

Decent Work Country Report - Netherlands*

by

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Introduction and summary of main issues

This report describes and analyses trends, issues and debates with regard to decent work in the Netherlands. Decent work is defined, by the ILO, as opportunities for women and men to obtain productive work in conditions of freedom, equity, and human dignity (CEB High-Level Committee on Programmes, System-Wide Toolkit for Mainstreaming Employment and Decent Work). It captures opportunities for productive work that provides a fair income, security in the workplace, social protection for workers and their families, prospects for personal development and social integration, freedom to state one's concerns, organize and participate in decisions affecting one's lives and equality of opportunity and treatment.

The report consists of two parts. Part 1 deals with various trends in working and employment conditions that pertain to decent work.

From part 1 it can be derived, following the definition of decent work of the ILO, that the Netherlands do, in a number of respects, meet standards of decent work. Strong points are the inclusive nature of its labour market (high and increasing labour market participation rates), the comprehensive nature of the social security system, including the social assistance benefit scheme and the state provided old age pension scheme, and the equal treatment of standard and non-standard work. However, as both part 1 and part 2 indicate there is also room for improvement from a decent work perspective.

The main issues can be summarized as:

1. Participation issues, concerning certain risk groups in the labour market (older workers, migrant workers and workers who are partially disabled), and insider-outsider issues, such as exclusion from the labour market and thus leading to exclusion from all the benefits that are related to having a job. Early school-leaving also is a major problem, as is discrimination in the labour market.
2. Social security gaps: some groups have less access to social security. These groups include for instance the working poor, the self-employed, and people who lack social protection, e.g. migrant groups that have not been in the Netherlands long enough to acquire full state-based pensions.
3. Quality of work: work intensity and work stress levels were rather high in the past, but have decreased in recent years. Some industries and some groups (such as older workers) experience job insecurity when employment security systems (facilitating timely job to job transitions) are not yet sufficiently developed. There is also a group of workers on temporary contracts or who work via employment agencies, who might not have the same securities as workers with a permanent contract. Moreover, there is a new group of migrant workers, coming mostly from the Eastern European countries, who are reported to work under much worse working conditions than other workers.
4. Gender gaps: a large part of the female population works in short or medium-length part-time jobs. Although most are of voluntary nature, this has a negative impact on the economic independence of women (which is revealed especially in cases of separation or divorce) and their career prospects (e.g. the number of female professors in Dutch universities is extremely low). Facilities that enable combination of work and care (child care facilities) still need to be improved further. However, the division of work (including household work) between man and women largely results from cultural and normative preferences and expectations.

Section 1: Trends in working and employment conditions

1. The economic and social context

National economic growth

Recently, the Dutch market has shown good figures, although there have been constant fluctuations over the years. Examining the Gross Domestic Product (GDP)¹ in the Netherlands from 1998, we can see changes in the annual growth rates, with the peak of economic growth in 2000, where the growth rate hit 3.9 percent. In 2002 the GDP growth rate was at its lowest with only 0.1 percent, the lowest annual growth rate since 1998. In the last years the Dutch economy is slowly growing again, with an estimated economic growth rate of 3 percent in 2006. The prognoses of the Netherlands Bureau for Economic Policy Analyses (CPB) shows an economic growth of 3% in 2007 and of 2.25% in 2008. This latter estimation might be influenced negatively due to the current turmoil in the international financial markets. However, up till now the developments in the Dutch economy are favourable. Additional problems will come from the tight labour market, which will probably cause wage increases in 2008 and a rise of the inflation rate (CPB, 2007).

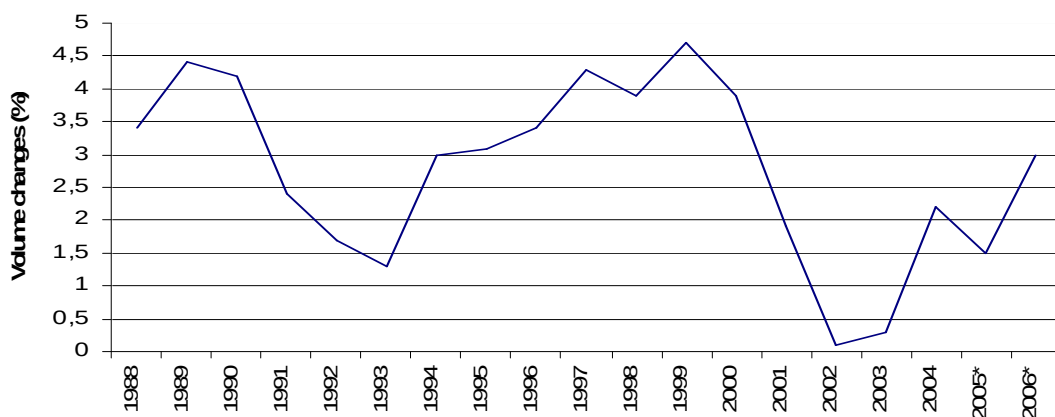


Figure 1 Volume changes (%) of the Gross Domestic Product (GDP), 1988-2006

*Estimated figures

Source: Statistics Netherlands, Voorburg/ Heerlen.

Inflation rate

Unlike the fluctuation of the economic growth rates of the Netherlands, the inflation rate was held rather stable, an average of 2%, over the past 10 years, with the exception of the period in the early 2000s, where it reached up to 4.5% in 2001. The inflation rate dropped quite quickly since then and settled in 2006 with an average rate of 1.1 percent.

¹ Gross domestic product (GDP) measures the results of economic activity. It is the value of all goods and services subtracted by the value of all goods or services used to produce them (Statistics Netherlands).

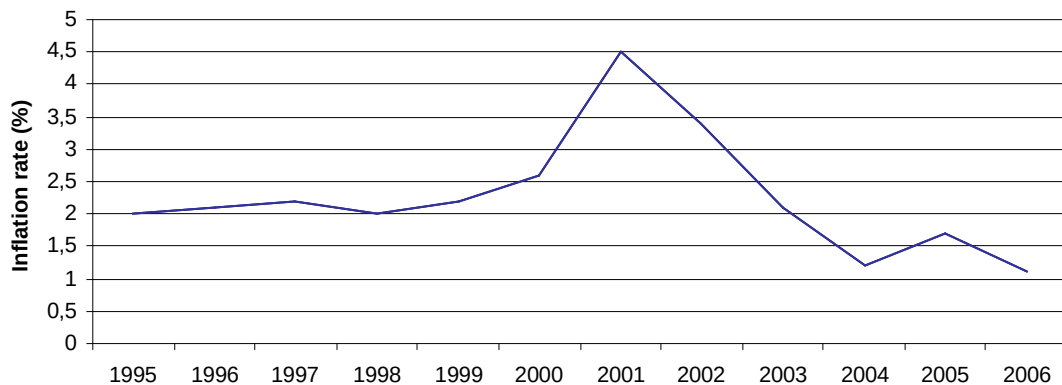


Figure 2 Inflation rate (%), 1995-2006.

Source: Statistics Netherlands, Voorburg/ Heerlen.

Consumer and producer confidence

The consumer confidence index gives a perception index of the economic situation of Dutch households produced by Statistics Netherlands. The index is based on the evaluation of households of the general economic situation in the Netherlands and their own financial situation. The consumers may be of the opinion that the economic situation is improving, deteriorating or remaining the same. The indicators are calculated by subtracting the percentage of consumers with negative views of the market from the percentage of those with positive views. Producer confidence is, on the other hand, the mood indicator of the manufacturing industry. It is based on the opinions and expectations about short-term economic developments in industrial production (measured by Statistics Netherlands).

Figure 3 shows the net results of positive and negative answers during the period between 1999 and 2007. Evaluations of the mood among producers and consumers show that producers and consumers are becoming more optimistic about the economy. In mid-2003 there was more pessimism towards the market, but since then consumers' and producers' confidence in the economic climate is gradually growing. The consumer confidence remains, however, quite low with almost the similar percentage of people with negative views on the market forecasts as those with positive views.

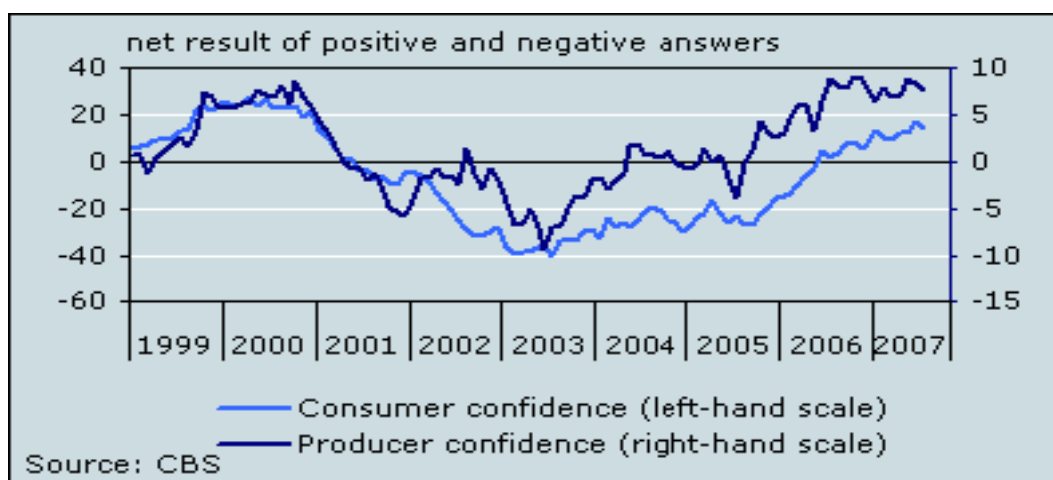


Figure 3 Producer and consumer confidence, 1999-2007

Source: Statistics Netherlands, Voorburg/ Heerlen.

Labour market trends

Employment rate

According to figures published by Eurostat the net employment rate² of the Netherlands is gradually increasing. In 2002 it reached its peak when 74.5 percent of the labour force was employed. Most of this increase was mainly due to the large increase of female employment during this period. After 2002 we can see a decline, showing an employment rate of 74.3 percent in 2006.

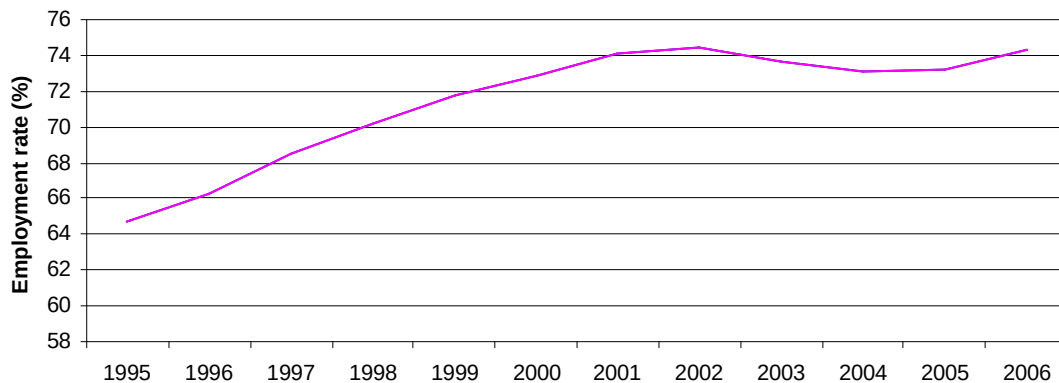


Figure 4 Employment rate (%), 1995-2006

Source: Eurostat, Statistical Office of the European Communities, Luxembourg.

Unemployment rate

The unemployment rate³ fell sharply since 1995 and reached its lowest level with an unemployment rate of only 2.2 percent in mid- 2001. From there on, there was an upward trend in unemployment until mid-2004. The development since 2006 shows that the percentage of the unemployed population in the labour force is falling again, which has lead to a decrease in unemployment rates from 4.7 percent in 2005 to 3.9 percent mid-2006.

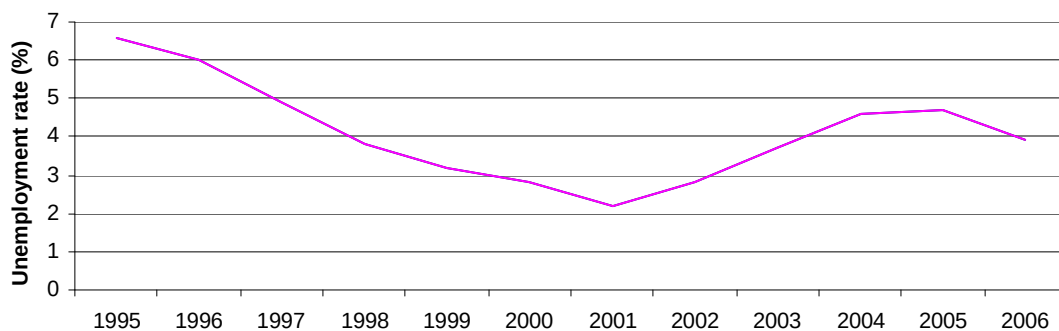


Figure 5 Unemployment rate (%), 1995-2006

Source: Eurostat, Statistical Office of the European Communities, Luxembourg.

The definition of the unemployment rate by Statistics Netherlands differs from the international Eurostat definition. The main difference is that Statistics Netherlands only

² Persons aged 15 to 64 in employment as a percentage of the total labour force (aged 15-64 yrs).

Employed population are those people with a paid job of at least one hour a week or persons who were temporarily not working (Eurostat).

³ Unemployed persons as a percentage of labour force (15-74 yrs) who were without work, currently available for work or actively seeking work (Eurostat).

considers a person is unemployed if he or she is actively looking for a job for 12 or more hours a week, or if a person has a job of less than 12 hours per week. Consequently, the Dutch unemployment rates are in national statistics much higher than in international statistics. Thus, the unemployment rate of 2005 was 6.5 percent almost 2 percent higher than rate when using the European definition. Using the *national* definition we are able to detect more recent developments and more detailed unemployment rates, for instance per age group. Thus we see that unemployment further declined in 2007 to 4.5 percent of the labour force. Slightly more men than women managed to find new jobs. The male unemployment rate over 2007 averaged 3.6 percent, 5.7 percent of the female labour force were unemployed. Unemployment fell across all age groups in 2007. The sharpest decline was recorded among 25 to 44-year-olds. In this age category, unemployment was reduced to 3.6 percent. Youth unemployment averaged 9.2 percent over 2007, whereas unemployment among over-45s stood at 4.3 percent (Statistics Netherlands, Press release 17 January 2008).

Improvement on the labour market is connected with a continued recovery of the Dutch economy since 2002. The increase in unemployment during 2004 may have to do with the delay in the reaction from the labour market to economic developments (Hijman, 2004). This is due to the fact the economy has to recover up to a certain level before the upward trends of the unemployment rates comes to an end.

Further using the *national* definition of unemployment, regional differences can be detected across the Netherlands. Unemployment is shown to be the highest in the province of Groningen, in the north of the Netherlands, where in 2005 nearly 10 percent of the labour force was out of work (Beckers, 2006). The province Utrecht had the lowest unemployment rate of all; with only 5 percent of the labour force unemployed in 2005 (Beckers, 2006). In addition, despite the fact that the national unemployment rate fell since 2005, a continuous rise is observed in the four biggest cities of the Netherlands (Beckers, 2006). Unemployment rose in Amsterdam, Rotterdam, The Hague and Utrecht from 8 percent in 2004 to 9 percent in 2005. Rotterdam had the most unfavourable labour market developments among the four large cities, with an unemployment rate of nearly 11 percent in 2005 (Beckers, 2006). Especially non-western minorities⁴ were affected by the rise in unemployment in the large cities (Beckers, 2006). However, it should be noted that the regional differences are not extremely large. The Netherlands is a relative small country, allowing for more spatial mobility, which enables the unemployed population to search for jobs in other provinces or areas where employment is easier to find.

Unfilled vacancies

Since 2003 there has been a continuous increase in the number of unfilled vacancies⁵ in the Netherlands. After correcting for seasonal effects, the number of unfilled vacancies rose from 92 thousand in the third quarter of 2003 to 225 thousand at the end of 2006. In December 2007 the number of vacancies peaked at 236 thousand. In the fourth quarter of 2006 demands for new staff was mainly recorded in the non-commercial services, i.e. in the public administration, education, culture and health and welfare sector (Statistics Netherlands, 2006). At the end of 2006, there were 50 thousand vacancies in these sectors, 4 thousand more than the previous quarter (Statistics Netherlands, 2006). Compared to the period 2000-2001, when the number of job vacancies peaked at about 210 thousand, the Netherlands has a very tight labour market once again. Combined with the available

⁴ According to the Statistics Netherlands the category 'non-western' includes persons with a Turkish, African, Asian and Latin-American background and the category 'western' consists of persons from Europe (excluding the Netherlands and Turkey), North America, Oceania, Japan and Indonesia (including the former Dutch East Indies).

⁵ Unfilled vacancies are defined as jobs for which personnel is being recruited inside or outside the enterprise or institution to be placed right away or shortly (Statistics Netherlands).

unemployed and the quite large inactive population, it also signals a more problematic match between labour demand and supply.

