

The Netherlands: Annual Review – 2010

Disclaimer: This information is made available as a service to the public but has not been edited by the European Foundation for the Improvement of Living and Working Conditions. The content is the responsibility of the authors.

With the collapse of the government and the formation of a new, multi-party, coalition government there were very few developments on the social economic front in the Netherlands. The part-time employment scheme has been successful; unemployment has remained relatively low. The number of companies making use of the scheme has shrunk considerably during 2010. The average pay rise of 1% will be in line with inflation. In the summer the social partners have worked out a compromise on raising the retirement age with proposals the new government has said will be taken seriously. But 2010 is also the year of a stay in execution. The costs of the economic crisis still have to be met. The new government plans to cut costs by €18 billion. A wage freeze and cuts in social security have been announced. 2011 might well become a year of confrontation between government and union federations.

1. Political developments

A new government took up office in the Netherlands in October, replacing the coalition government between the Labour Party, the Christian Democratic Appeal and the Christian Union. The new cabinet comprises the conservative-liberal People's Party for Freedom and Democracy (Vereniging voor Vrijheid en Democratie, VVD) and the centre-right Christian Democratic Appeal (Christen Democratisch Appel, CDA). VVD and CDA have entered into a coalition agreement and depend on parliamentary support from the far-right Party for Freedom (Partij van de Vrijheid, PVV). At 76 seats, the three parties hold a narrow majority in the Dutch Lower House. Only in this manner was it possible for a majority (of one vote) to be formed in the Lower House. (NL1011019I)

The government will impose further restrictions on immigration, a ban on the veil and the Freedom Party is campaigning for less European Union influence on the Netherlands. The cabinet hopes to achieve cutbacks of €18 billion over the next four-year period. Cutbacks will be sought through freezing public servants' salaries and lowering benefit levels, while the business community will be supported by reducing administrative pressure and introducing a single entrepreneur's counter. These proposals have been met with mixed reactions from social partners.

2. Legislative developments

The collapse of the Dutch cabinet in the beginning of 2010 has been delaying legislation with implications for industrial relations and working conditions, in particular with importance for the recovery of the economy, defining the role and responsibility of the social partners.

3. Organisation and role of the social partners

The position of employer organisations has not changed fundamentally. There still are three national peak associations – VNO-NCW, MKB-Nederland and LTO-Nederland – which still represent the same types of companies. The co-operation of VNO-NCW and the Federation

of Small and Medium-Sized Enterprises, MKB-Nederland, further intensified. The three associations are accepted parties in consultations with government. In addition, there are between 800 to 1200 sectoral organisations, which actually conclude the sectoral collective agreements.

The decline in trade union membership has been an issue since the 1990s. Union density however has remained around 25% in recent years. Although fewer men and young employees are joining trade unions, female membership has increased. Declining membership rates are related to the rise in flexible jobs and the fall in employment in a number of industrial sectors which traditionally have had a high union density. Initiatives to attract new members target younger people, self-employed persons and – indirectly – migrant workers. ([NL0910029Q](#))

In 2010 various employee and employer associations represent the interests of the 650.000 self employed. In addition to the FNV Union for Self Employed (FNV Bond voor Zelfstandigen) and the FNV Union for Self Employed in Construction (FNV Zelfstandigen in de Bouw), there is the Union of Independent Entrepreneurs (Platform voor Zelfstandige Ondernemers). In March 2010, the Union of Independent Entrepreneurs secured a seat on the Social and Economic Council, the government's permanent advisory body. The Union of Independent Entrepreneurs will occupy one of the employers' seats. The union will focus on two main points. First, there is relaxation of the annual hours regulation with which self-employed workers must comply for tax benefits. Secondly, the contracting regulation within government has been simplified, offering self-employed workers greater opportunities to bid for assignments ([NL1004019I](#)).

In September 2010 the Social and Economic Council (SER) issued its first recommendations on the position of self-employed workers in the Netherlands. The council proposed the need for agreed minimum rates for self-employed workers. SER believes adjustments are needed to the social security system with respect to the self-employed. Its recommendations have been welcomed by the FNV union for self-employed workers. The new representative for self-employed workers on the council - the Union of Independent Entrepreneurs - helped to formulate concrete recommendations. ([NL1011029I](#))

4. Collective bargaining developments

- Pay (including both general trends and the level of collectively-agreed pay increases).

