Industrial relations

Netherlands: Developments in working life 2017

*Developments in working life in Europe: EurWORK annual review 2017*
## Contents

Political context affecting working life aspects.......................................................... 1  
Developments in industrial relations 2017 ........................................................................ 2  
National social dialogue in 2017 – Scope and Contribution ............................................. 3  
Collective labour disputes in 2017 .................................................................................. 7  
Working time 2017 ........................................................................................................... 8  
Health and well-being at work 2017 ............................................................................... 8  
Employment status 2017 ................................................................................................ 8  
References ....................................................................................................................... 10

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Political context affecting working life aspects

General elections were held in the Netherlands on 15th March 2017 to elect members of the House of Representatives. This was the first election since 2002 that took place after completion of the previous government's four-year term (rather than the resignation of the cabinet). The 2012 election had resulted in a ruling coalition of Prime Minister Mark Rutte's Liberal Party (VVD) and the Labour Party (PvdA).

The VVD lost seats but remained the largest party, while the Labour Party saw a massive loss in vote share and seats. The Party for Freedom (PVV) made gains to reach second place, with the Christian Democrats (CDA), Liberal Democrats (D66) and Green Party (Groen Links) also increasing their number of seats.

With parties unwilling to include the Party for Freedom, a government of four parties was necessary. After failure of forming a new government with Green Left, the longest formation in Dutch history (225 days) resulted in a new government on October 26th. The Cabinet Rutte III consists of VVD, CDA, D66 and the smaller ChristenUnie (Christian Union).

Social partners reactions following changes in governments

With respect to labour market policies the main pillars of the cabinet agreement (Vertrouwen in de toekomst, Regeerakkoord 2017 – 2021, VVD, CDA, D66 en ChristenUnie) are:

- Making work pay: for instance, lower labour income taxes and a call for higher wages (to be negotiated by social partners in collective agreements)
- Ensuring a balance between security and flexibility (making flexwork more secure and permanent work more flexible): cumulation of dismissal grounds (applying to both types of contracts but more likely to affect permanent contracts), costs for schooling/improving employability can be deducted from transition payment that employers have to pay in case of ending labour contracts, longer trial period for permanent contracts, sectoral unemployment contribution depending on number of flexworkers, reducing the period of wage pay during sickness/disability from 2 to 1 year for small and medium sized enterprises.
- Avoiding competition on labour contracts or working conditions: workers with zero-hour-contracts cannot be obliged to be permanently available, minimum wages for self-employed workers.

Employers organisation VNO largely agrees with the main policy directions as stated in the coalition agreement. Trade unions are more critical. The largest trade union FNV is in particular critical towards easier dismissal rules (www.fnv.nl/over-fnv/nieuws/nieuwsarchief/2017/oktober/Een-kabinet-voor-de-aandeelhouder-niet-voor-de-mensen/). They are also not enthusiastic about the intended measure to allow employers to pay below minimum wage (wage dispensation) for people on social assistance benefits. Though the municipality will compensate for the wage difference, employees will face a reduction of pensionable income. With respect to the call of the government for higher wages, the trade unions state that the government should also look in the mirror and start raising wages of civil servants, educational sector, police, military etc.

Labour market reforms or major packages of working life regulations

There are three major labour market reforms ongoing:

- reducing the gap between rights for permanent and flex workers, in particular dismissal rights
- reform of the pension system
- payment system of wages of employees in the second year of sickness, collective instead of individual by employer in order to reduce risks

However on all three negotiations between social partners on various levels have merely come to a standstill. Exchange of arguments have been made and neither employer organisations nor trade unions are willing to compromise. See further 'Social partners stopped negotiations on major reforms'.
Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness
The way in which representativeness of social partners is regulated did not change in 2017.

Actors
The number of trade union members shows a steady decline with 15,000 less in 2017. The total number is around 1.1 million in 2017. Remarkably the number of female members is (slightly) rising in the age category 45 years and older. This is also the only age group with a rising labour force participation rate. (www.cbs.nl/nl-nl/nieuws/2017/43/meer-vrouwen-minder-mannen-vakbondslid)

A new trade union has been established in the field of education: PO in actie ('primary education in action') after mass protest and strikes in the primary educational sector. Started as an action group which was not satisfied with the efforts of more traditional trade unions, their support amongst teacher grew rapidly. Later in 2017 a 'modern' trade union was established.

There were no major changes with respect to employer organisations. Organisations for self-employed workers without personnel are becoming more of a factor and start cooperating with VNO (large employers’ organisation) and MKB (small and medium sized employers’ organisation).

Institutions
There were no major legislative or institutional changes to the main social dialogue institutions.