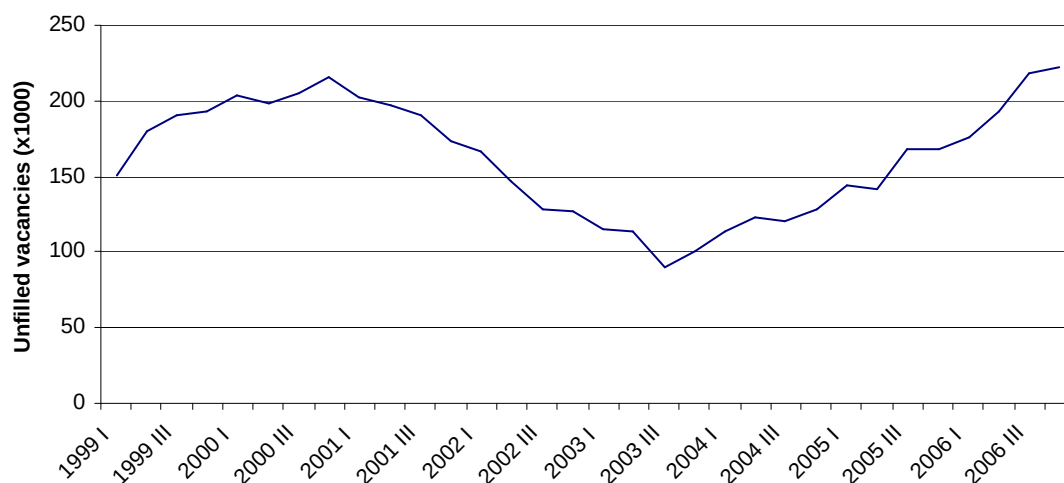


Figure 6 Unfilled vacancies, adjusted for seasonal effects, 1997-2006

Source: Statistics Netherlands, Voorburg/ Heerlen.

Social security

For a review on this subject see section 'Coverage by social security'.

2. Employment status/ contracts of unemployment

Full time/ part-time

Although the Dutch labour participation rate is quite high, the number of hours that employees work per week is relatively low. In the period 2000-2006 there has even been a decline in the percentage of persons who work on a full-time basis⁶. While in 2000 at least 72 percent of the employed labour force had a full-time job, in 2006 this number decreased to 63 percent. Consequently, the number of persons who work part-time⁷ is rising. The percentage of the employed labour force with a part-time job increased from 28 percent in 1995 to 37 percent in 2006. The main factor in this increase is the increase in the number of female workers with part-time contracts (Lucassen, 2003). Also the continuous economic growth and favourable labour market situation are seen as factors that contributed to the growth of part-time work, for it enables workers to work on a part-time basis. For employees as well as employers part-time work is regarded as a normal, and sometimes even desired form of work. Especially females prefer working part-time. Of the part-time workers, we can see that more work in the larger part-time jobs, that is more than 20 hours up to 35 hours. However, both this type of part-time jobs and shorter part-time work of less than 20 hours have steadily increased over the years and approximately 20% of the employed workforce work less than 20 hours a week.

⁶ 35 hours a week or more (Statistics Netherlands). The threshold is 35 hours a week, because in some CLAs 36 hours is regarded as a full time working week.

⁷ Less than 35 hours a week (Statistics Netherlands).

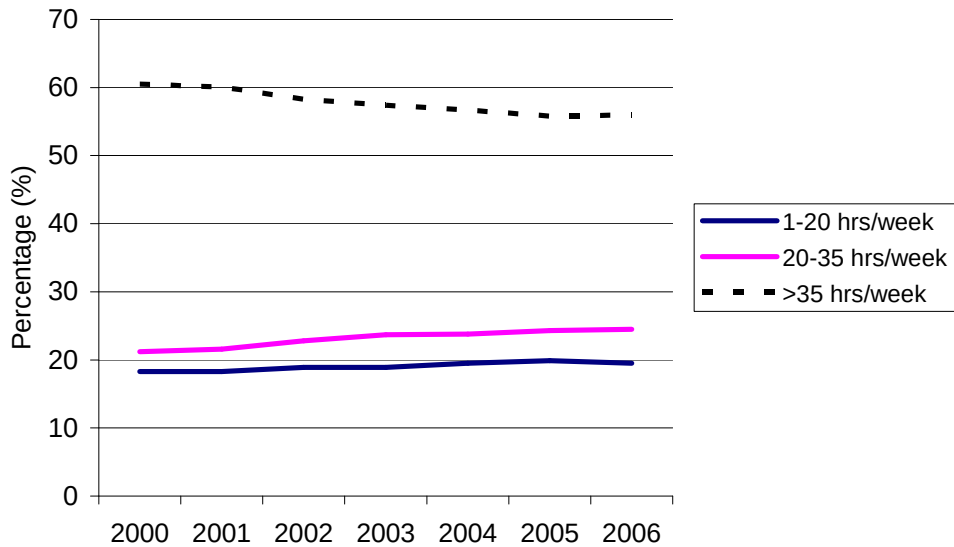


Figure 7 Proportion (%) full-time and part-time contracts in the active labour force, 2000-2006.
Source: Statistics Netherlands, Voorburg/ Heerlen.

Female labour market participation contributed largely to this increase in the proportion of part-timers in the Dutch labour market. **Figure 8** shows a strong increase in the number of women with a part-time job since 1996. Whereas in 1996 approximately one million women worked between 20 to 34 hours a week, this number had risen to 1.5 million in 2006. That is a relative increase of almost 50 percent in absolute numbers over the last ten years. The same goes for women in smaller part-time jobs, where there was a steady increase from the mid 90s onwards. On the other hand the number of women that work in full time or 35 hours or more jobs has not changed much and is holding steady at the number of approximately 1 million workers. However, the official amount of working hours is quite frequently extended due to working overtime (See section “Overtime”).

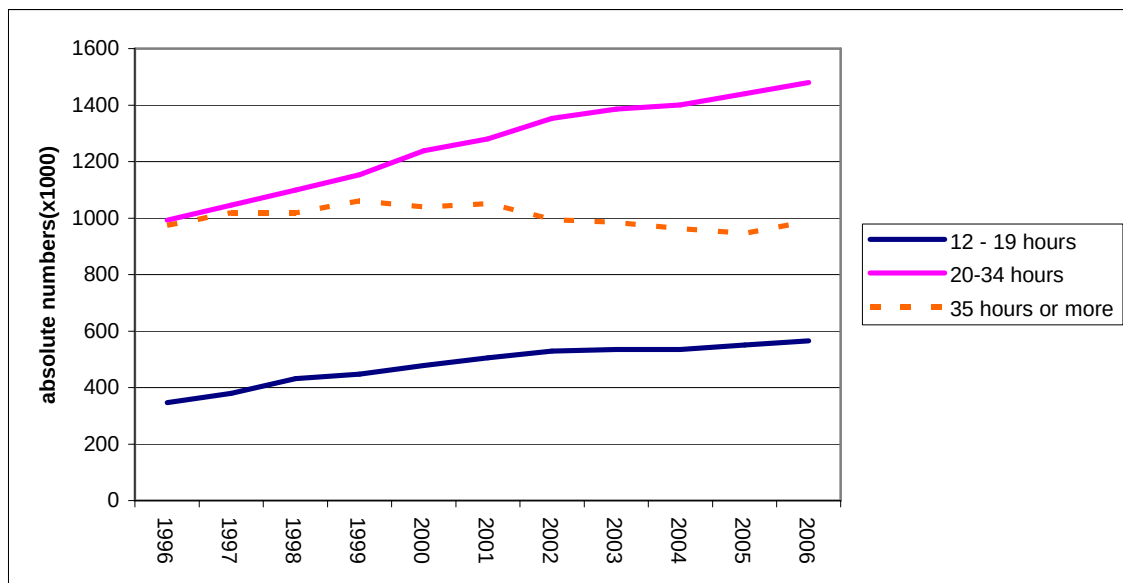


Figure 8 Number of female workers by working hours, 1996-2006
Source: Statistics Netherlands, Voorburg/ Heerlen.

Permanent contract

The evolution of the proportion of workers with a permanent, open ended contract in the employed labour force shows no drastic changes in the period 1992 – 2006 (OSA, Trend Report, 2007). Although the percentage of workers with a permanent contract seems to decrease somewhat between 2004 and 2006, still the vast majority of Dutch workers have permanent contracts. Besides having a permanent contract, people can be hired on temporary contracts (fixed term contracts). Temporary contracts can be offered with or without a perspective on a permanent contract. The former type of contract means that after the temporary period set in the contract has elapsed, the worker is likely to obtain a permanent contract.

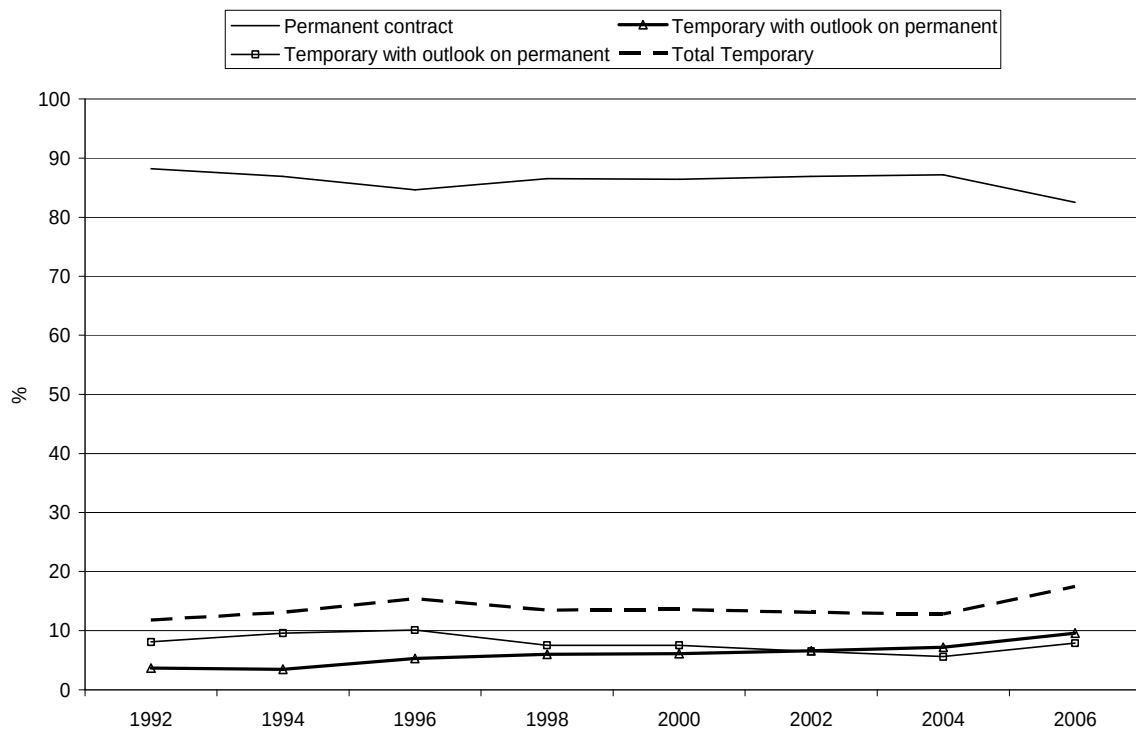


Figure 9 Proportion of permanent and temporary contracts, 1992-2006

Source: OSA Labour supply panel, 2006

Note: temporary contract with an outlook on permanent entails the possibility of the contract turning into an open ended permanent contract after a period specified on the contract

Table 1 shows the absolute numbers and relative increase of the number of employees with a permanent contract in the period 1996-2006. The number of ethnic minorities with a permanent contract increased from 670 thousand to 917 thousand: an increase of 37 percent in absolute terms over the ten years. This is a large increase especially compared with the increase in this type of contract among Dutch natives⁸ and is mainly caused by the intensive growth in the share of ethnic minorities participating in the labour market over the last ten years (Dagevos & Gesthuizen, 2004). If we examine the changes in the number of people in permanent contracts in relations to their education levels, there has been an decrease in the absolute number in the low educated group with a permanent contract, whereas there has been an increase in the higher educated groups with a permanent contract. The number of low educated employees with a permanent contract declined by 9

⁸ People with the Dutch nationality, who were born in the Netherlands, and who have parents that were born in the Netherlands as well.

percent. However, the number of permanent contracts among the people with a higher professional level of education has risen by 45 percent in absolute numbers during the past 10 years. There also seems to be discrepancies between different age groups with respect to the development in the number of permanent contracts. Among the younger workers the number of employees with permanent contracts decreased by 8 percent, whereas for the older workers a strong increase in absolute terms was shown of 54 percent.

Table 1 Number of permanent contracts (x 1000) by ethnic background, education and age, 1996-2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	change % (96-06)
Total permanent contracts	4911	5055	5244	5464	5584	5753	5774	5754	5646	5590	5631	+15
All ethnic minorities, of which:	670	692	749	786	830	892	916	930	915	911	917	+37
Non-western minorities	237	253	292	304	338	376	395	403	407	412	401	
Western Minorities	433	440	457	483	493	516	520	527	508	498	515	
Dutch Native	4239	4363	4495	4676	4753	4860	4858	4824	4730	4679	4714	+11
Maximum elementary education	1388	1386	1407	1466	1531	1581	1531	1450	1368	1267	1268	-9
Lower general education/ higher general education	2232	2314	2345	2439	2476	2581	2552	2549	2406	2470	2492	+12
Higher professional education	1275	1338	1474	1537	1550	1562	1671	1734	1841	1826	1843	+45
15-24 years	546	555	527	585	606	634	622	596	550	520	501	-8
25-44 years	3026	3099	3202	3266	3318	3351	3293	3256	3151	3097	3074	+2
45-65 years	1338	1402	1516	1613	1660	1768	1858	1903	1945	1973	2057	+54

Source: Statistics Netherlands, Voorburg/ Heerlen.

Temporary contract

The proportion of workers with a temporary contract has steadily increased between 1992 and 2006 (see Figure 9). Although the total percentage of workers with a temporary contract seemed to linger around 13 percent until 2004, it has risen to 17.5 percent in 2006. In the Netherlands temporary contracts can be offered with or without a perspective on a permanent contract. The former type of contract means that after the temporary period set in the contract has elapsed, the worker is likely to obtain a permanent contract.

As we can see from **Figure 10** the increase of temporary contracts since 2003 can be explained to a large extent by a rise in the amount of persons employed through temporary work agencies. This number has increased from 147 thousand in 2003 to 201 thousand in 2006; an increase of 37 percent within 3 years in absolute terms.

The increase in the number of “flex workers” is partly due to the rising number of Polish workers residing in the Netherlands on a temporary basis (Corpeleijn, 2007). In 2005 about 70 thousand Poles were working in the Netherlands for some parts of the year, three times as many as in 2000 (Corpeleijn, 2007). It has been shown that most of the Polish workers get their jobs through intermediate agencies. For example, in 2005 approximately

67 thousand Polish workers were working via a temp agency, which is more than four times the number in 2000 (Corpeleijn, 2007).



Figure 10 Number of flexible contracts (x1000) by type of contract, 1996-2006

Source: Statistics Netherlands, Voorburg/ Heerlen.

Examining the differences in the percentage of temporary workers between different age groups, in 2006 it appears that in absolute terms 15-24 year-olds more often had flexible contracts compared to other age-groups. The amount of younger workers in flexible contracts increased from 198 thousand in 1996 to 229 thousand in 2006; an increase of 16 percent in absolute terms. This high number of young flexible workers is partly caused by the fact that more than half of the younger workers in these types of contracts are still attending school or university and have side-jobs (Bierings & Siermann, 2006). As a result of that, pupils and students frequently work part-time and on temporary contracts (Beckers, 2005). Another explanation is that many 15-24 year-olds are entering the labour market on flexible contracts (Beckers, 2005). However, also in the age group 25-44 years quite a lot of people work on flexible contracts. The highest relative increase took place within the oldest age category, where in 2006 the number of flexible workers increased by 38 percent from 1996. However, in absolute numbers the group of older employees with a flexible contract is rather small.

In the period 1996-2006 lower educated employees worked more often on flexible work contracts than the higher educated. Especially workers with junior and secondary education are more likely to work on flexible contracts. This number has increased from 236 thousand in 1996 to 256 thousand in 2006; a relative increase of 8 percent in absolute terms. However, the number of highly educated flexible workers decreased by 4 percent, relative to 1996.

Table 2 Number of flexible contracts (x 1000) by ethnic background, education and age, 1996-2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Δ'96 /'06
Total flexible contracts	545	573	606	578	532	503	482	459	471	513	564	+3
Primary	193	212	221	225	193	199	184	174	160	173	193	0
Secondary	236	246	267	233	235	216	210	193	210	229	256	+8
Tertiary	114	113	115	117	101	85	85	90	96	108	109	-4
15-24 years	198	217	227	222	201	196	194	190	186	202	229	+16
25-44 years	267	266	285	261	231	207	193	176	196	219	225	-16
45-65 years	80	90	93	95	101	100	94	92	89	91	110	+38

Source: Statistics Netherlands, Voorburg/ Heerlen.