According to the bi-annual report by the Ministry of Social Affairs, in 2010 the average pay rise of 1% will be in line with inflation (Ministry of Social Affairs 2010). This pay rise of 1% will be lower than in 2009 (2,9% and 3.3.% in 2008). As in previous years the report did not record any significant changes in the level and the number of agreements being negotiated. However, with the economic crisis a delay in concluding agreements has been recorded.

The government sought to maintain the zero line, has pleaded for freezing salaries in general and in the public services in particular. Employer associations VNO-NCW and the Dutch Federation of Small and Medium-Sized Enterprises believe the wage demands of around 1%, coupled with the same level of investment in training and employment opportunities are irresponsibly high. Trade unions of the Dutch Trade Union Federation (FNV) and the Christian Trade Union Federation (CNV) will be mobilising against the proposal made by

employers in the public sector to freeze wages in 2010. The terms and conditions of employment enjoyed by civil servants working for municipalities and provincial authorities will be affected. Collective labour agreements concluded in the private sector contain agreements on wage increases of around 1% to correct for inflation ([NL1002019I](#)).

The sectoral agreements are usually extended; they cover the labour conditions of more than 90% of employees. This dense organisation of employers reflects their unchanged importance and their unchallenged position in Dutch industrial relations ([NL0910049Q](#)).

The collective bargaining negotiator for employers – AWWN, affiliated to VNO-NCW – attaches less significance to this and emphasises agreements reached on training and promoting greater employability ([NL1002019I](#)).

- Working time (including working time reductions and flexibility agreements).

The 36-hour working week remained the norm and the average collectively agreed normal working week is 37 hours. However, through the Working time Act the legal space and the actual pressure of employers to extend the working week continues to increase.

From 2005 to 2009 the factual, average work week for the Dutch employee is 31 hours due to the high percentage of part-time work (on average women work 26 hours weekly and men 36 hours/week). About 30% of the men and 21% of the women report that they regularly do (unpaid?) overtime. On average, women work 4 hours extra weekly, while men work 7 hours extra, a figure that is decreasing in recent years. (NWCS; For more information see question 7.)

- Other conditions of employment (these might include training and skills, job security, occupational pensions, equal opportunities and diversity issues)

Regarding other conditions of employment the year 2010 did not bring forth – compared to 2009 – new developments.

The issue training, skills and employability was given a large impetus in 2009 by the economic recession. On unemployment fees, offered by the government, employees have to train themselves. Training has become more and more central to combat unemployment.

The short time working scheme, enabling companies to apply for part time unemployment for some of their employees, stayed in place. The scheme has been started 1 April 2009, and will end on 1 July 2011. 7.800 companies made use of the scheme for 76.000 of their employees. In January 2011 about 90% of employees had left the scheme. (Ministry of Social Affairs, 21-01-2011)

The trend that more and more arrangements on training are included in collective agreements has continued. In the bi-annual report of the Ministry of Social Affairs on collective agreements, one has recorded an increase in more individual routes directed at interests of employees in labour in but also outside the company (employability). (Ministry of Social Affairs 2010).

With regard to *equal opportunities* and diversity issues no new developments can be reported in 2010. Job security has not changed in principal, but the figures on unemployment are significant (see 8. on Major conflicts and restructuring cases).

Equal opportunities: equal pay

The issue of equal pay and the problem of the gender pay gap have been on the agenda of the social partners and the government for many years. While the gap has become smaller, the goal of the government to reduce the gap still further by 2% in 2011 is viewed as realistic by the social partners. Government and social partners have taken action to tackle this form of discrimination. They have encouraged research into sectors and offered instruments and guidance to companies and parties in collective bargaining. ([NL0912019Q](#))

The issue of occupational pensions will be dealt with under section 6. Pensions.

5. Responses to economic downturn

The collapse of the Dutch cabinet in the beginning of 2010 has delayed matters of importance for the recovery of the economy. The new government's policy consists of a series of measures concerning employment and labour relations. The crisis and recovery act tops the list, with supporting measures for the business sector and job market. Additionally, postponing decisions related to raising the retirement age from 65 to 67 is essential because this measure is highly controversial, placing the social partners at loggerheads with one another. The employers' organisations are concerned about the anticipated delay in reaching any concrete decisions, while the unions are relieved that decisions on thorny issues such as those related to raising the retirement age will now likely be postponed.

