transforming the public government service (more precise the ‘rijksdienst’) to a smaller, better and more flexible organisation (‘Vernieuwing rijksdienst’). Until 2012 about 12 800 jobs will be lost in this sector, which means that some people will lose their jobs, others have to change jobs within the sector or want to redirect their current job focus. In order to support mobility advisors and employees herewith this organisation was set up. The organisation facilitates the ministries’ task to assist their employees to change jobs.

The organisation has two main objectives. On the one hand it supports the network of mobility professionals between the different ministries. This network aims to make better use of the labour market in this sector, to further professionalise the mobility advising occupation and to support the work of these professionals with the needed tools and instruments.

On the other hand the organisation provides the sector with direct services such training and individual career pathways.

The project fits well within the framework of flexicurity as it relates to the aspect of internal/external flexicurity.

The MO will also play an important role in the upcoming reorganization under the "Compact Government" initiative. The government is in this context in talks with the central government employees on a new social policy flanking the initiative.

**Task Force Part-Time Plus**

One of the national initiatives is the Task Force Part-Time Plus. The Task Force is administered and facilitated by a project office at the Ministry of Social Affairs and Employment. This case can be seen as falling under 6th principle of flexicurity.

Simply put, the objective of the Task Force, which kicked off its two-year lifespan in April 2008, is to stimulate women in the Netherlands who have part-time jobs of less than 24 hours a week to work more hours.

In order to reach above objectives flowing activities have been undertaken: werkt

- Pilot projects
- Regional meetings
- Practical website
- Publicity
- Research

International conference

## 4. Key questions arising

From the point of view of the author of this report as well as contributions made by the Dutch social partners, the following key points are arising in regard to flexicurity in the Netherlands:

- *One can say that the Dutch social partners have been pioneer in introducing a comprehensive approach to security and flexibility (Flexibility and Security Act). However, today the discussions on further development of the flexicurity concept are quite stiff, because the debate is embedded in a much broader debate on working conditions, labour relations and the protection and security of workers. Against this, there is a need to make up a balance of a decade of more than ten years of security and flexibility in the labour market: What has been achieved? What are the strengths and which weaknesses and challenges should be addressed? What can others learn from the Dutch case?*
- *How have the Dutch social partners succeeded in making flexible forms of working popular amongst the working population and combining business and personal agendas in a positive manner? What is often a win/lose scenario in some countries appears, for the most part, to be a win/win scenario for the Dutch employers and workers?*

## Sources and references

### Replies to the questionnaire survey, interviews and other contributions

Questionnaire replies were received from the trade union organisation FNV which is affiliated to the ETUC and the *Ministry of Interior & Kingdom Relations* which is a member of CEEP.

### Further resources

Flexicurity and Industrial Relations EIRO 30.9.2008

[http://www.eurofound.europa.eu/eiro/studies/tn0803038s/tn0803038s\\_4.htm](http://www.eurofound.europa.eu/eiro/studies/tn0803038s/tn0803038s_4.htm)

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Employee relations profile the Netherlands – EIRO

Employment in Europe Report

European Commission: Spring 2010 Economic Forecast

National reform programme for the Netherlands 2008 – 2010 in the context of the Lisbon strategy