Self-employment

The proportion of self-employed workers has fluctuated over the years, but in the period 2001-2006 there has been a slight increase in the percentage of self-employed. The percentage of self employed was approximately 10.9 percent in 2001, which increased to 12.4 percent of the total labour force in 2006. See also part two of this report.

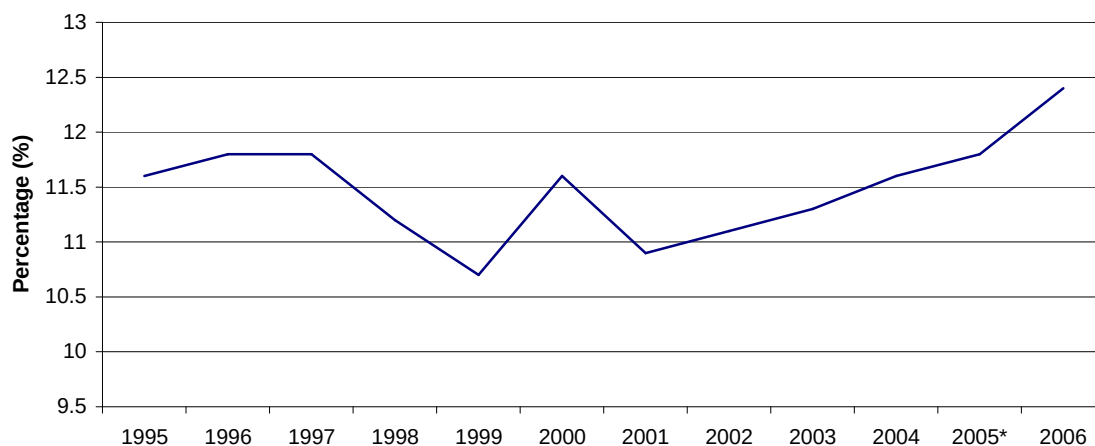


Figure 11 Percentage (%) self-employed, 1996-2006.

Source: Statistics Netherlands, Voorburg/ Heerlen.

The figure below shows the proportion of self-employed in the active labour force by ethnic background between 1999 and 2006. From this Figure we can see that the western minority group as well as non-western minority ethnic group shows a slightly higher increase in the number of self-employed than the native Dutch population. This increase is due to the relatively sharp increase during 2003/2004 leading up to 2007. The percentage self-employees with a western background has increased from 9.4 percent in 2003 to 12.5 percent in 2006. About the same goes for non-western self-employed, where the percentage self-employed increased from 6.8 percent to 9.7 percent between 2004 and 2006.

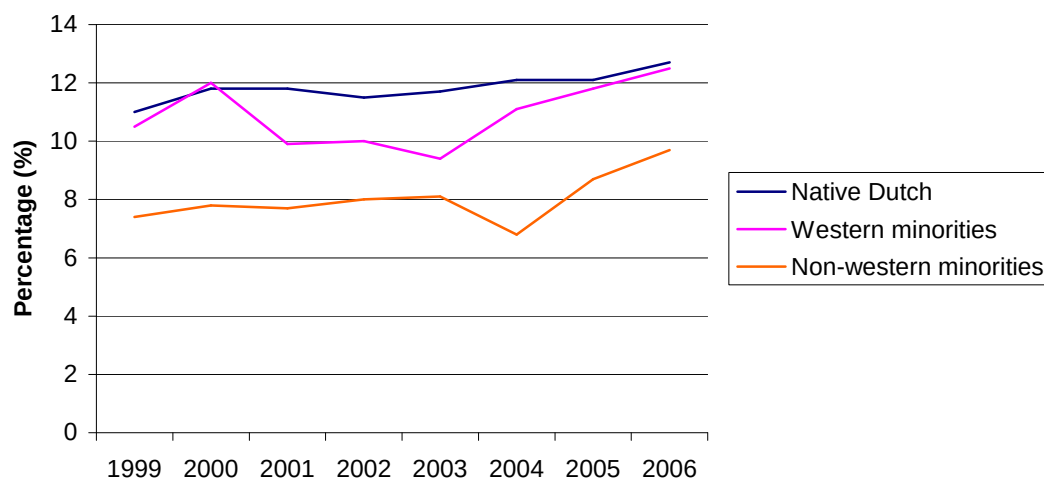


Figure 12 Proportion (%) of self-employed in the active labour force by ethnic background, 2000-2006.

Source: Statistics Netherlands, Voorburg/ Heerlen.

Job Tenure

Despite the general notion of increased flexibility of the labour market, job tenure has not decreased over the past decade. In 2006 the average tenure for all age groups was approximately 11.3 years, which is similar to the situation in 1998. This can be caused by the calculation method used in the table below, which only looks at employees with a permanent contract, thus excluding the job tenure of people with a temporary contract. In other words, when we take the increase of temporary contracts that has been noted in the Dutch labour market into account, we can expect the tenure averages to change. It is also noteworthy that the average tenure development varies across different age groups. The younger workers of 25 years or younger have actually increased their average tenure from 1998 to 2006 from 2.3 years to 3.0 years. However, it seems that in the other age groups there have been decreases in the average tenure and this decrease was the largest in the 55+ age group with a decrease of 2 years. Despite this decrease, this age group holds the highest average tenure of all age groups and tenure still does seem to increase with age.

Table 3 Average job tenure in years per age category, for employees with a permanent contract, 1998-2006

	<25	25-34	35-44	45-54	>=55	total
1998	2.3	6.1	10.8	15.7	21.3	11.2
2000	2.6	5.5	10.0	15.3	20.0	10.4
2002	2.2	5.0	9.1	15.2	20.0	10.3
2004	3.2	5.3	9.9	15.0	21.7	11.2
2006	3.0	5.4	9.5	15.0	19.4	11.3

Source: OSA Labour supply panel, 2006

In 2007 the Dutch government proposed to reform the employment protection system, aiming at further increasing the participation rate. These plans met with a lot of resistance from trade unions, opposition parties and overall society. Therefore the decision on this topic has been postponed. We might expect (in the longer run) changes in average tenure of employees with permanent contracts if employment protection standards are lowered for permanent workers.

3. Wages

Wages in the Netherlands are primarily negotiated at the sector or industry level in collective labour agreements (CLA's). However, there are also some national provisions on wages, for instance those that determine the minimum wage level. Moreover, there have been a number of times when the social partners and the government agreed on wage policies at the national level. The last instance of this was in the years 2003 and 2004, when all parties agreed on a wage freeze for the year 2004 and on 'cautious' wage demands for 2005. On average, all partners that set wages in CLA's stick to the centrally made wage agreements. A historical agreement which, among other things, influenced wage developments was the Wassenaar Agreement in 1982. Although much more than just wage moderation was agreed upon, the drop in the wage increases in CLAs has been

clearly visible after 1982 (see Figure 13) (Statistics Netherlands, 2007). From this year onwards the wage increases of the Netherlands seem more or less stable, not exceeding 5% at most.

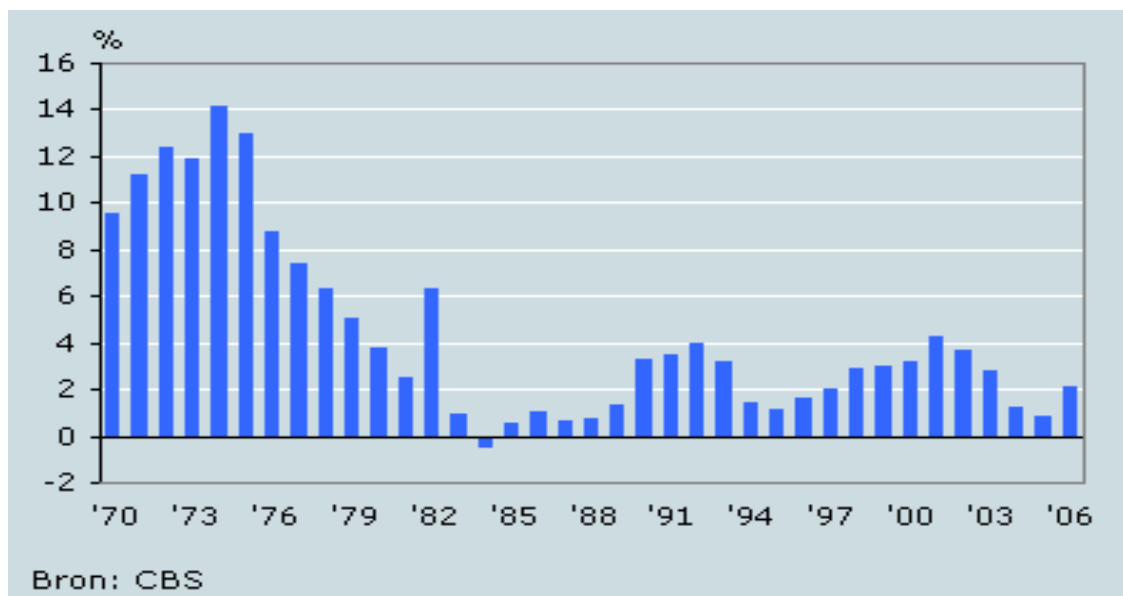


Figure 13 Development in CLA-wages

Source: Statistics Netherlands

Another topic related to wage, which sparks off lively debates in the Netherlands, are the wage increases and bonuses for top managers, both in private firms and in public organisations. Sometimes these raises occur in spite of the fact that the objective results of their companies are not thought, commentators argue, to justify such increases in remuneration.

The collectively negotiated wages⁹ increased by 2 percent in 2006, relative to the previous year. The real wage increase¹⁰ of this year, which takes account of inflation, was 0.9 percent. If we examine the wage increases per sector, we can see that the public sector had the largest increase in the collectively negotiated wages, at 3.0 percent in 2006 (Hartog, 2007). Within the industry sectors, the water, gas and electricity sector had the largest raises in wages with increases of 3.5 percent in 2006. Wage increases in the public administration and in the financial intermediation sectors were also relatively large, respectively 3.3 percent and 3.1 percent in 2006. In the sectors with the largest increases in the collectively agreed wages this rise was caused partially by the large increase in special allowances as a result of the introduction of employers' contributions to the life course arrangement (introduced by law in 2006) and health insurance costs (Hartog, 2007). The smallest wage increases were observed in the construction and care sectors. These wages increased by 1.4 percent in 2006.

⁹ The collectively negotiated annual wages include the gross wage for normal working hours including all legally binding regularly paid bonuses and all legally binding (non-monthly) allowances such as holiday allowances and end of the year payments (Statistics Netherlands). It does not include the payments that are conditional within the Collective Labour Agreements (CLA), such as payments for age, shift work and individual wage increases. Profit sharing and bonuses are not included in the annual CLA wages because they are conditional (Statistics Netherlands).

¹⁰ The real wage increase is the increase in the wage as agreed in the collective wage agreement, minus the increase in consumer prices (Statistics Netherlands).

Minimum wage

The monthly minimum wage in the Netherlands for the year 2007 is 1301 Euros for full time workers of 23 years and older (Statistics Netherlands, website). The minimum youth wage applies to workers under the age of 23 and is age-dependent. In the period 1996-2003 the proportion of employees that did not earn more than the legal minimum wage decreased slightly from 5 percent of the total employed labour force in 1996 to 4 percent in 2003. If we examine the proportion of low-wage earners, here defined as workers with wages of 130% of the minimum wage or lower, there has also been a slight decrease in the proportion over the past decade, however this is almost negligible. In the Netherlands the average monthly full time wage is approximately two to three times higher than the minimum wage (Corpeleijn, 2007). For example, in 2005, the average wage was more than twice the minimum wage, namely 2900 Euros (Corpeleijn, 2007).

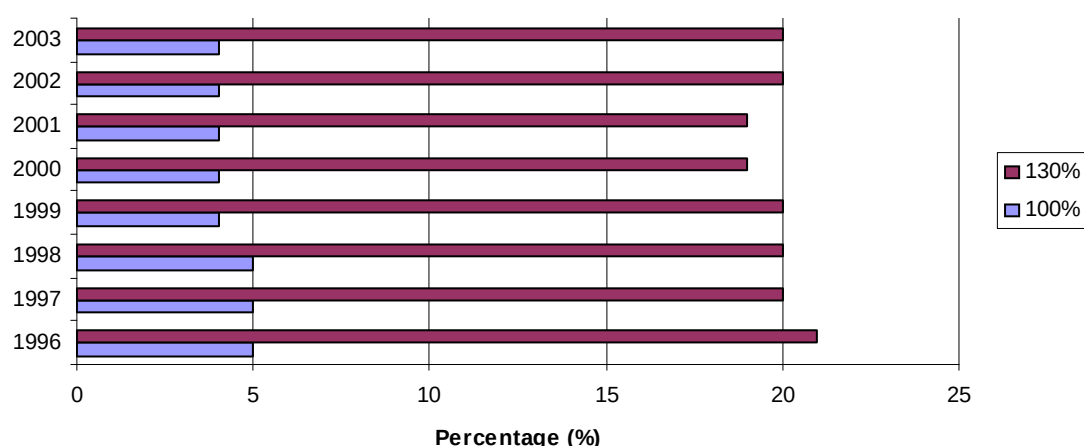


Figure 14 Proportion of employees with a low wage or minimum wage, 1996-2003.

Wage gap

In 2003 women earned approximately 18 percent less than their male counterparts, although there has been a continuous decrease in this gap over the years. For example, in 1995 this gap was 23 percent. In addition, there seems to be an age effect as well as a cohort effect, where the wage gap between genders is larger for older workers and smaller for younger workers. In 1995 the hourly wages women between the ages of 55 and 64 were 28 percent below what men of the same age-category earned. This was decreased to a 24 percent gap in 2003. For young men and women the gap in hourly pay rates is comparatively smaller – 7 percent in 1995 and only 2 percent in 2003 -, but this might be due to the national minimum wage requirements set by law.

When we examine public, private sector differences, we can see that wage differences were more prominent in the private sector than in the public sector, although this gap has been decreasing in both sectors in similar speed. For sectoral differences, the gap between the hourly pay rates of men and women was most prominent in the financial intermediations sector where women earned over 30 percent less than their male colleagues in 2004 (Gouweleeuw & Weltens). In the hotels and restaurant sector the gap was relatively smaller (Gouweleeuw & Weltens). Recently it was noted that young female lawyers earn more than their male counterparts.¹¹

When looking at wage gaps of different employment statuses, the gaps between men and women are larger in full time jobs than in part-time or other flexible working

¹¹ Mainly because women tend to complete their university courses faster and have longer work experience. Source: www.loonwijzer.nl

arrangements. However, the average hourly wage in flexible jobs is lower than other employment contracts for both men and women (Portegijs, Hermans & Lalta, 2006).

Table 4. Differences in hourly wages between men and women, 1995-2003 (percentage women earn in compared to men=100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	77	77	78	79	79	79	81	81	82
15-24 years	93	94	95	96	95	97	97	99	98
25-54 years	80	80	81	81	81	81	89	84	84
55-64 years	72	72	73	74	73	75	76	76	76
Private sector	72	73	73	74	74	74	76	77	77
Public sector	79	79	80	81	81	81	81	82	82

Source: Statistics Netherlands, Voorburg/ Heerlen.

The wage gap can be attributed partly to the fact that many women are represented more in relatively low-paid jobs than men (Portegijs, Hermans & Lalta, 2006). Furthermore, women are found in part-time jobs more often, which can limit them in their career moves and thus have impact on wage levels in the longer run. Differences in education and work experience can influence the gender pay-gap as well (Portegijs, Hermans & Lalta, 2006). However, even after adjusting for background characteristics, such as education and working experience, a gender pay gap of 7 percent remains in the private sector and 4 percent in the public sector (Portegijs, Hermans & Lalta, 2006). This means that in spite of correcting for relevant characteristics that can explain for wage differences, the wage gap between men and women does not disappear.

Wage inequality

Although, in the Netherlands wage inequality is relatively low compared to many other countries, it has increased in the period 1999-2003 (Borghans & Kriechel, 2007). Workers in the lowest wage percentile experienced lower increases in wages, compared to median workers. On the other hand, the wage increase for workers with high income was considerably a higher than that of the median income earner. Despite the fact that in the Netherlands wage bargaining is quite centralized, it seems that market forces mainly determined this wage growth (Borghans & Kriechel, 2007).

Working poor

Related to the issue of the increasing wage inequality is the issue of the working poor. Workers are considered to belong to the working poor population when they do not earn more than the poverty level. More specifically in the Netherlands a household is considered to be in the working poor group when it consists of a main breadwinner between the age of 18 and 64 years who receives a wage at the social minimum (<105%), has a low income level¹², or receives only the statutory minimum wage (100%) for at least one year and is tied to this level for consecutive years (De Boer, Bruijnzeel, et al., 2003).

In 2003, 20 percent of all employees in the Netherlands did not earn more than 130 percent of the minimum wage (See Figure 14). This decreased slightly, compared to 1996. People earning low wages are usually young and often have flexible contracts.