Under the motto of 'freedom and responsibility', the new cabinet has started in October 2010. The cabinet has to face the challenge of identifying cutbacks to lower public debt, which has been mounting during the economic crisis. So far, cabinet has arrived at a figure of €18 billion – of a total of €29 billion – in cutbacks over the next four-year period. Cabinet intends to restore government financing and strengthen the economy. The following cost-cutting measures have been proposed within the scope of economic and socio-economic policy. Corporation tax will be lowered, subsidies will be scrapped and the number of rules entrepreneurs have to deal with will be reduced. A single entrepreneur's counter will be established. Self-employed workers will be given more public tendering opportunities. Wages will be frozen in the public sector. The retirement age of 65 (for both men and women) will be raised to 66. Three currently separate schemes – for people on benefits, for those who have to do sheltered and for youngsters with a disability – will be integrated into a single scheme, which will also be cut back on. Only those youngsters with a full, long-term occupational disability will retain the right to benefits under the Disability Insurance (Young Disabled Persons) Act (*Wet Arbeidsongeschiktheidsvoorziening Jonggehandicapten*, WAJONG). Young people now receiving such benefits will be re-examined. This measure is intended to achieve cutbacks on WAJONG and reintegration schemes.

The proposed socio-economic measures have evoked contrasting responses from the social partners. Business sector enthusiasm is matched by negativity from employee representatives ([NL1011019I](#))

6. Pensions

The General Old-Age Pensions Act (Algemene Ouderdomswet, AOW) and pension schemes were heavily under debate within government and among the social partners in 2010. (see 1; [NL1011019I](#)) The union federations were at loggerheads with the then ruling government in particular on the proposals to raise the retirement age. Among themselves trade unions and the associations of employers reproduced their disagreement over the retirement age. With the fall of the government in February 2010 the issue had once again become an issue for negotiation between the social partners and the new government.

In the summer of 2010, the social partners agreed on new regulations governing the retirement age under the General Old-Age Pensions Act (Algemene Ouderdomswet, AOW) and pension schemes. They have reached agreement on a more flexible arrangement. In 2020, the retirement age and company pension schemes will shift upwards by one year to the age of 66, linked to life expectancy. Increased life expectancy implies retiring later. This should provide a structural solution to the problem. Additionally, pension schemes will become more flexible ([NL1007019I](#)).

The new government, installed in October 2010, has promised the social partners that their agreement will be a cornerstone of their future policy decisions on pension funds ([NL1011019I](#)).

The so-called second pillar of pensions was also at the centre of public attention since the pension funds could no longer comply with the coverage ratio. The so-called second pillar pension funds are in fact relatively well-established; more than 90% of all employees participate in the second pillar. Since 2000 their stability has been challenged by the dot-com crisis and again in the wake of the credit crisis. Pension funds are facing problems due to a number of causes, the most significant are demographic, with an ageing workforce. This is feeding an increasingly unfavourable ratio between the total wage and salary bill on one hand, and pension obligations on the other. Other factors lie in the historically low interest rates, and the investment losses suffered by the pension funds since the crisis set in. Several strategic options are available to counter the problems, but all strategies will particularly affect active and retired employees; they have to deal with the consequences of financial problems affecting the funds ([NL1101039I](#)).

Employers have started, in consultation with the unions, shifting responsibility for part of the pension risk to employees. Shifting risks can be achieved in different ways. Usually a choice is made to convert the existing defined benefit scheme to a defined contribution scheme consisting of both individual and collective elements.

Retired employees in particular want to have more say in managing the funds; initiative legislative proposal to strengthen the position of retired employees in the funds is at present, in 2011, at the Senate of the Parliament. ([NL1101039I](#))

7 Developments in working conditions

In this paragraph the developments in working conditions are described, based on data from the Permanent Onderzoek LeefSituatie (POLS; [www.cbs.nl](#)) regarding trends from 1994-2002 and the National Working Conditions Survey (NWCS; [NEA](#)) for more recent data

(2003 until now). Most trends described below are also addressed in the Dutch contribution to the CAR on 20 years of working conditions.