Changes in the social dialogue processes
Social partners have failed to come to a social agreement with a common view on labour market issues and proposed policy measures. Negotiations have stopped in September 2017. Besides discussions on similar subjects in the tripartite (with independent experts) Social Economic Council also have not led to an agreement. These include dismissal rights, a new pension system (with possibly arrangements for self-employed persons) and reducing risks of sickness and disability in order to make taking on new personnel more attractive compared with hiring temporary agency workers or self-employed people without personnel.

Failure to come to agreements between employer and employee organisations has in particular become disappointing for both organisations in this election year as social agreements are usually largely included in the government agreement.
# National social dialogue in 2017 – Scope and Contribution

## Main social dialogue topics and outcomes in 2017

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Code(s)-interaction</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
</table>
| General labour market topics | Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups | Actionplan 50+ (www.rijksoverheid.nl/documenten/-publicaties/2016/06/07/bijlage-1-perspectief-voor-vijftigplussers), plan to improve labour market situation of older workers | 3 | Discussion on development and implementation policy measures | 1 | - intensive support for people on unemployed benefits  
- improved support for employers, matching unemployed/vacancies, targeted at older unemployed  
- subsidy regulation for experimental projects on making use of latent vacancies older workers  
- information campaign to combat age-discrimination and stress advantages of older workers |
| Skills, training and employability | Actionplan 50+ | 3 | Discussion on development and implementation policy measures | 1 | Career coaching for 50+ workers (professions and sectors with bad labour perspectives) by independent training agencies |
| Taxation and non-wage related labour costs | Actionplan 50+ | 3 | Discussion on development and implementation policy measures | 1 | lower labour costs / no-risk polis (exemption of social contributions and premiums) for minimum age lowered to 56 years and older, low paid, |
### Themes

<table>
<thead>
<tr>
<th>Description of issue</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Pension reforms</strong></td>
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</tr>
<tr>
<td>Tripartite discussions between employers organisations and trade unions on pension reforms. New system on more individual basis with collective risk sharing has been advised by experts.</td>
<td>2</td>
<td>Tripartite negotiation in Social Economic Council. The pension system has been on the agenda for 7 years now.</td>
<td>7</td>
<td>Social partners have still not been able to make an agreement on the new system. Also issues on obligatory pensions for self-employed and lowering the pension age for employees with arduous and unhealthy professions are still under discussion.</td>
</tr>
<tr>
<td><strong>Working life related themes</strong></td>
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<tr>
<td>Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage)</td>
<td>3, 7</td>
<td>After parties could not reach agreement in the Social Economic Council in 2016, again negotiations on a Social Agreement were stopped in September 2017.</td>
<td>1, 8</td>
<td>Nothing achieved (payment system of second year sickness).</td>
</tr>
<tr>
<td>Terms and conditions of employment, including different forms of contracts</td>
<td>7</td>
<td>Negotiations on Social Agreement were stopped in September 2017. Employers organisations want flexibility, trade unions more security for vulnerable</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Dismissal rights, adaptations in Work security act.</td>
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</tr>
</tbody>
</table>
No major social dialogue debates were held on the following themes: Benefits (unemployment, sickness schemes, minimum income); Working time regulations; Health, safety and well-being at work; Work-life balance related themes, incl. family leaves.

Note:
Codes for ‘Type of interaction’: 1 - Tripartite debate; 2 - Tripartite negotiation; 3 - Formal consultation of both social partners; 4 - Formal consultation of trade unions; 5 - Formal consultation of employers organisations; 6 - Bipartite debate; 7 - Bipartite formal negotiations; 8 - Lobbying from at least one side; 9 – Type of interaction unknown.

Codes for ‘Outcome as per 1.1. 2018’: 1 - Unilateral decision by government; 2 - Legislation passed; 3 - Legislation prepared (in legislative process, not concluded); 4 - Tripartite agreement or joint position reached; 5 - Bipartite agreement reached; 6 - Joint opinion of social partners reached; 7 - Issue not closed, ongoing exchange; 8 - Issue dropped, no concrete outcome, no further exchange; 9 – Outcome unknown, none of these types.
Selected major social dialogue debates

Social partners stopped negotiations on major reforms

The Netherlands have a longstanding tradition in which social partners are involved in policy making. The Wassenaar Agreement of 1982, agreed by the national organisations of trade unions and employers, can be seen as marking point in the Dutch industrial relations in which wage moderations have been exchanged for higher employment (www.eurofound.europa.eu/observatories/eurwork/comparative-information/national-contributions/netherlands/the-netherlands-flexicity-and-industrial-relations). Later on, the flexibility and security act of 1999 was introduced with involvement of social partners. With the latest social agreement stemming from 2013, employers and employee organisations tried to reach a new social agreement, the results of which could be helpful in the formation of a new cabinet.