Table 5 shows which groups are over-represented in the working poor. The ratio represents the proportion of working poor within a specific social group/class, compared to working poor for the average population (De Boer, Bruijnzeel et al., 2003). In other words, a

¹² According to the Statistics Netherlands low income is defined on the basis of the national assistance benefit in 1977-1996. In this period the purchasing power of the national assistance benefit was the highest in 1979. The national assistance level for a single person in 1979 was taken as the starting point.

ratio of one means 'average' presence of working poor within a specific group (De Boer, Bruijnzeel et al., 2003). The self-employed workers are most likely to be within the working poor group compared to the national average, approximately 2.7 times. For divorced women and one-parent households these odds are approximately 2.5 times the national average. The high chances of the self-employed being in the working poor can be considered as a large problem, since the number of self-employed workers is substantially growing among Dutch natives and ethnic minorities. Besides having a higher probability of earning a low income, self-employed face obstacles in their entitlement to social security arrangements (see part two of this report). Also women and households with female bread winners are more likely to fall under the category of working poor. In addition, the high probability of divorced women being in the working poor group indicate the relative vulnerability of women in the Dutch labour market.

Table 5 Over-representation of groups in the working poor (national average/proportionate representation =1)

Group	Ratio
Self-employed	2.67
Divorced women	2.55
One-parent households	2.47
Married women as main breadwinner	1.84
Young people (18-24 years)	1.84
Women	1.68
First generation ethnic minorities	1.55

Source: NYFER

4. Working time and work organisation

Over the past years there has been debate in the Netherlands addressing the issue of the extension of the working week to 40 hours per week. Especially the employers' associations have a strong preference to extend the working weeks, if possible without increasing wages. Their position here is that an extended working week would contribute to higher levels of labour market participation and productivity and decrease the job vacancy rates. However, Dutch workers have had and still hold a preference of working shorter hours. Recently, a survey has shown that half of Dutch workers prefer to and are searching for jobs for 32 hours or less.¹³

In particular the large number of women working in (small) part-time jobs is under discussion, mainly linked to the labour shortage at the labour market combined with the issue of sustainability of the social security system along with the ageing of the population. The ideal scenario presented by many is that women take up larger part-time jobs or full time jobs. However, the majority of Dutch women have chosen part-time jobs deliberately and do not desire a longer working week (see section two for a more detailed discussion on this topic).

A number of acts have come into force to arrange for more flexible use of working hours, et al. the Act on the Adjustment of Working Hours (Wet aanpassing arbeidsduur, WAA) in 2000 that provides worker with the rights to increase or decrease their working hours (except in the case that this is deemed unreasonable due to objective and severe constraints to the employer in conducting his business). In addition the 1996 law of non-

¹³ NU news report, 6th Feb 2008

http://www.nu.nl/news/1423872/36/%27Helft_Nederlanders_wil_maximaal_32_uur_werken%27.html

discrimination on working hours (Wet verbod op Onderscheid naar Arbeidsduur: WOA) stipulates that part-time workers have the same rights as those in full time work.

Trend in average working hours by sex

There has been a slight decrease in the average number of working hours between 1996 and 2005. Whereas in 1996 employees were working 31.7 hours a week, this decreased to an average of 29.7 hours a week. There seem to be differences, not only related to gender but also to the type of employment contract. For full-time male employees working hours have hardly changed during the period 1996-2005. The average working hours decreased a little from 39.1 in 1996 to 38.6 in 2005. The average hours of male workers with flexible contracts decreased slightly more than this from 21.0 hours in 1996 to 19.9 hours in 2005. Part-time males on the other hand increased their working hours slightly from 21.2 in 1996 to 21.6 in 2005.

The average working hours of full time female employees also decreased slightly during the 10 year period, from 38.9 hours to 37.8 hours a week, a slightly larger increase than those of males. However, figures show no change in the average working hours of women with part-time jobs; which showed a stable 20.0 hours a week during this period. The average working hours of women with flexible contracts work have decreased as well from 16.6 hours to 15.1 hours a week. Lastly we should note the differences between male and female working hours. This difference between males and females in working hours is largest among the workers with a temporary contract. This is probably due to the fact that more women on temporary contract work on a part-time basis or have shorter working hours compared to men. However, it should be noted that a large part of workers on temporary contracts are students and pupils with a side-job, which also explains partly the low amount of average working hours per week.

Table 6 Average working hours a week by sex, 1996-2005

	<i>Average working hours per week</i>	
	1996	2005
Total	31.7	29.7
Male		
Full time contract	39.1	38.6
Part-time contract	21.2	21.6
temporary contract	21.0	19.9
Female		
Full time contract	38.9	37.8
Part-time contract	20.0	20.0
temporary contract	16.6	15.1

Source: Statistics Netherlands, Voorburg/ Heerlen.

Unusual hours

Table 7 shows the percentage of employees working unusual or unsocial hours, that is: persons who work on evenings, nights and weekends. Most employees working unusual hours worked on Saturday, which accounts for over 30 percent of all workers working unusual hours in 2004. Shift work was the least common of all types of unusual hours in 2004 accounting for 18.8 percent. Generally speaking, the number of employees working unusual hours has decreased slightly since 1994, however there have been periods of increases as well as decreases during this period (OSA, 2005).

Young employees (15-24 years) often work more unsocial hours than any other age-groups and the opposite holds true for older workers of over 55 (Traag, 2004). Working on Saturday is most common among younger employees, because many students have a job along side their education (Traag 2004). For sectoral differences, we can see that

unsocial hours occurred more frequently in the hotels and catering industry which is probably due to their opening hours (Traag, 2004).

Table 7 Unusual hours and overtime, 1994-2004 (% of workers)

	1994	1996	1998	2000	2002	2004
Unusual hours						
Shift work	19.3	18.7	17.1	18.3	17.0	18.8
Working on Sundays	21.6	22.9	22.8	23.5	21.2	20.4
Working on Saturdays	33.7	36.2	34.1	35.7	33.1	31.3
Overtime						
% unpaid overtime	26.1	27.3	27.8	27.5	28.4	32.2
Average number of unpaid overtime per week ¹	102	108	108	102	90	108
% paid overtime	23.5	23.6	26.1	29.6	28.4	20.1
Average number of paid overtime per week ¹	78	72	84	90	78	60

¹ Minutes a week. The average includes the number of employees with no overtime hours.

Source: Institute For Labour Studies (OSA), 2005.

Overtime

Table 7 also provides us the trends in overtime worked by workers. In 2004 more than half of all employees regularly worked overtime. The majority of this group is not getting paid for overtime work and this percentage has increased since 1994 although we can see some fluctuations in this trend. In 2004 32.2 percent of employees worked overtime without a financial compensation, against 26.1 percent in 1994. The average number of unpaid overtime also increased slightly to 108 minutes per week in 2004 compared to 102 minutes in 1994, although we can also see some fluctuation during this period. The average percentage of workers receiving financial compensation for overtime worked has increased between 1996 and 2002, but there has been a big drop between 2002 to 2004 from 28.4% of all workers with paid overtime to 20.1%. The average number of paid overtime also decreased from 78 minutes in 1994 to 60 minutes per week in 2004. However, even for this, there seems to have been some fluctuations in the past decade. Usually, overtime peaks when the economy is doing well. It thus corresponds with the prevailing downturn on the labour market at the beginning of the 21st century (Beckers & Siermann, 2005). Overtime work is most frequent in the education sector, where the extra hours are usually not compensated in any way. In the transport sector overtime work is also relatively common, but is usually paid (Fouarge et al., 2006).

Overtime by sex and work contract

Table 8 shows the proportion of workers working overtime divided by the gender and the work statuses of the workers. We can see that there are strong increases of overtime for both part-time and full time employees. The percentage full time employees that worked overtime increased from 38 to 44 percent in the period 2000 - 2006, and for part-time employees this increased from 23 percent to 30 percent. As we can see from this, more full time workers work overtime than part-time workers. Also, although male workers work more overtime than female workers, female workers show a stronger increase in overtime work during the period between 2000 and 2006. The percentage full time male workers that worked overtime increased 5 percent points, while the percentage female employees with full time contracts increased 12 percent points. The same goes for overtime work for part-timers. For male part-time workers compared to the 25% of 2000 in 2006 30% of workers have been recorded to work overtime, whereas for women although in 2000 only 23% worked overtime they have caught up with their male counterparts with 30% of all female part-timers working overtime six years later.

Table 8 Working overtime by sex and work contract, 2000-2006 (% of workers)

	2000	2001	2002	2003	2004	2005	2006
Total							
Full time contract	38	38	37	40	42	44	44
Part-time contract	23	23	23	26	29	30	30
Male							
Full time contract	40	40	39	42	44	45	45
Part-time contract	25	26	25	26	28	30	30
Female							
Full time contract	28	30	29	32	37	39	40
Part-time contract	23	22	23	26	29	30	30

Source: Statistics Netherlands, Voorburg/ Heerlen.

5. Working rhythms and stress at work

Work-related stress is induced by a combination of regularly working under time pressure and at a high pace (Frenken, 2005). From international comparisons it is known that Dutch workers have reported very high work pressure levels in the beginning of the 1990s, compared to workers in other EU member states (European Foundation, 1991). However, it seems that the percentage of workers dealing with work-related stress has decreased in the period between 1997 and 2004

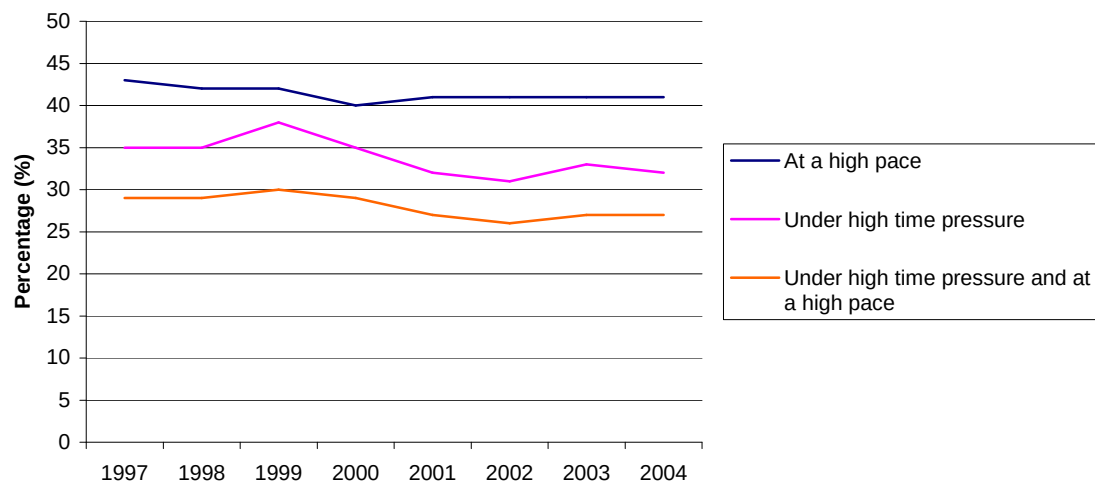


Figure 15 Working under high time pressure and at a high pace, 1997-2004.

Source: Statistics Netherlands, Voorburg/ Heerlen.

In 2004 27 percent of the employed labour force reported that they regularly cope with work-related stress, compared to 29 percent of workers in 1997. The share of workers who regularly have to work under pressure has also decreased slightly. In 2004, 41 percent of the employed labour force reported to work regularly at a high pace. This percentage has been decreasing since 1997 from 43 percent to 41 percent in 2001 and afterwards it seem to have plateaued out. The percentage of workers who had to work under high time pressure on a regular basis was 32 percent in 2004. This is lower than the level of 1997, when 35 percent of workers had to work against the clock. However, the figure shows that

this share of workers peaked in 1999 when the economy was booming and 38 percent of workers had to work under high time pressure.

There are variations in work related stress among different professional levels as well as among workers with different working hours. Workers within scientific professions and higher level professions more often report a high level of work-related stress. While the share of workers reporting work-related stress fell in most other profession levels, it remains high in the scientific professions. In 2004, 45 percent of scientists reported to suffer from stressful working conditions, an unaltered percentage compared to 1997, although we can see some fluctuations in this trend. In addition, more full time workers have to cope with severe work-related stress than part-time workers. However, working under serious time pressure and at a high work pace has decreased for both the workers with a full time and larger part-time job. While 31 percent of the full time employed labour force reported suffering from stressful working conditions in 1997, this has fallen to 29 percent in 2004. This is the same for the workers with large part-time jobs. Whereas in 2004 24 percent of workers faced severe work-related stress, this was 31 percent in 1997.

Table 9 Work-related stress by working hours and level of profession, 1997-2004 (%)

	1997	1998	1999	2000	2001	2002	2003	2004
Profession at elementary level	24	21	20	20	20	16	16	19
Professions at lower level	20	19	21	20	20	20	20	19
Professions at intermediate level	28	28	30	29	25	24	26	25
Professions at a high level	37	37	35	37	33	35	34	31
Scientific level	45	48	50	48	42	38	43	45
12-19 hrs/ week	18	14	17	21	18	18	22	18
20-34 hrs/ week	27	26	29	25	26	24	24	24
> 35 hrs/ week	31	31	32	32	28	29	29	29

Source: Statistics Netherlands, Voorburg/ Heerlen.

The level of work-related stress is the highest in the hotels and restaurants and business services sectors, followed by financial intermediation and transport, storage and communication sectors all of which have more than 30 percent of its work force suffering from work-related stress. In addition although the overall work-related stress has been falling in the period 1997-2004, it has increased in some of the most stressful sectors such as hotel and restaurants and financial intermediation.

Table 10 Work-related stress by sector, 1997-2004 (%)

	1997	1998	1999	2000	2001	2002	2003	2004
Trade	22	20	24	21	21	20	19	19
Hotels and restaurants	29	33	28	33	29	28	36	33
Transport, storage and communication	32	33	32	33	27	31	34	31
Financial intermediation	29	29	34	35	21	26	33	32
Business services	37	38	34	38	30	29	28	33
Education	35	29	26	29	30	35	28	26
Health care and welfare	36	33	36	35	35	28	32	26
Public administration	26	32	34	26	23	27	29	27
Environment, culture and other services	17	15	22	21	17	21	22	29
Construction	31	32	29	28	28	24	26	28
Manufacturing, industry, mining and quarrying	27	25	29	28	24	26	26	28

Source: Statistics Netherlands, Voorburg/ Heerlen.

6. Safety and health

New incapacity claimants

It is important to acknowledge that the Netherlands, other than most countries, have a social security system based on the 'risque social' principle instead of a 'risque professionnel' principle. This means that the cause of disability or sickness absenteeism (occupational or private) is considered irrelevant for both the eligibility and the benefit rate or benefit period. The number of new claims for incapacity benefits was very high in the late eighties and early nineties but has decreased to a great extent in the period between 1998-2006. The number of new claimants fell from 112 thousand in 1998 to less than 20 thousand in 2006; a relative decrease of 82 percent in nine years. For women (- 84%) the relative decrease of new claims was larger compared to that of men (- 81%). During the period 1998 to 2004 the share of women in the number of new claims for incapacity benefits outnumbered the claims by men. The influx of women peaked in 2001 when more than 63 thousand, or 54% of total, new incapacity benefits were claimed by women. However, the situation reversed in 2005 when more men claimed an incapacity benefit than women. Of the reasons for claiming incapacity benefits, psychological disorders are the most important cause of work incapacity, followed by musculoskeletal complaints such as pain in the back or the neck (Hartman, 2006).

The strong decrease in new claimants can be explained by the introduction of stricter legislation introduced during the past decade. On January 1st of 1998 the PEMBA act was introduced, which differentiated employer-paid premiums. This encourages employers to prevent or reduce sickness absence and incapacity as much as possible. Due to the Gatekeeper act, introduced on April 1st of 2002, the number of new cases of occupational disability fell more dramatically. This Act prevents claims for incapacity benefit by calling for quick action from employers and employees. They are stimulated to intervene earlier in the work incapacity process and to enable employees to return to work as soon as possible and for as many hours as possible. In addition, since January 1st 2004, employers are obliged to pay the wages of incapacitated employees for the first two years of sick-leave instead of one year which can explain the further sharp decreases in the number of claimants seen afterwards.