Career and employment security

Regarding *career and employment security* it can be seen that employees recently (mainly since 2009) are at risk of losing their job or feel insecure or worry about keeping their job. There is a steady increasing trend in the percentage of temporary workers: in 1990 this was still 8% whereas in 2009 (and since 2007) it has risen till 18%. In addition, the amount of part time work is increasing as well: part-time work increased from 31% in 1990 to 48% in 2009 (in 2008 it was 47%). The percentage of self-employed slightly rose in the last decades from 10% in 1990 to 12 % in 2006 and still in 2009. About 5% of the employees had a second job in 1990. This increased up to 7% in 2009.

Health and well-being of workers

Regarding *health and well being*, it can be noted that the workers in the Netherlands have a relatively good and stable quality of work. About 21% if the employees perceive their work as 'hazardous', which is a bit lower compared to previous years. In 2009 a stable 41% reports their work requires them to regularly apply a lot of force, a stable 18% of employees worked with hand tools or apparatus that caused vibrations, and a slightly reduced 36% reports their job to involve inconvenient positions.

73% of employees indicate they work under time pressure, 28% indicate they have high demands and 23% have a lack of autonomy at work.

10% experience an emotional burden from the job, 6% report physical violence from customers, clients, pupils or passengers ('third party violence'). 1% experience physical violence from the supervisor and/or colleagues. Women experience less physical violence from people from the workplace (supervisors and colleagues) as compared to men. However, third party violence is systematically experienced about twice as often by women as compared to men.

The prevalence of leadership quality does not appear to change much, but is slightly increasing over the last three years (e.g. 'superior is supportive to get the job done' increased slightly to 68% in 2009). Social support from colleagues is also steady and extremely high (91%).

A relatively stable percentage of employees report burnout complaints (12% in 2008 and 2009).

Sickness absence (based on self report) is historically low in 2009 (4%), and has been declining since 1990 (9%). A stable 2-3% of the employees report to have a work accident with physical and/or emotional injuries resulting in at least 4 days of sick leave.

Developing skills and competences

Regarding *developing skills and competences* it appears that the percentage of employees that has received training was somewhat higher among men (58%) than among women (56%) in 2009. In addition, in about 44% of the cases the training was paid by the employer, also more

often for men (48%) than for women (38%). Learning opportunities (varied work, able to learn new things during work, creative work) appear to have gone down slightly, especially in 2009. Cognitive demands have slightly but significantly dropped to 77% in 2009. Men rate their work higher on 'cognitive demands' (82%) than women (76%).

ICT-use has increased. However, we make a distinction between the number of workers and the amount of time per worker that is related to ICT-use. In 2009, approximately 80% of the employees worked with a computer at least one hour a day (with only slightly more women than men having computer work). It was shown that working with the computer is associated with high job demands on the one hand, and high control, varied work and learning opportunities within ones work. There is a gradual increase in the number of people working more than 6 hours a day on a computer. Research showed that working 6 hours a day or more is associated with an increased risk for musculoskeletal health problems (Blatter et alia, 2000).

Work-life balance

Regarding *the work-life balance* it is indicated that teleworking from home with PC is steadily increasing since 2000 (based on EWCS). According to the NWCS about 13% of the employees is 'teleworker' in 2009. This may be associated with more blurring between work and private life, resulting in an increase in work-family conflict. However, a poor fit between work and private life remained stable between 2000-2005 for working men (17%), but increased for working women (from 9% to 14%).

8. Major conflicts and restructuring cases

In 2010, mainly due to the part time unemployment scheme, unemployment figures remained again relatively low; in December 2010 409.000 unemployed were registered. This is about 5% of the gross labour force (Central Bureau for Statistics, 2010)

Regarding industrial action information over the year 2010 is not yet available. In 2009 in 25 disputes 4.600 labour days were lost. 3.600 Employees were involved in these industrial actions. Compared to the previous year – 2008 – the number of labour days lost and the number of employees involved has declined dramatically. (In 2008 in 21 disputes, 51.900 employees were involved and 120.600 labour days were lost.) (Central Bureau for Statistics, 2010).

In 2010, the two most important restructuring cases were TNT (post) and ABNAMRO/Fortis (banking).