However, in September 2017 negotiations between employers organisations and trade unions came to an end. On several points they could not come to an agreement. Main point of discussion remains the dismissal rights for permanent workers. Employers want to make it easier to lay off permanent workers and close the gap between permanent and flex work. Trade unions don't want to change much on dismissal rights and plead for improving rights for employees on a fixed term contract and temporary agency workers. They also want to stop the abuse of pay rolling (a construction in which the employer is not directly responsible for the employee risks and corresponding social security contributions to be paid). And they are in favour of statutory minimum pay for self-employed workers that are hired in order to avoid abuse or, more mildly expressed, competition on contract type and working conditions. On other issues social partners also did not come to an agreement.

A large reform in the pension system for employees has been under debate for several years now. The system of contributions towards a more individual system is subject to discussion but involves solidarity issues between generations. Furthermore, the subject whether or not to include self-employed workers without personnel has not been agreed upon. Trade unions are willing to incorporate self-employed workers with personnel in some way into the system. This, together with rules of minimum pay, will also combat a dichotomy between employers and self-employed workers. Employer organisations want flexibility and no obligation at all. Social partners keep on discussing the pension reform in the Social Economic Council.

For a third subject, the obligation for employers to pay wages for a period of 2 years of sickness/disability discussions between social partners have come to a complete standstill, even in the Social Economic Council. There is no public information available on the views of parties. The government's plan as has been presented in the Cabinet Agreement is to let small employers (less than 25 employees) stay privately responsible for only the first year and finance the second year collectively. This will reduce risks of own personnel compared to hiring temporary agency workers or self-employed without personnel. Insurance companies (who are active on the private market) and independent experts fear that this modification will turn out to be ineffective and inefficient.

Action plan 50+ implemented

In the course of 2017 various measures of the Action plan 50+ have been implemented in order to improve the labour market situation of older workers. Older workers have a higher risk of staying unemployment for a long period of time. This plan has been developed by the government with social partners united in the Labour Foundation (Stichting van de Arbeid) in a constructive way. The Action plan has a budget of 68 million euro.

There are three clusters of interrelated measures targeting at specific goals:

- the flexibility and mobility of older workers in employment needs to be improved by keeping their employability up-to-date, in order to prevent unemployment and/or keep them attractive for future employers the image of 50+ workers needs to be
improved, employers need to be informed on various financial advantages and lower financial risks of current and new (financial) measures

- the support of older workers in unemployment needs to be improved, a.o. matching process and support of the social security agency (UWV)

Specific policy measures to be taken are:

- career coaching for 50+-workers (professions and sectors with bad labour prospective) by independent training agencies
- improved support for employers, matching unemployed workers and vacancies, targeted at older unemployed
- intensive support for people on unemployment benefits
- lower labour costs / no-risk polis (exemption of social contributions and premiums) for workers aged 56 years and older, low paid, disabled workers
- subsidy regulation for experimental projects on making use of latent vacancies to be fulfilled by older workers
- information campaign to show best practices and combat prejudice, figuring John de Wolf, a former professional footballer who is 50+ himself nowadays

Unilateral government actions – without social dialogue

No major examples.

Changes affecting the sectoral and company level social dialogue 2017

There were no major changes in the legislation, the institutions or the practice affecting collective bargaining and social dialogue at sector-level and company-level.

Innovation in collective bargaining

No major changes. A new trade union has been established after strikes in primary education, POinactie. This trade union made more use of social media (it started as a Facebook group with in little time more than 45,000 teachers as supporters) and direct communication with their followers, also on Twitter #Poinactie. Remarkable is that the initiators passed the traditional trade unions, which they were not satisfied with. Later on more traditional trade unions started a dialogue with POinactie. As they still are not completely satisfied with the result strikes will go on in February and March 2018.

Collective labour disputes in 2017

There were no major changes in the regulation of collective disputes in 2017.

Strikes were amongst others prevalent in public transport, supermarket distribution and logistics and meat processing industry.

The strike the got the most attention was in the primary school sector. A group of teachers wrote a manifest (www.poinactie.nl) and started actions aiming at lower work pressure and higher wages (which are in primary school significantly lower than in secondary school). Besides they opted for investments in recruiting and supporting new personnel in the educational sector to reduce work pressure. Their proposal consisted of a comprehensive approach including measures to support non-teaching personnel, reducing administrative burdens, making teaching more attractive for new students and reducing work related stress, absenteeism and burnout.