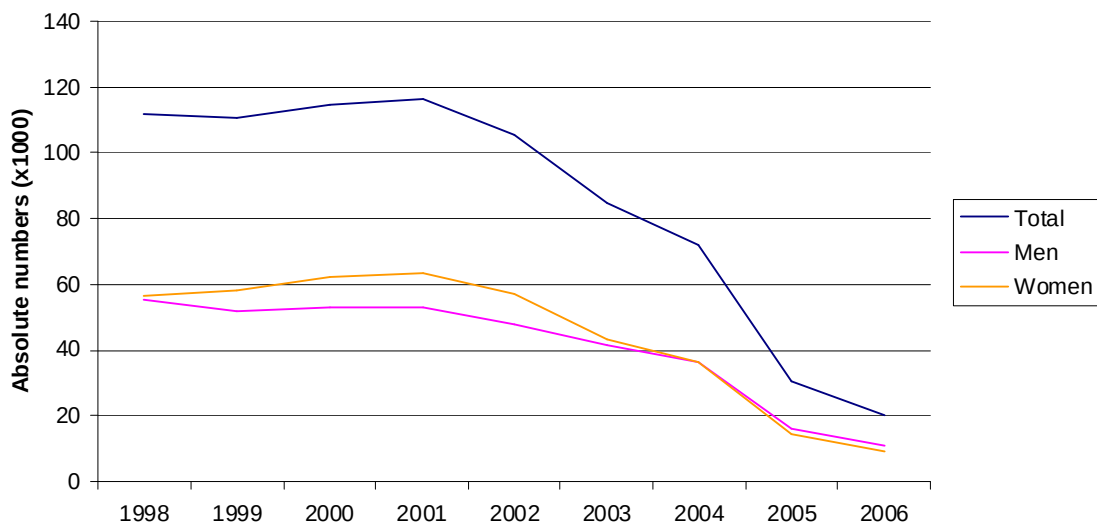


Figure 16. New disability benefits (inflow), 1998-2006 (in numbers).

Source: Statistics Netherlands, Voorburg/ Heerlen.

Sickness absence

In addition to the decrease of incapacity claimants there has also been decreases in sickness absenteeism in the Netherlands. According to the national sickness absenteeism survey the sickness absence rate¹⁴ among employees has decreased during the period 1996-2005. Longitudinal studies indicate that sickness rates correlate with the business cycle, showing a decrease under less favourable conditions and an increase under more favourable economic situations (SCP, 2007). Leave days taken due to sickness dropped from 4.6 percent of all working days in 1996 to 4.0 percent in 2005. From 1996 to 2002 absence due to sickness increased, reaching its highest rate of 5.4 percent in 2001. However, sickness absenteeism seems to be stabilising again since 2004.

In 2003 the highest sickness absenteeism rates were recorded in the health and welfare sector, with rates of 5.8 percent. Manufacturing (5.7 percent) and public administration (5.5 percent) are also sectors that have high sickness absenteeism and with 2.9 percent, the hotel en restaurant sector had the lowest. Looking at the absence rate by company size, it seems that larger companies (>100 employees) have higher absence rates than small (1-10 employees) and medium-sized (10-100 employees) companies (Kartopawiro, 2005).

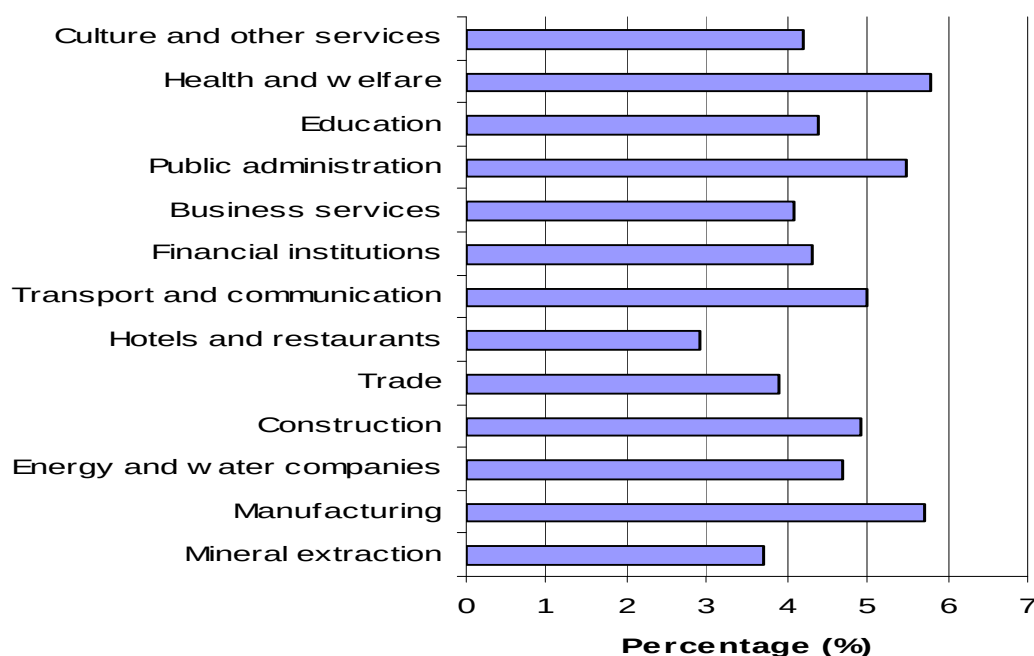


Figure 167 Sickness absence by sector, 2003

Source: Statistics Netherlands, Voorburg/ Heerlen.

Occupational diseases

Table 11 presents the most common occupational diseases by sector for 2006. The construction sector had the highest percentage of workers with musculoskeletal complaints, namely 51 percent of all workers complaining with such pain. The public administration and health and welfare sector had the highest rate of workers with psychological disorders, respectively 16 and 15 percent. Hearing disorders were especially a problem within the construction sector, where the reported occupational hearing loss was 74 percent. Skin diseases were most often reported within the manufacturing and construction sectors, i.e. 32 percent. From an international perspective neither the occupational diseases or

¹⁴ Absence caused by sickness excluding maternity leave. The rate is the number of days not worked because of sickness as a percentage of the total number of working days of employees. The figures reflects annual averages (Statistics Netherlands).

occupational fatal injuries levels are above average in the Netherlands, although, because of the 'risque social principle' reporting and monitoring systems have not always been very reliable (European Foundation, 2005).

Table 11 Occupational related diseases by sector, reported by occupational health practitioners, 2006 (% of all workers in the sector)

	Musculoskeletal complaints	Psychological disorders	Hearing disorders	Skin diseases
Manufacturing	11	12	15	32
Health and welfare	6	15	*	8
Construction	51	12	74	32
Transport and communication	8	8	2	-
Public administration	6	16	3	-
Education	-	11	-	-
Culture and other services	-	-	1	5

*Figures not available.

Source: National Registry of Occupational diseases (NcVB), 2006.

Working conditions

The most reported form of physical work related stress is working behind a computer screen, followed by having the upper body part in the same posture for a long period of time and make repetitive moves with the arms or hands (See Table 12). All three forms of physical workload increased in the period 1997-2002/2004, however the percentage of the employed labour force working behind a computer screen has increased the most. While 56 percent of the workers reported to work behind a computer in 1997, this has risen to 64 percent in 2004. This shows that the presence of computers in the labour process continues to increase. As a consequence of that, more people have to keep their upper body part in the same posture for a long period, making more repetitive moves with their arms and hands. The percentage of people doing physical heavy work or using strength during their work has decreased slightly since 1997. In 2004, 20 percent and 23 percent of workers were regularly doing physically demanding work doing physical heavy work or using strength.

Table 12 Physical work stress, 1997-2004 (%)

	1997	1998	1999	2000	2001	2002	2003	2004
Physical heavy work	21	20	19	19	20	19	20	20
Using strength	25	23	22	22	24	23	22	23
Upper body part in the same posture for a long time.	43	43	43	42	45	45	-	-
Uncomfortable posture upper part of the body	14	13	13	14	15	13	-	-
Making repetitive moves with arms and hands	40	39	41	42	44	45	-	-
Getting sweaty	10	9	9	8	9	9		
Working behind a computer screen	56	58	59	59	61	62	63	64

Source: Statistics Netherlands, Voorburg/ Heerlen.

Forced labour and human trafficking

According to the Fifth report of the Dutch National Rapporteur on Trafficking in Human Beings (2007) the number of victims of human trafficking has been slightly increasing, after a decrease in 2003. In 2004 403 victims were registered and in 2005 424. Preliminary figures show a further increase in 2006. In 2005 a new anti-trafficking stipulation came into force in the Netherlands. The number of permits given to companies in the sex business has not grown. However, (illegal) prostitution appears to be growing in other situations, among other things via the internet. Labour migration from the new Member States of the EU has not contributed to a rise in prostitution and trafficking and is not expected to do so.

7. Access to training

The share of workers that followed a work-related course or study has remained stable in the period 2000-2004: 39 percent of the employed labour force reported to take part in a course or study during this time. However, the participation rate is substantially increasing among the younger age categories, while it is decreasing among the older age-groups. The youngest age group, 16 to 24, show the highest participation rate in training with the of average 62 percent in 2002-2004. However, the largest increase was seen among the 25-34 year-olds: with 47 percent of the workers were taking part in a course or study on average between 2000 and 2002, this rising up to 52 percent in 2002 and 2004. In addition, workers in the older age category – and notably the 55 to 64 age group - show the lowest participation rate and even a slight decrease over the years. In 2002-2004 15 percent of the 55-64 year- old took part in work-related courses or studies, against 17 percent in the previous years.

When looking at educational levels, there also seems to be a positive relation between educational level and participating in courses and training, that is, the lower the education level, the lower the participation rate. Especially workers with a primary, pre-vocational or junior secondary educational level relatively take part in work-related courses or studies less often than workers with other higher educational levels. The participation rate of primary-educated workers has even decreased from 23 percent in 2000-2002 to 18 percent in 2002-2004. Workers with a university education more often follow work-related courses or studies and this has increased from 46 percent to 53 percent in the period 2000-2004.

Table 13 Participation in courses and studies, 2000-2004 (%).

	2000-2002	2002-2004
Total	39	39
Age		
16-24	60	62
25-34	47	52
35-44	43	43
45-54	36	35
55-64	17	15
Education		
Primary	23	18
Pre-vocational/ junior secondary	29	28
Junior vocational/ senior secondary	43	42
Vocational college	48	48
University	46	53
Labour market position		
Employee	48	49
Self-employed	31	28
Unemployed job seekers	38	33
Not participating	8	7

Source: The Institute For Labour Studies (OSA), 2005.

The participation rate in courses and studies of unemployed job-seekers has decreased from 38 percent in 2000-2002 to 33 percent in 2002-2004. This notable decline indicates that work-related education is becoming less common during the transition from unemployment to employment (Fouarge et al., 2006).

Overall although the participation levels in courses and studies have not changed much over the years we can see a decline in the participation rate in work-related courses and studies among risk groups such as the elderly, the lower educated and the unemployed job-seekers, while seeing an increase in the rate for those whose positions are relatively more stable, such as higher educated and employed. This may in the long run have consequences for the labour market position of the weaker groups. Especially if the perceived decrease of job security and a change towards employment security becomes a reality, then these groups might face difficulties in making timely transitions to a new job at a new employer.

Table 14 shows that enterprises generally offer both internal¹⁵ and external¹⁶ education. In 2004 35 percent of the enterprises have provided internal and external training opportunities. High rates of internal and external training possibilities were most often found in the public administration and education sector, where respectively 74 percent and 57 percent of the organisations give workers the possibility to take part in courses or studies. The highest rates of internal education were recorded in the transport and health and welfare sector. External training possibilities were the highest in the business services and manufacturing sector.

Table 14 Internal and external training possibilities, 2004 (%).

	Internal and external	Only Internal	Only External
Total	35	14	26
Industry and agriculture	40	5	28
Manufacturing	27	9	33
Trade, hotels and restaurants	28	17	22
Transport	25	21	23
Business services	37	16	35
Health and welfare	48	20	24
Public administration	74	7	19
Education	57	15	15
Other services	39	10	28

Source: Institute For Labour Studies (OSA), 2005.

Generally there are four main sources of funding for training in the Netherlands. Examining the subsidy sources by sector we can see that in 2004 the training and development funds, established in sectors of industry, were the most used sources to compensate training costs especially in the manufacturing (67 percent) and education sector (41 percent). This was not the case in 2002, where fiscal measures were the number one subsidy source and also the use of this fund dropped fairly considerable from 23 percent in 2002 to 19 percent of all firms in 2004. European funds (notably the European Social Fund) are more often used as a subsidy source for work-related training. This has increased from 1 percent to 7 percent in the period 2002-2004, with the highest increase in the trade and hotels and restaurant sector. The education sector shows a substantial increase in the use of public funds as a compensation for training costs. The use of fiscal measures as subsidy source has dramatically decreased from 24 percent in 2002 to 5 percent in 2004. The largest decline is measured in the public administration sector, from 44% to 2% in two years.

¹⁵ Course or study that is designed or organised by the organisation. (Bekker e.g., 2007).

¹⁶ Course or study that is designed or organised by an education institute (Bekker e.g., 2007).

Table 15 Subsidy sources by sector, 2002-2004 (%)

	Training and development funds		European community (ESF)		Public funds		Fiscal measures	
	2002	2004	2002	2004	2002	2004	2002	2004
Total	23	19	1	7	5	6	24	5
Industry and agriculture	34	31	3	10	3	3	30	5
Manufacturing	-	67	-	3	-	0	-	10
Trade, hotels and restaurants	18	12	0	12	2	5	18	6
Transport	-	16	-	5	-	4	-	1
Business services	4	5	0	2	2	0	25	3
Health and welfare	12	10	0	5	10	7	20	7
Public administration	4	4	3	3	2	7	44	2
Education	41	41	2	4	20	33	10	1
Other services	-	15	-	9	-	4	-	9

Source: The Institute For Labour Studies (OSA), 2005.

8. Coverage by social security

Number of benefit recipients

The number of disability benefits has shown a strong reduction since 2003. This is mainly the result of a decrease in the number of new disability claimants, due to measures already discussed above: the Gatekeeper Act (Wet Poortwachter) of April 1st 2002¹⁷ and the amendment of the Law of Extended Payment in Case of Sickness Absenteeism (Wet Uitbreiding Loondoorbetaling Bij Ziekte) of January 1st 2004¹⁸ (Statistics Netherlands, 2006) (see also the section on 'new incapacity claimants' and figure 16) . It is, however, uncertain whether these people have successfully made the transition to paid work. Estimations about this are rather pessimistic, showing a return to work rates are rather small (Astri, 2007; Rwi, 2005).

The number of persons claiming unemployment and welfare benefits is also declining since mid-2004. The new law on work and income support (Wet werk en bijstand), which was introduced in 2004 and the favourable labour market situation contributed to the drop in the take up of welfare benefits (Statistics Netherlands, 2007).

Figure 178 shows that the changes in the laws on social security in recent years are showing desired results. There has been a reduction in the number of claims on labour disability benefits, unemployment and welfare benefits over the last few years, mainly due to the active labour market policy and a continued recovery of the Dutch economy since 2002 (Statistics Netherlands, 2006). However, although having a job is the best way of preventing poverty, it remains to be seen how many of the past benefit claimants really returned to the labour market, and if these people have ended up in decent, sustainable jobs. In section two the outline of the major national discussions on the difficulty some groups have to access the labour market or to acquire regular jobs with a decent level of security will be described in more detail. In combination with perceived social security gaps, it remains to be judged whether the Netherlands can, in practice, offer a reasonable level of security to the most vulnerable groups.

¹⁷ Act that promotes rapid reintegration of sick employees (Statistics Netherlands).

¹⁸ The amendment came into force on 1 January 2004 and expands the period employers are obliged to pay full wages in case of long-term sick leave for the second as well as the first year of their absence. (Statistics Netherlands).



Figure 178 Trends in social security, 1998-2006

Source: Statistics Netherlands, Voorburg/ Heerlen.

Dutch public social security system

According to the Ministry of Social Affairs the social security system of the Netherlands aims to provide income support for people who are unable to support themselves independently through working, due to invalidity or illness, unemployment or retirement. This system should provide for securities of the Dutch population, which consisted of more than 16 million inhabitants in 2006. Like most other European countries, the Dutch population is ageing.

The Dutch public social security system can be subdivided as followed. Firstly, there are the national insurances that apply to all Dutch citizens, such as the General Old Age Pensions Act (AOW), the Survivors Pensions Act (ANW) and the Child Benefit Act (AKW) (Van Oorschot, 2006). Contributions to these provisions are compulsory and are financed from national government funds. For the Child Benefit Act (AKW) the employers pay a contribution (see part on work and family in this report). Secondly, the employee insurances, such as Unemployment Insurance (WW) and Disability Benefits (WIA). These insurances cover all employees and civil servants under 65 against the financial consequences of unemployment and disability (Van Oorschot, 2006). These insurances are compulsory and primarily funded by social premiums deducted from wages. Thirdly, there is the social assistance (or welfare) system, a basic provision available for all Dutch citizens aged 18 years and above who legally reside in the Netherlands and do not have sufficient income or assets to support themselves and do not qualify for any other allowances or benefits (Van Oorschot, 2006; Ministry of Social Affairs and Employment, website). Social assistance is financed by general taxation and the amount of the allowance is means tested. A precondition for receiving social assistance is that benefit receivers should be actively searching for work and willing to accept any reasonable job offer, even if the job does not fit their working experience or educational level (Ministry of Social Affairs and Employment, website). Currently there are discussions to prevent young people aged 26 years or younger from receiving welfare benefits. They should be offered either work, or education, or both, before welfare is granted to them and if they refuse such an offer they risk being excluded from receiving welfare provisions. However, this is currently only a plan, not a regulation, although some municipalities seem eager to install such a regulation.