At ABNAMRO/Fortis the loss of 6,000 jobs was announced, the main cause being the integration between the front- and back-offices. The Ministry of Defense (10,000) and several local governments (Rotterdam 1000, The Hague 1200, miscellaneous 550) announced major job cuts for the coming years. There were several bankruptcies (amongst which printing group Thieme, 684 jobs). The construction sector was hit relatively hard (e.g. Heijmans, 700 jobs). Wärtsila relocated its production to China (570 jobs). At the end of 2010 major restructuring was announced for R&D firms in the pharmaceutical sector (MSD, Abbott), but it is not completely clear what the employment effects will be.

At TNT in December 2010 an agreement in principle was reached with the unions, reducing the number of jobs lost from 4.500 to around 2,500. To put pressure on the negotiations and reach this (second) agreement the unions organized several strikes in the wake of the Christmas period. The Dutch postal sector continues to remain unsettled, with newcomers attempting to break into the market. The new entrants were favoured beginning of 2010 in preliminary relief proceedings against the state concerning bottom-line employment conditions. TNT then withdrew its initial demand of linking the reduced number of redundancies to an agreement on wage moderation. This caused conflict with the FNV and CNV unions and the postal workers union (Bond voor Post Personeel, BVPP). In the December actions it was agreed that at least 1,700 of the redundant staff members will be transferred to the profitable auto unit and parcel post division. TNT continues to be plagued both by a shrinking postal market and increasing competition following deregulation, placing wage costs under mounting pressure. Against this backdrop, the Dutch Lower House pushed for a government committee to be established to draw up an inventory of all the problems. ([NL1003019I](#)) ([NL1101029I](#))

In February 2010, cleaners initiated industrial action for more pay and better working conditions. The allied unions of the Dutch Trade Union Federation (FNV Bondgenoten) and Christian Trade Union Federation (CNV Bedrijvenbond) have been organising industrial action and strikes, directed mainly against large companies such as the Dutch Railways (Nederlandse Spoorwegen, NS) and Amsterdam Airport Schiphol (AAS). However, the cleaners are not actually employed by these companies; the cleaning companies employ them. Nonetheless, large companies, where cleaning services are performed, have been prepared to enter into binding agreements with the cleaning sector on better employership. FNV is in fact fighting a battle that should be waged by the employers' organisation in the cleaning sector, OSB. ([NL1004029I](#))

Commentary

With the collapse of the government and the formation of a new, multi-party, coalition government there were very few developments on the social economic front in the Netherlands. The process of agreeing a coalition programme takes about six months in the Netherlands, a period in which the cabinet in place may not take contentious and far-reaching decisions. As a result the controversial proposal to raise retirement age by two years to 67 was not tabled. During this power vacuum the social partners have worked out their own compromise with proposals the new government has said will be taken seriously.

The part-time employment scheme has been successful; unemployment has remained relatively low. In recovery, large companies in particular have been able to refill their order port folio's. The number of companies making use of the scheme has shrunk considerably within the last year.

But 2010 is also the year of a stay in execution. The costs of the economic crisis still have to be met. The new government plans to cut costs by €18 billion; specific targets for cost cutting are education and the arts, the number and the salaries of public servants and benefits. A wage freeze and cuts in social security have been announced. 2011 might well become a year of confrontation between government and union federations.

References

• Blatter, B.M., Bongers, P.M., Kraan, K.O. and Dhondt, S. *RSI-klachten in de werkende populatie. De mate van vóórkomen en de relatie met beeldschermwerk, muisgebruik en andere ICT-gerelateerde factoren*, Hoofddorp: TNO Work & Employment, 2000

- Central Bureau for Statistics (2010), <http://www.cbs.nl>
- Ministry of Social Affairs (2010) *Voortgangsrapportage cao-afspraken 2010*, Den Haag: Ministerie van Sociale Zaken, juni 2010
- Ministry of Social Affairs, Newsletter/Pressrelaese 21-01-2011
- NWCS. National Working Conditions Survey

Marianne Grünell, with Irene Houtman, University of Amsterdam, HSI

- **ID:** NL1105049Q
- **Author:** Marianne Grünell and Irene Houtman
- **Institution:** HSI, University of Amsterdam
- **Country:** Netherlands
- **Language:** EN
- **Publication date:** 18-11-2011