Poinactie claimed 1.4 billion euro for reducing work stress and for higher wages during the cabinet formation. Their claim was partly honoured as the amount in the draft cabinet agreement was raised from 270 million to 700 million in the final agreement. Other trade
unions supported this action later on and a ‘coalition-of-the-willing’ has been formed with the main trade unions except FNV (one of the largest). Still the gap is not completely filled, a reason for Poinactie to continue their activities. New strikes are planned in February 2018. Poinactie became a trade union themselves. On the first day (8 December 2017) already 10.000 new members were welcomed (12 euro per year membership costs).

**Working time 2017**

There were no major changes in the regulation of working-time made during 2017.

**Health and well-being at work 2017**

**Physical working environment**

No major debates or major developments.

The social security agency UWV has made their process more transparent and more clearly expressed on the conditions employers should comply with during the rehabilitation process of sick employees (UWV, 2017). Employers have to do everything within their possibilities to reintegrate their sick employee, either within their own organisation or - if that is no longer possible - support the employee in finding employment in another organisation. Before, when the interpretation of obligations were unsure, employers started rehabilitation trajectories rather to avoid a fine for insufficient efforts (in most cases this means paying the third year of wages of the sick employee). The current situation can be characterised as a reverse burden of proof. The social security agency has to prove that the efforts of the employer have been insufficient in order to give a fine, whereas in former years the employer had to prove that his efforts had been sufficient. Moreover, in cases where reintegration has been a success the administrative burden for the employer has been minimised.

**Psychosocial working environment**

There were no major developments regarding the regulation of psychosocial risks at work. After new figures of the Netherlands Working Conditions Survey attention in the media has been on stress and burn out (www.volkskrant.nl/wetenschap/aantal-burn-outs-zeer-sterk-gestegen-en-dat-komt-deels-door-al-die-tijdelijke-contracten-a4537868/ and www.volkskrant.nl/wetenschap/1-op-5-basisschoolleraren-ervaart-burn-out-klachten-klopt-dit-wel-a4496585/). Stress and burnout has also been a major argument to support actions in the educational sector (primary school) in 2017.

**Employment status 2017**

<table>
<thead>
<tr>
<th>Type of contracts</th>
<th>Changes made during 2017.</th>
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<tbody>
<tr>
<td>‘Standard’ employment contracts</td>
<td>Lage inkomensvoorziening (Low income provision), compensation for employer when recruiting a low paid worker (max 2.000 euro) (<a href="https://regelhulpvoorbedrijven.nl/loonkostenvoordelen/">https://regelhulpvoorbedrijven.nl/loonkostenvoordelen/</a>).</td>
</tr>
<tr>
<td>Self-employed</td>
<td>DBA (Deregulering beoordeling arbeidsrelatie) a regulation to assess whether a contract contains a self-employment relationship (and the employer doesn't have to pay employee benefit contributions) was too complex in its implementation to maintain and had to be postponed (<a href="http://www.ondernemersplein.nl/regel/modelovereenkomst-wet-dba/">www.ondernemersplein.nl/regel/modelovereenkomst-wet-dba/</a>).</td>
</tr>
<tr>
<td>Fixed term contracts</td>
<td>The obligation in the Work Security Act to offer a permanent</td>
</tr>
</tbody>
</table>
contract after three temporary contracts has been relieved for seasonal workers and in the educational sector. Earlier schools were obliged to offer teachers a permanent contract after temporary replacement of (permanent) teachers who were sick or on (maternity) leave. Schools did not want to take this financial risk and also were sometimes not able to find temporary teachers and therefore had to send children home in case of sickness or leave of the permanent teacher.

<table>
<thead>
<tr>
<th>Temporary agency workers</th>
<th>With respect to temporary agency workers there were no major developments.</th>
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<td>Posted workers</td>
<td>With respect to posted workers there were no major developments.</td>
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<td>Seasonal workers</td>
<td>With respect to seasonal workers there were no major developments.</td>
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<td>Zero hour contracts</td>
<td>With respect to zero hour contracts there were no major developments.</td>
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<tr>
<td>Other contracts</td>
<td>With respect to other contracts there were no major developments.</td>
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These developments lead to serious policy challenges. How to prevent a dichotomy in the labour force with the working poor at the lower end? How to combat competing on working conditions and abuse of temporary agency work and self-employed workers? How to maintain a qualitatively good labour force as employers tend to invest less in temporary workers and self-employed workers spend less on training or pensions than employees.

In the Netherlands the chances to move from a temporary to a permanent contract with the same employer are not high. With the current economic growth additional employment consists mostly of flexible workers and workers with a temporary or fixed term contract. The downside is that these people might become unemployed very quickly in an economic downturn and bear the consequences of the business cycle and fluctuations of the labour market without improving their employment status to a permanent contract.
## References

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