Since January 1st 2006 nearly every Dutch citizen is obliged to take a health insurance policy for medical care under the Health Insurance Act (De Bruin & Van Hilten, 2007). This new act replaced the former health insurance system of private and state-funded insurance, where only people with an income over a certain threshold were obliged to be insured. The obligation to be insured for the costs of medical care revealed the problem that 1.5 percent of Dutch adult population had not paid their premiums for at least six months at the end of 2006 (De Bruin & Van Hilten, 2007). These people remain insured, although the methods to collect the contributions for the insurance will be intensified throughout time. The population groups that are more likely to skip paying contributions are persons receiving income support (4.5 percent) and unemployment benefit (3.2 percent), one-parent families (3.5 percent), unmarried couples with children (3 percent) and people with a foreign background (3 percent) (De Bruin & Van Hilten, 2007).

Income support benefit & unemployment benefit

In the period 1999-2004 there has been a decrease in the number of Dutch citizens between the ages of 15 and 65 that benefits from the needs-based cash income support. The share of persons claiming needs-based cash income support has decreased from 4.1 percent [of what?] in 1999 to 3.6 percent in 2004. However, the percentage of people receiving unemployment benefit has increased in the same period from 1.6 percent to 2.3 percent. Currently unemployment levels are back on a lower level.

Table shows the share of persons aged 15-65 years receiving needs-based cash income support or unemployment benefit by ethnic background. The percentage of the native Dutch population that benefits from income support is low and has hardly changed in the period 1999-2004. The table shows a slight increase of the percentage of the native Dutch receiving unemployment benefit and a small decrease of the percentage claiming social assistance. The percentage of people with a non-western background in the Dutch population, receiving unemployment benefit is somewhat higher compared to the native Dutch and has increased from 1.9 percent in 1999 to 3.3 percent in 2004. However, The percentage of non-western minorities in social assistance is remarkably higher than among the native Dutch, with 16.5 percent of all non-western minorities in 1999. Although it has decreased to 13.9 percent in 2004, the number of non-western persons who benefit from this support remains high.

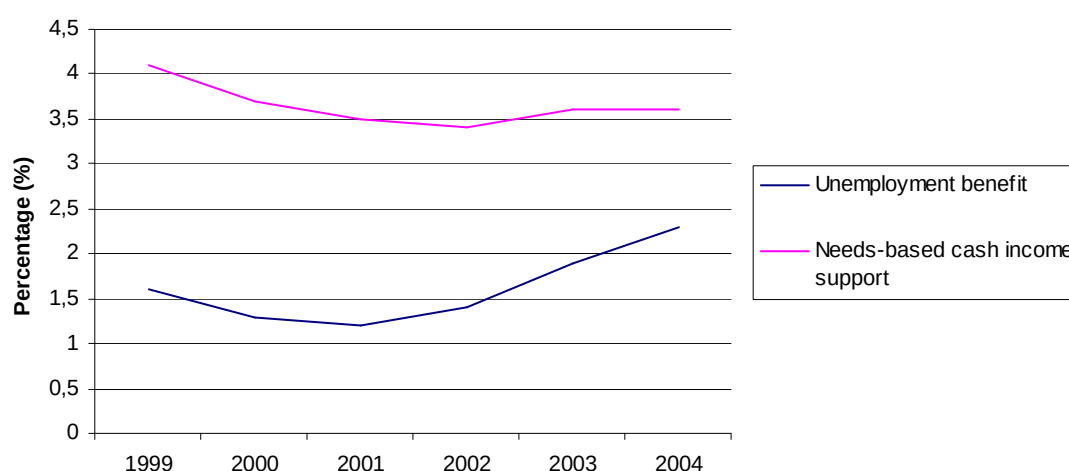


Figure 19 Share of persons in total population receiving unemployment benefit or needs based cash income support (%)

Source: Statistics Netherlands, Voorburg/ Heerlen.

Table 17 Share of persons in the total population receiving unemployment benefit or needs based cash income support by ethnic background (%).

	1999	2000	2001	2002	2003	2004
<i>Native Dutch</i>						
Unemployment benefit	1.6	1.3	1.1	1.3	1.8	2.1
Needs-based cash income support benefit	2.6	2.4	2.2	2.1	2.2	2.2
<i>Non-western background</i>						
Unemployment benefit	1.9	1.5	1.4	1.8	2.7	3.3
Needs-based cash income support benefit	16.5	15.0	13.9	13.5	13.9	13.9

Source: Statistics Netherlands, Voorburg/ Heerlen.

Public social security expenditure

As noted in the previous sections, changes in the laws on social security of the last years have resulted in the decline of the number of persons receiving social security (Van der Bie & Duimelaar, 2007). As a result of that, the share of public social security expenditure in GDP decreased. While in 1995 14.6 percent of the GDP was being spent on social security, this decreased to 12.3 percent in 2003. The expenditures on unemployment and incapacity benefits decreased the most, from 5.2 percent in 1995 to 3.8 percent in 2003. This was partly due to the changes in the funding basis and privatisation of the Sickness Benefits since 1996. Until 1996 employees were insured against the expense from sickness and labour disability under the Sickness Benefits Act (ZW) (Statistics Netherlands). Since 1996 there was a change in the Sickness Benefits Act. As from then it was the employers' duty to continue paying wages for their sick employees for 52 weeks (Statistics Netherlands). Employers with a high sickness absence rate can reinsure the risk at private insurance companies.

Table 17. Share of public social security expenditure in GDP (%).

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Social security Total	14.6	14.1	13.3	12.7	12.2	11.9	11.7	11.9	12.3
Unemployment & incapacity, of which:	5.2	4.8	4.3	4.0	3.7	3.5	3.4	3.5	3.8
Sickness Benefits Act (ZW)	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unemployment Insurance Act (WW)	1.6	1.9	1.6	1.3	1.1	1.0	0.9	1.0	1.2
Disability Insurance Act(WAO)	3.0	2.8	2.8	2.7	2.6	2.5	2.5	2.5	2.5
/Act on Work and Income based on Work Capacity-basis (WIA)									
General Old Age Pensions Act (AOW)/ Survivors Pension (ANW)	5.7	5.7	5.6	5.4	5.3	5.1	5.1	5.1	5.3
Child benefit	1.0	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Other	2.8	2.7	2.6	2.5	2.4	2.5	2.5	2.5	2.6

Source: Netherlands Bureau for Economic Policy Analysis, 2007.

However, in absolute terms, the government's expenditure on social security has risen in the past years. This is mainly due to the ageing of society, which causes increase in the expenditures on health care and on old age state pensions (AOW; *Algemene Ouderdomswet*). Almost half of the expenditures by the government on social benefits can be attributed to health care and about a quarter to old age benefits. The remaining quarter is spent on unemployment and disability benefits and benefits for families (Lai, 2007). In Table 18 the expenditures are listed.

Table 18 Costs social benefits of the Dutch government in billion Euros, 2004-2006

Type of benefit	2004	2005	2006	First half 2006	First half 2007	% of total 2007	Mutation 1st half '06 and 1st half '07
In billion Euros							in %
Total	91997	93330	107060	54715	55877	100,0	2.1
Care	37083	38311	51193	25417	26297	47,1	3.5
Old age	22890	23369	24169	12673	13204	23,6	4.2
Disability	11164	10602	10073	5411	5359	9,6	-1
Unemployment	8625	8754	7899	4283	3785	6,8	-11.6
Families	5804	5864	6215	3163	3421	6,1	8.2
Other	6431	6430	7511	3769	3811	6,8	1.1

Source: Statistics Netherlands

Level of contributions into social security funds

Variable contribution rates are paid to the social security funds. Premiums that fall under the social insurance system are often paid by the employers and employees or strictly by the employers. The forms of social insurances are listed in the table below.

Table 19 Forms of social insurances

Description	Characteristics	Most important regulations
Social insurances	Financed by obligatory contribution. Installed and controlled by government.	Act Care Insurance (ZVW) Old age state pension (AOW) Unemployment benefit (WW)
Social facilities	Financed by general taxes. Installed and controlled by government.	Welfare (WWB) General child premiums (AKW) Act for Care supplements (WZT)
Pensions	Only for employees. Financed by obligatory contribution. Installed by employers.	Company pension funds Life insurances
Other private social insurances	Only for employees. Financed by obligatory contribution. Installed by employers.	Health insurance for public servants
Social insurance directly by employer	Only for employees. Financed from general financial means employer. Installed by employers.	Payment during illness
Social insurances by foreign countries	Only for employees. Financed by obligatory contribution. Installed by foreign employers.	Regulations for employees working in foreign countries/border areas.

Source: Statistics Netherland, Lai 2007

The Unemployment Insurance (WW) for example is partially paid by the employees (3.85 percent) and employers (4.4 percent). Currently employees do not pay unemployment contributions, as the unemployment funds are considered to have sufficient resources. The premiums for national insurances are paid by employees and by the self-employed, which is taken as a percentage of earned income and function as earmarked taxes (Van Oorschot, 2006: 64).

Table 20. Level of contribution into social security funds as % of wages, 2007

	Employer	Employee
Unemployment & incapacity		
Sickness Benefits Act (ZW)	0.00	0.00
Unemployment Insurance Act (WW)	4.40	3.85
WW-sector premium	0.92	0.00
Disability Insurance Act (WAO)/ Act on Work and Income based on Work Capacity-basis (WIA)	5.15	0.00
WAO rack premium	0.48	0.00
WIA rack premium	0.75	0.00
General Old Age Pensions Act (AOW), Survivors Pension (ANW)	0.00	17.9
Surviving Relatives Act (ANW)	0.00	1.25
Exceptional Medical Health Act (AWBZ)	0.00	12.00

Source: Ministry of Social Affairs and Employment

Dutch Pension system

According to the Social Insurance Bank the Old Age Pension (AOW), a flat rate benefit, is paid to all Dutch citizens who are 65 years or older, independent of their contribution record, and thus functions as a basic income for all elderly people (Van Oorschot, 2006). For every year that a person legally resides or works in the Netherlands from his/her 15th to 65th year, he or she earns 2 percent of the right to the Old Age Pension. That means that if one has lived and / or worked in the Netherlands for 50 years, one receives the full AOW-pension. However, one does not receive AOW-pension for the years that one stayed or worked abroad for a non-Dutch employer, which leads to an incomplete pension-build up, especially if the employee did not have a change to acquire entitlements to benefits abroad. This is also the case for citizens who have settled in the Netherlands some years after turning 15, which is the case for many non-western ethnic minorities who came to work and stayed in the Netherlands during the sixties. The household composition also influences the rate of the Old Age Pension, and the pension system has different rates of benefits for single people, single parents, and married persons.

Table 21 shows that the number of AOW benefit recipients has risen between the period 1999-2004 from more than 2.3 million in 1999 to almost 2.5 million in 2004. In 2004, 14 percent of all people over-65 received a partial benefit against 11 percent in 1999. Dutch citizens with a non-western foreign background are more often entitled to a partial Old Age pension, compared to the native Dutch (Bajnath & Hartman, 2007). About 70 percent of those over-65 received an occupational pension¹⁹ alongside the AOW-pension (Statistics Netherlands).

¹⁹ Pension schemes set up by employers to provide pensions for employees when they retire.

Table 21 AOW recipients, full benefits and partial benefits (absolute numbers)

	Total	Full benefit	Partial benefit
1999	2,305,390	2,046,648	258,742
2000	2,334,201	2,058,786	275,415
2001	2,365,636	2,070,736	294,900
2002	2,402,019	2,086,411	315,608
2003	2,446,497	2,112,791	333,706
2004	2,498,754	2,138,769	359,985

Source: Social Insurance Bank

When the rate of the partial state pension falls below the level of minimum income support, it is possible for Dutch residents to apply for an income support benefit (Statistics Netherlands). This benefit ensures that the total household income is not below the level of the social minimum. Table 22 shows the number of people over 65 who receive an income support benefit based on the Old Age Pension scheme. The percentage of Dutch natives over 65 that received income support was 0.2 percent and remained unchanged in the period 1999-2003. However, the percentage of ethnic minorities over 65 claiming income support benefit was notably higher and has increased from 7.8 percent of the total ethnic minority population in 1999 to 9.9 percent in 2003.

Table 22. Persons with an Old Age Pension and income support benefit by ethnic background (numbers and % of group).

	1999		2000		2001		2002		2003	
	x1000	%	x1000	%	x1000	%	X1000	%	x1000	%
Total	20.2	0.9	22	1.0	24	1.1	25.7	1.2	27.9	1.2
Dutch	4.0	0.2	3.8	0.2	3.7	0.2	3.6	0.2	3.5	0.2
Native										
Ethnic	16.2	7.8	18.3	8.5	20.3	9.0	22.1	9.4	24.4	9.9
minorities										

Source: Statistics Netherlands, Voorburg/ Heerlen.

9. Social dialogue and workers' participation

The Netherlands has a long history of consultation and bargaining between trade unions and employers, both at the national level (Labour Foundation) and at sectoral level. Also tripartite consultations, i.e. including the national government (minister of Social Affairs and Employment), are traditionally well-developed (notably within the Social and Economic Council). This system or, better said, tradition of consultation and bargaining is referred to as the Dutch Polder Model. Usually the social partners make agreements on various aspects of labour in the CLA. Such a CLA is applicable to all employees in the sector and professions that are covered in the CLA, regardless of trade union membership. Moreover, the Minister of Labour may decide – which is usually the case- to make the CLA applicable to all organisations in a certain sector, regardless of their participation in the CLA agreements. Most collective labour agreements are company-level agreements. The number of company-agreements has also been rising slightly over the past decade. According to the Ministry of Social Affairs and Employment (2007) in the spring of 2007 the total number of CLA's amounted to 1181; 354 of these CLA's were sector agreements and 827 company agreements. If we limit the number of CLA's to the regular CLA's (a number of CLA's is concluded for specific purposes) it can be indicated that 5 220 000 workers fall under the scope of sector CLA's, while 588 000 workers fall under the scope of company CLA's. This shows the (ongoing) importance of sector CLA's. 15 percent of the workers fall within the scope of a sector CLA although they are not working in companies that are a party to the collective bargaining process.

Dutch unions traditionally are strongly represented in national-level bargaining and consultation but more weakly represented at the shop floor level. Works councils, which nowadays are an accepted actor in industrial relations (obligatory for firms with 50 or more workers, smaller firms have other requirements for co-determination) have various rights and legal roles in company's decision-making, but can not officially negotiate wages. Two developments are noteworthy. Firstly, trust between the social partners and government, a basis for consultation and joint decision-making has been eroding slightly over the past five years, making it harder to negotiate broad and balanced policy-packages that are widely supported. Secondly, there is a tendency in collective bargaining to conclude agreements with a more limited number of trade-unions, sometimes a type of 'yellow union' (representing a small number of employees and having links to the employer) and to try to get dispensation from the general application of an agreement.

Trade union membership

Trade union membership rates have slightly increased during the period 1995-2006. While in 1995 28 percent of the employees with a paid job of at least twelve hours a week were members of a trade union, this has decreased to 24 percent by 2006. The proportion of male members within trade unions has fallen since 1995, but still remains to be much higher than that of women. While 27 percent of the male employees joined a trade union in 2006, women only account for 19 percent of the membership. However, the decrease in the membership of men is slightly greater than that for women.

When looking at age differences, there seems to be a positive relation between age and trade union membership rate. The older the employees are, the higher their chances of being a member and younger workers are relatively less often members of a trade union. Furthermore, membership rates among 15-24 years old are substantially decreasing from 15 percent in 1995 to 10 percent in 2006. The same goes for workers between the ages of 25 to 44 although not as dramatic. The membership rate of employees of 45 years and older have decreased as well but still displays the highest membership rates of all age groups. Their membership rates are more than three times as high compared to the younger workers at 34 percent in 2006.

Table 23 Union membership of employees between 15 to 64 years working more than 12 hours (% of all workers)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2006
Total	28	28	28	27	27	26	25	25	25	24	24
Male	34	33	33	32	32	30	29	29	29	29	27
Female	20	20	20	20	20	19	19	19	18	19	19
15-24 years	15	13	12	11	12	11	11	10	11	10	10
25-44 years	27	26	26	25	24	23	22	21	21	21	20
45-64 years	38	39	39	38	39	37	36	37	35	35	34
Dutch native	-	-	-	-	-	-	26	26	25	25	24
Western minorities	-	-	-	-	-	-	21	22	22	22	22
Non-western minorities	-	-	-	-	-	-	18	17	17	18	17
Permanent	30	30	30	29	29	27	26	26	25	26	25
Contract											
Flexible Contract	10	11	10	10	10	10	10	9	10	11	9

Source: Statistics Netherlands, Voorburg/ Heerlen.

Employees with a non-western background are not as likely to be a member in comparison to other ethnic groups. While 24 percent of the Dutch Natives were members of a trade union in 2006, the membership rate among non-western minorities is 17 percent. The only group that have shown an increase in the trade union membership was the western minority group within the Netherlands, with 22 percent of its worker being a member of a union which is a proportion comparable to that of the native Dutch population. The share of flexible employees in trade unions is remarkably lower than among the employees with a permanent contract. In 2006 10 percent of the flexible employees joined a trade union, compared to one quarter of the employees with a permanent job joined.

Strikes

The Netherlands are usually considered a country with rather low strike rates. Since 2004 the number of strikes has strongly increased. In 2006, there were 31 strikes in the Netherlands, the highest since 1999 and more than double that of 2004. However, the number of days lost was actually lower in 2006, 15 thousand days, in comparison to 2004 and 2005, which were 62 thousand and 42 thousand days lost respectively. This implies that the scope of workers engaged in the strikes has changed between these periods. In other words, although the number of strikes in recent years have increased, the number of workers engaged in the strikes decreased as well as the number of days the strikes took.

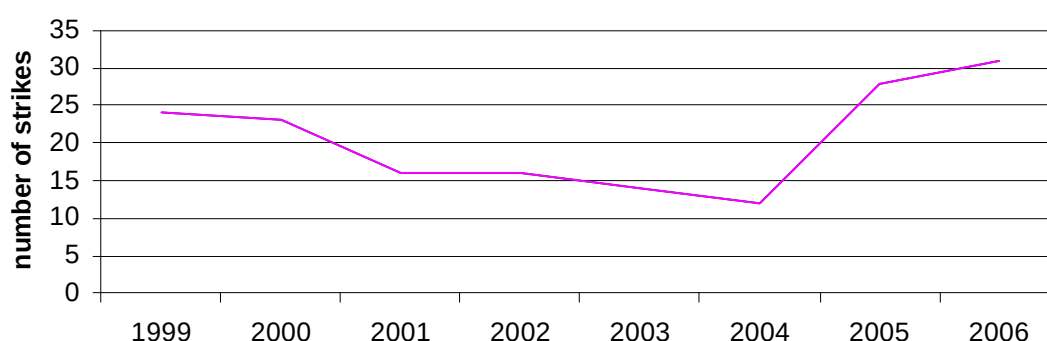


Figure 20 Number of strikes, 1999-2006.

Source: Statistics Netherlands, Voorburg/ Heerlen.

The number of lost days due to strikes varies strongly from year to year. In the period 1999-2006 it varied between 9.4 thousand in 2000 and no less than 245 thousand working days in 2002. In 2000, most of the working days were lost due to the striking actions in the construction sector because of a deadlock in the negotiations for the collective wage agreements (Van Cruchten & Kuijpers, 2003).

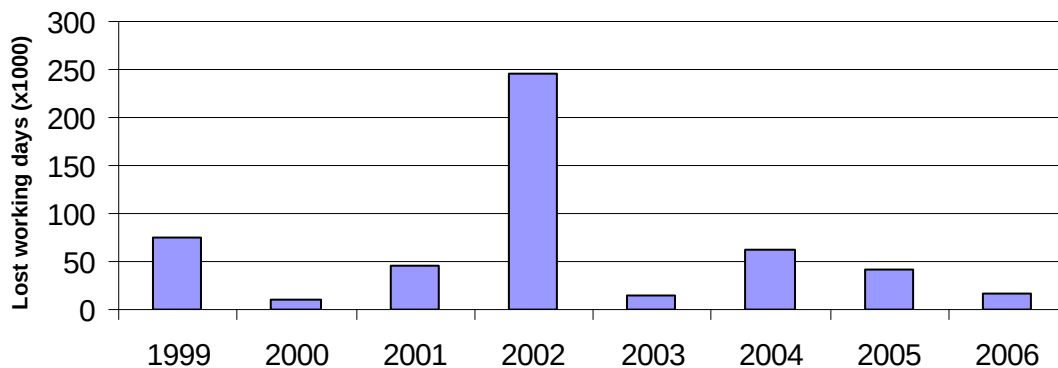


Figure 22 Lost working days because of strikes, 1999-2006.

Source: Statistics Netherlands, Voorburg/ Heerlen.

10. Work and family

Employment rates of women with children under six years of age

Over the past decade, there has been an increase of mothers participating in the labour market. Table 24 shows an increase in this number divided by the age of the youngest child. As we can see from the table, there were increases in the labour market participation of all groups of mothers. For single mothers, the average labour market participation rate grew from 36% of all single mothers in 1995 to 54% in 2005 a growth of 50%. The same goes for mothers with partners, which grew from 40% to 62% also a growth of 55% in the past decade. The strongest increase have been seen by single mothers with children up to 5 years of age, whose labour market participation rate has grown approximately 71% compared to what it was in 1995 over the 10 years. The smallest growth rate comes from the mothers with older children of 12 to 17, which already reached a high level in the mid 90s. The labour market participation rate is still the lowest for mothers with under schooling age, 0 to 5, children especially for single mothers in comparison to mothers with partners, In general single mothers participate less in the labour market to mothers with partners although we can see somewhat of a catch up trend.

The overall labour market participation of fathers is in general relatively high, especially compared to the labour participation rates of mothers (see table 25). It seems that the level of education is a more important factor determining the net labour participation rate. Especially mothers with only elementary education have a very low labour participation rate, although depending on the age of the youngest child, it is no higher than 20 percent. By contrast, mothers with a high level of education have a labour participation rate of up to 80 percent. Fathers with a high level of education even have a participation rate between 92 and 96 percent, depending on the age of their youngest child (Portegijs, Hermans & Lalta, 2006).

Table 24 Net labour participation (%) of single mothers and mothers with partner by age of youngest child, 1995-2005.

	1995	2000	2003	2005
<i>Single mothers</i>	36	46	53	54
Youngest child 0-5 years	28	31	38	48
Youngest child 6-11 years	34	54	56	53
Youngest child 12-17 years	46	54	67	61
<i>Mothers with a partner</i>	40	54	60	62
Youngest child 0-5 years	39	55	59	62
Youngest child 6-11 years	39	52	59	60
Youngest child 12-17 years	45	56	62	63

Source: Emancipation Monitor, 2006.

Table 25 Net labour participation (%) of mothers and fathers by age of youngest child and level of education.

	Elementary education	Lower general	Higher general	Higher professional	University	Total
Female with Youngest child:						
0-5 yrs	18	39	61	80	79	59
6-11 yrs	20	38	59	76	79	53
12-17 yrs	15	31	61	78	77	46
Total	17	35	61	79	78	53
Male with Youngest child:						
0-5 yrs	60	86	91	96	95	90
6-11 yrs	43	66	90	97	95	81
12-17 yrs	26	41	75	92	92	59
Total	38	59	86	95	94	76

Source: Emancipation Monitor, 2006.

Working parents with children up to the age of eight are increasingly taking advantage of the possibility of parental leave (Portegijs, Hermans & Lalta, 2006). Although fathers still make use of this possibility to a lesser extent than mothers, more and more Dutch men are taking up parental leave. The following summary provides a short over view of the different leave facilities in the Netherlands, as stated on the website of the Dutch Ministry of Employment and Social Affairs:

1. Maternity leave: in total 16 weeks for females that are going to give birth (as of 6 weeks before delivery and at least 10 weeks after delivery). This is paid leave.
2. Paternity leave: 2 days. Has to be taken within the first 4 weeks after delivery. This is paid leave.
3. Parental leave. Maximum of 13 times the working hours per week for parent of a child younger than 8 years, on the condition that you have been employed by your employer for at least one year. Both parents have the right to take this leave. Unpaid, although there might be facilities in CLAs for paid parental leave in some sectors.
4. Adoption leave. 4 weeks for parents that adopt a (foster) child. This is paid leave.
5. Leave for calamities, in case of very urgent personal circumstances, e.g. when a relative is deceased. This is paid leave.
6. Short care leave. Yearly a maximum of two times the working hours per week, e.g. to take care of a child, parent, or partner who is ill. This is paid leave, at least 70% of the income.
7. Long-term care leave. Yearly a maximum of 12 times the half of the working hours per week. This means that the employees remains at work for a number of hours. This leave is e.g. to take care of a terminally ill partner, child or parent. This is unpaid, people only get salary for the hours they remain at work.

In 2004 more than a quarter of the employees that had the right to parental leave actually took up this leave. In 2000 this was only 21 percent. The percentage of men with the right to parental leave and that has actually taken up this right has risen from 10 percent in 2000 to 18 percent in 2004. The share of women taking this form of leave has risen from 38 percent to 40 percent in the period 2000-2004. This means that in 2004 four out of ten women who had the right took up parental leave, while fewer than two in ten men took it up. In general, if employers have facilities for paid leave, this encourages workers to take up this leave. The national legislation, however, does not force the employer to pay workers who take up parental leave. In 2004, more than half of employees on parental leave, was (partly) on paid leave (Statistics Netherlands).

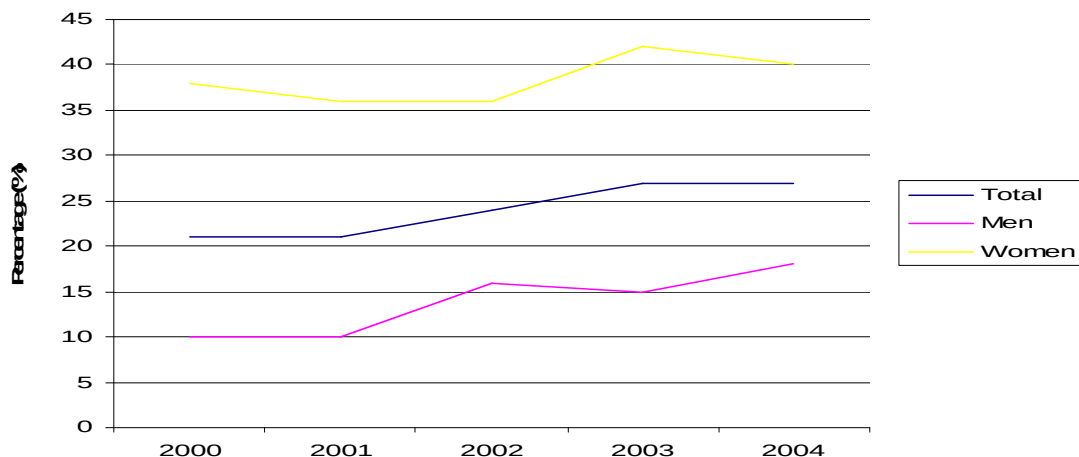


Figure 22 Percentage of males and females that take up parental leave

Source: Statistics Netherlands, Voorburg/ Heerlen.

Number of housekeeping hours spent by men and women

A key objective of the Dutch emancipation policy is increasing the contribution of men in carrying out care tasks (Portegijs, Hermans & Lalta, 2006). The underlying thought is that if men spend more hours on domestic tasks, it is expected that more women would participate in the labour market (Portegijs, Hermans & Lalta, 2006).

When looking at the number of housekeeping hours spent by men and women, this remained still female dominated during the period 1990-2005. Women were spending more time on household work compared to men, but the differences were getting smaller. While in 1990 women were spending 26 hours per week on household work, this has decreased to 23 hours in 2005 (Portegijs, Hermans & Lalta, 2006). On the other hand, the number of housekeeping hours among men has increased slightly from 19.7 hours in 1990 to 20 hours in 2005 (Portegijs, Hermans & Lalta, 2006). The trend in the last 15 years shows that women are spending a little less time on household work, but that men are not spending considerably more hours on household tasks, despite of the growing participation of women in the labour market. The meagre rise in the share taken by men in household tasks could mean that more women have to combine household activities with a (busy) job. This will be at the expense of their free time.

Share of children aged in formal child care

Some studies have shown that many if not a majority of Dutch women and men are against the idea of their child cared for by means of formal child care (Portegijs, Hermans & Lalta, 2006). For a review on this see also Part II of this report. Formal child care means, all facilities outside the home which is day care for young children and after school care for older children. Around 10 percent of the population finds that mothers should not work outside the home at all, as long as their children are still in the age that they go to school. However, in general, the idea of mother taking up jobs outside the home has been more and more accepted since the 1980s. But, she should not work more than two or three days a week, certainly not if her children are very young (0-4 yrs). Only 5 to 7 percent of the Dutch population thinks it is preferable if a mother works full time (Portegijs, Hermans & Lalta, 2006). For fathers of young children, a part-time career also seems to be preferred by many people. Around 40% says that working 4 days a week is perfect for fathers, both of young children and of children that already go to school.

Generally, people find that it is best for children if they are taken care of by their own parents. However, the dislike of formal child care slightly declined since 2002, which results in a steady increase of the use of formal child care. The percentage of children aged 0-3 years that is placed in nurseries has increased from 13.1 percent in 1996 to 24.9 percent in 2004 (Portegijs, Hermans & Lalta, 2006). The proportion of 4-12 year olds in after school care is less popular, but is also rising. While in 1996 1.7 percent of the primary school pupils went to after school care, this percentage increased to almost 6 percent in 2004 (Portegijs, Hermans & Lalta, 2006).

After school care is usually needed for children aged 4-12 years because of the school hours in primary school. Schools have gotten more freedom to set their own begin and end times, although they have to consult parents concerning this issue. As such there is no general rule when a school should start or end, but for the purpose of this report it is useful to sketch a common school day. Usually school begins between 8.30 and 8.45 and the morning session ends around 12. Then school starts again around 13 and finishes between 15:00 and 15:30. On Wednesdays, the afternoons are free, meaning that children return home at 12:00. Due to these school hours parents have to arrange child care during lunch hours and after 12.00 or 15.00, depending on the day of the week. Traditionally, children go home during lunch breaks, however, in the past decades it has become much more common for children to spend their lunch hour at school. Moreover, in 2007 a new law came into force, which obliges primary schools to offer child care before and after school hours. They do not have to provide this child care themselves, but are also allowed to make agreements for child care with specified child care organisations. At the age of 5 it is

compulsory for a child to attend school, however, 99 percent of the children attend school at the age of 4 (Ministry of Education, Culture and Science, website).

Average expense for child care by household

In 2005 the Act Child Care came into force, which changed the structure of financing for child care. The costs for day care are now a joint responsibility of the parent, the employer and the government. Moreover, the part that employers have to pay for has become obligatory by law in 2007. The contribution by employers is now arranged at the national level, meaning that all employers pay a standard contribution for child care. The Ministry of Education, Culture and Science calculated that the costs of child care for parents per child per hour was 5.45 Euros in 2007. Parents can get a refund for child care via the tax agency, which is granted to them taking into account their level of income.

The average expense per year for formal child care per Dutch household has increased in the period 2000-2004 from 184 euro to 261 euro per year. The definition of household here includes households without children or with children that are 18 years or older. There are no calculations of expenditure per household with children below 18 years. There is however data available on the percentage of the total expenditures that households with children pay for child care or day care. In 2000 households with children below 18 years spent 2 percent of their total expenditures on child care. This increased to 2.3 percent in 2004. For households with the youngest child aged between 0 and 5 years, the expenditure on day care or child care was 3.5 percent of their total expenditures. In 2004 this increased to 4.6 percent of their total expenditures (Statistics Netherlands, Statline).

Relation work and family issues and part-time work

For a more elaborate view on this issue see Part two of this paper. The large amount of part-time working females in the Netherlands can be explained in several ways. First, it is in the Netherlands relatively easy to apply for part-time jobs. Employers see it as a normal form of work, as do employees. In most medium and high level jobs, it is possible to earn enough income based on 4 or even 3 days of work. If an employee has a partner that also earns an income, then 1,5 income or less usually provides enough money to support a family. These types of arrangements are mostly favoured in Dutch households, as is explained in Part two of this report.

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Section 2: Relevant discussions in the Netherlands

Relevant discussions in the Netherlands which have a direct link with decent work focus on the following

1. Participation in the labour market
This includes issues concerning risk groups in the labour market, and insider-outsider issues, such as exclusion from the labour market and thus exclusion from all the benefits that are related to having a job.
2. Social security gap
This issue addresses the groups that have less access to social security. These groups include for instance the working poor, the self-employed, and people who face that the social security system gives them not enough protection, e.g. migrant groups that have not been long enough in the Netherlands to acquire full state-based pensions.
3. Quality of work
This issue addresses topics like work intensity and stress. This is also related to the higher road to productivity and the knowledge economy the Netherlands wishes to be.
4. Gender gaps. Part-time work, economic independence of women, career prospects and the combination of work and care (child care facilities).

Participation in the labour market

Labour market participation is widely discussed in the Netherlands in relation to several labour market issues. The general idea in the Netherlands is that labour market participation should increase, meaning that as many people as possible should get a job, should stay at the labour market for a longer period of time (e.g. reduce the amount of women that leave the labour market due to care responsibilities and increase the average retirement age), and that people should work more hours. The latter especially is thought to apply for women, who are stimulated to take on larger part-time or full time jobs.

A few problems concerning this emphasise on participation rise. First there are still groups at the labour market that face exclusion, which may be due to exclusion from the labour market, or exclusion from 'good' jobs at the labour market. Discrimination also is an issue here (SCP, 2007). Moreover, employers are not always willing to take on risk groups, to provide stable employment, or to keep older workers in their company. Second, there is a group that participates, but that has, as a result of the flexible nature of their job contract, less access to the benefits of work than people with a standard contract.

There are some groups that are more at risk than other. Unemployment, but also depending on welfare benefits, appears to be connected to the level of education. People with a low level of education have higher unemployment rates and e.g. two-thirds of people on welfare have a low level of education (Statistics Netherlands, 2007). Related to this, the group of early school-leavers is confronted with similar problems. These young people are not in school and have not obtained the minimum education level which is needed to have good prospects on the labour market. Between the school years 2004/2005 and 2005/2006 one out of twenty pupils left school without having the minimum education level. Especially pupils in the lowest levels of the education system have a high chance of leaving school early.

Activating labour market policies are installed to facilitate the transition of the unemployed and inactive to the labour market, also for groups that have a great distance from the labour market. The Work and Social Assistance Act (WWB) is for instance one of the schemes that offer people help to find work. It is a scheme that operates at the decentral level and assigns local authorities funds for reintegration. These offer clients

tailor-made options for increasing their participation at the labour market and/or in society (Dutch National Strategy Report on Social Protection and Inclusion, 2006-2008). First evaluation shows that the number of people receiving social assistance has decreased (see also figure 18). It however remains to be seen if these people actually manage to enter the labour market and if so, if they manage to find long-term and high quality employment.

In 2007 the Dutch government proposed to change the employment protection system, aiming at increasing the participation rate. These plans met, however, a lot of resistance from trade unions, opposition parties, and society. Therefore the decision on this topic has been postponed. The government has, however, kept its ambition to get 200,000 people back to work by 2011 and has set the target of a labour participation at 80% by 2016. To reach the first goal the government has made an agreement with the social partners and the municipalities.

A second problem is that not all people that participate at the labour market have stable jobs with a prosperous outlook. There is a growing number of people who have flexible job contracts (see figure 9). This is not a huge problem, if these people are able to attain a standard job after a while, and can thus use flexible contracts as a stepping stone to regular work. There seems to be a substantial level of mobility between non-standard and standard jobs in the Netherlands, but working in a flexible job does have, at least for some groups, negative implications on one's further career (Dekker, 2007).

Social security gap

The social security system in the Netherlands is a fairly comprehensive system, aiming at providing a basic income for the vast majority of the population.²⁰ There is also a flat rate state pension system, guaranteeing a basic level of income for people aged 65 and older. Moreover, there are legal provisions that ascertain equal treatment of employees with non-standard work.

In spite of this comprehensive system, there are groups in the Netherlands that lack (full) access to social security or have trouble earning a basic or minimum income. A group facing the latter problem is the working poor. Although this group is relatively small, its composition is important to stress in relation to the concept of decent work (see also table 5). Among the working poor the self-employed are overrepresented. In figure 11 we have already shown that the group of self-employed is growing fast, amounting to more than 12 percent of the employed labour force. This type of work is being advocated by the Microeconomic guidelines of the European Commission, of which guideline number 10 reads *"To promote a more entrepreneurial culture and create a supportive environment for SMEs"*. Although the Netherlands does not have a very visible policy to stimulate self-employment, it strives to improve the general business climate, as well as facilitating people that wish to start their own enterprise. Simultaneously the government seems well aware that support to this kind of work is needed. It therefore mentions in its National Strategy Report on Social Protection and Inclusion that more measures are needed to keep premiums for disability insurance affordable for self-employed persons with a minimum income. Only recently the government has decided to establish a right for self-employed women to receive benefits due to pregnancy and delivery. This new rule will come into

²⁰ There are however some preconditions for obtaining social assistance. E.g. you have to have the Dutch nationality or be equated to the Dutch nationality. This means that for instance people that reside in the Netherlands illegally do not have access to basic income security. However, sometimes also people that have the right to some form of income support do not use it, because they are unaware of their entitlements (Dutch National Strategy Report on Social Protection and Inclusion, 2006-2008).

force in July 2008. Up till now these women have had troubles receiving benefits, because insurance companies only agreed to insure women for pregnancy on strict conditions.

A second vulnerable group consist of single-parent families and divorced women. Single parent families are more likely to have a minimum income and are overrepresented in the group of working poor. In addition, the poverty trap is relatively high for single-parent families, meaning that accepting work is financially less attractive for them (Dutch National Strategy Report on Social Protection and Inclusion, 2006-2008).

A third group that faces a social security gap are the older people that have not lived in the Netherlands long enough to have full entitlements to the state based old age pension (AOW) (see also the section 'Dutch pension system').

Quality of work

This topic includes work intensity, work-related stress and job insecurity. It is related to the higher road to productivity and the knowledge economy the Netherlands wishes to develop. A main question is how to reconcile and inclusive labour market with a high level of productivity.

There is great concern in society about the effects of globalisation. This concern has been fed the past years by examples of the take-over of some major Dutch companies by foreign hedgefunds. These hedgefunds appear to value the return on investment for shareholders more than the long-term employment perspectives for employees. Examples are the: ABN-AMRO bank and Stork.

Also the privatisation of certain sectors has effects on jobs. A case in point is the postal company TNT, whose workers face more sober labour agreements in view of increased competition from private companies. Also the former state telecom company KPN, will let thousands of people go in the coming years. According to trade union FNV the lately announced cut of 2,000 jobs is in addition to the already estimated loss of 8,000 jobs between 2005 and 2011. Allegedly, the majority of jobs (60 to 70 percent) is lost due to outsourcing, which means that the workers stay employed, however, at another employer.²¹

Recently discussions the working and housing conditions of workers from the new member states, especially Poles, have emerged. The number of Poles that have come to the Netherlands to work is much higher than was expected and amounted 70,000 people in 2007 (Statistics Netherlands, 2007b). They are quite often hired via temp agencies. There are many reports about the poor working and housing conditions of these workers.

Decent work and gender inequality issues in the Netherlands

There has been a large increase in the labour market participation of women in the Netherlands since the 1980s, up to approximately 70% in 2006, which is more twice than what it was in 1970s. Examining the development of labour market participation through looking at the participation of women of different age cohorts throughout the course of their working-life we can see an increase in the labour market participation of younger age cohorts, in comparison to older women. However, the dip in the labour market participation in the child rearing age of 25 to 45 still seem to persist among the younger age group as well.

This sharp increase can be seen as an indicator of emancipation and an increase of women's (actual) right to work in the Netherlands. However, there are still issues to be tackled in the development of women's right to decent work and its implications.

²¹ See website nu.nl, Schrapen 2000 extra banen KPN schokt Abvakabo FNV, February 5th 2008

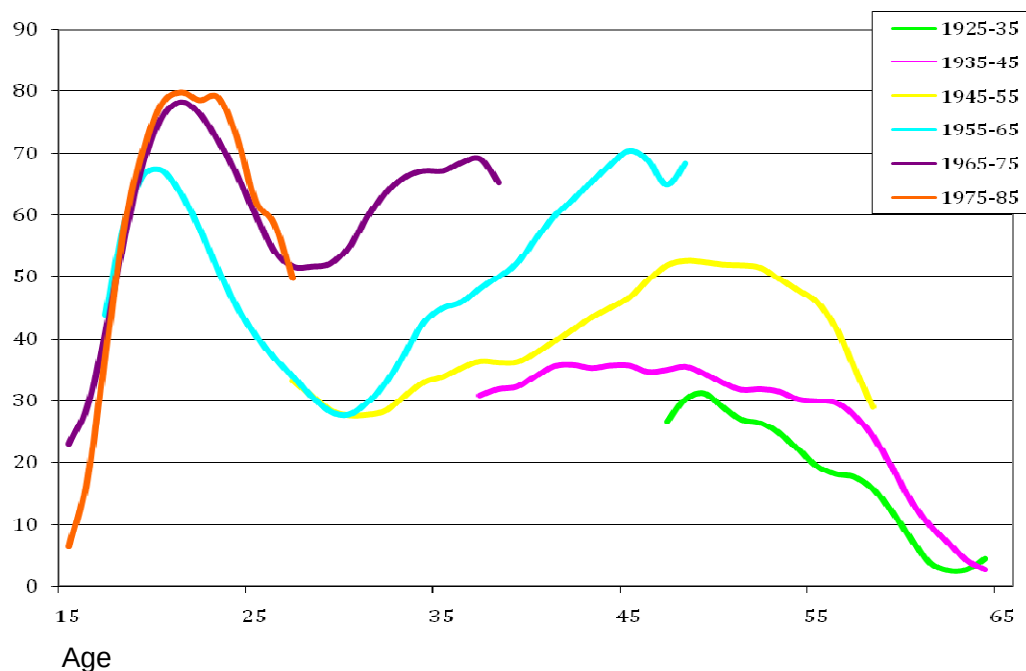


Figure 23: The labour market participation of women per cohort per age (% of total population)
Source: Roman, A. (2008)

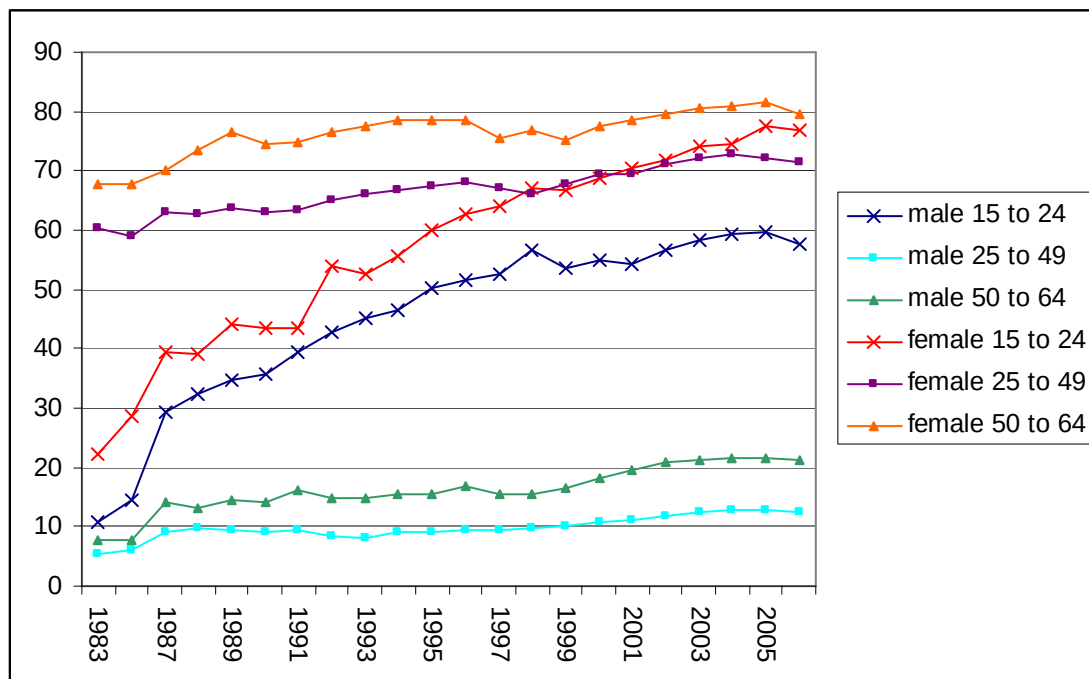


Figure 24 Part-time trend in the Netherlands per age group (% of total employment)
Source: Eurostat

First and foremost, despite the high labour participation rate, the Netherlands still holds its position as the 1.5 earner state which is driven by the large proportion of part-time workers among the female labour force. In 2006 74% of all female labour force was participating on a part-time basis whereas the proportion for men was less than 21% (international definition: EUROSTAT). When we compare this percentage for the child-rearing age group

of 25 to 49, the female part-time proportion remains similar at 72% where as for men it decreases to 13% (EUROSTAT). In addition we can see gender differences in the reason why people take up part-time jobs. Within the child rearing age group we can see that the main reason for females to take up a part-time job is in fact due to caring for children or incapacitated adults (64.2%) whereas only 1/3 (28.5%) of males part-time workers in this age group noted this to be the main reason. The main reason for males to take up part-time work in the Netherlands is due to taking part in training and education: 43.9%, and for women is for caring reasons: 42.8%. This is also reflected by the numbers of involuntary part-time workers in the Netherlands. Overall only 6.2% of all part-time workers are involuntary in a part-time job, the lowest proportion in all of EU countries. However this proportion is higher for males, 7.8%, especially between the ages of 25 to 49 with 14.5%, whereas for women the numbers are 5.8% and 4.9% respectively. This is also why we can see a high proportion and a sharp increase of younger male workers taking up part-time work in the past 25 years, but not much of an increase in the other age groups, and especially not in the prime age group of 25 to 49.

There is also a gap number of hours worked between male and female part-time workers.

The weekly average number of hours worked by men is 37, where as for women it is 25.

As is demonstrated by Figure 8 of the first section, there has been an increase of women participating in the labour market in 20 to 34 hours jobs a week as well as those who participate between 12 to 19 hours a week, but no increase in those who work longer than 35 hours. Also in addition, we can see that there are gender gaps in working hours of full time workers as well (See Table 6).

However, this trend of 1.5 earner society, where notably women are taking up part-time jobs to care for children and other family members while males persist in full-time jobs reinforces the gender inequality and the gender division of work and child rearing. As we have seen from the earlier section, although there seems to be a decrease of women's hours in household work, women still spend longer hours on this than men. Also this system of women being the one to balance household work with income generating work has longer term consequences for wage levels, promotion chances, and economical consequences in cases of separation/divorce, and for social benefits especially for pension contribution records. A report by the Dutch Statistics Bureau have noted that the pension records based on labour market participation of women were lower in all age groups, and for women over 55 this was approximately 80 percent lower than that of men (Statistics Netherlands, 2007d) Also this was worse for married women, then widowed or divorced women.

One of the main reasons for women to take up part-time jobs, whereas their male partners do not, is related to the gender wage gap that still persists in the Netherlands (See Table 4). Men with a higher income are chosen to be the main breadwinner of the family and thus work longer hours. However, this wage gap is decreasing slowly and in some fields of occupation, young female workers have caught up if not taken over the lead in respect to wages. However, women in general have lower wages than men and also have higher probability of being of the working poor group (See Table 5).

Also the lack of appropriate child-care facilities for children, especially for younger children is another reason for the persistence of women taking up the role of the child carer of the family. In the Netherlands, the use of formal child care is still very low.

Only approximately 20% of all households with children under the age of 12 take up formal childcare where as more than half (56%) make use of no other source of help other than the parents (Portegijs, Hermans and Lalta, 2006).

Also among those who do take up formal childcare they do not take it up full time but only partially. 62% of those who take formal child care make use of it for 2 days or less or in hours, 67% take it up for 19 hours or less, thus combining it with other sources of childcare through the parents themselves or through family and friends or other child caring methods.

The reason for this low take up rate is to some extent a result of the lack of child-care facilities or other accessibility issues but also stems from the perception of women and mothers as well as the Dutch society of how children should be taken care of. Most of the Dutch population still agrees on the fact that children should be taken care of by their own parents, and this belief is strong among mothers as well. Approximately half of Dutch mothers agree with the statement that "It is best for a baby under the age of one to be taken care of by its own parents" (54% for suburban mothers 56% for rural mothers), and for older infants between the ages of 2 to 3, the perception does not change much (46%, 49% respectively). Also for children of schooling age, it is perceived that the parents should be at home to take care of them after school (74% for both suburban and rural mothers) (Portegijs, Hermans and Lalta, 2006). In addition, there seems to be a lack of trust in the formal child care facilities by mothers. More than half of mothers surveyed do not trust formal childcare (61% in rural areas, 54% in suburb areas) (Portegijs, Hermans and Lalta, 2006). Lastly mothers have trouble finding suitable childcare facilities in a reachable distance, especially for mothers with school age children searching for pre- school or after school facilities.

However, more men are taking up part-time work, there has been an increase of 32% increase of the proportion of part-time workers between 1995 and 2006 for male workers (15 to 64 years age group) compared to only 10% for women. In comparison to the early 1980s there has been a 2.3 times increase in the proportion of part-time workers for male workers, where as this was only 0.5 time increase for women. This is due to the fact that there was a large proportion of female working in part-time since this time (50% in 1983) where as only 7% of male workers worked on a part-time basis in 1983. In addition this is driven by the sharp increase of male part-time work for younger workers between the ages of 15 to 24 who are taking up this type of positions to combine work and education and not necessarily work and child care or other household work. However, this increased trend may also be understood as an indication that the Netherlands may, very gradually, change its 1.5 earner society where males work full time while women work part-time, into a scenario where both males and females work .75 jobs, thus combining two longer part-time jobs. Especially when we examine the working hour preferences, it is clear that Dutch workers prefer to work longer part-time work. It is shown that Dutch workers prefer to work 3.7 days per week and approximately 1/5 of workers surveyed have stated that they will shorten their working hours or stop working in the coming two years (Randstad, 2007). Also recently it has been shown that half of Dutch workers prefer to work 32 hours per week or less (Volkskrant Feb 7th, 2008). How this trend in the decrease of working hours will change the gender division of work is uncertain. However, this with combination of increased participation of women in higher professional level education (Statistics Netherlands, 2007c) might enhance further emancipation of the Netherlands in the future.

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