

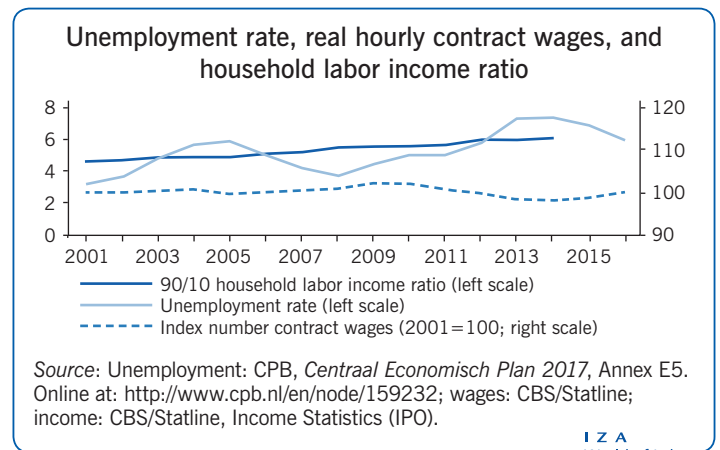
The labor market in the Netherlands, 2001–2016

Overall, employment and wages were accompanied by a rise in part-time work and a decline in job security

Keywords: wages, unemployment, Netherlands

ELEVATOR PITCH

The Netherlands is an example of a highly institutionalized labor market that places considerable attention on equity concerns. The government and social partners (unions and industry associations) seek to adjust labor market arrangements to meet the challenges of increased international competition, stronger claims on labor market positions by women, and the growing population share of immigrants and their children. The most notable developments since 2001 are the significant rise in part-time and flexible work arrangements as well as rising inequalities.



KEY FINDINGS

Pros

- ⊕ The employment-to-population ratio has increased from 61.1% to 65.8%.
- ⊕ Unemployment started to fall in 2014 after a significant increase following a recession in the aftermath of the global financial crisis and the euro crisis.
- ⊕ The Dutch labor market is highly flexible, being characterized by a large share of part-time and flexible work arrangements and labor contracts.

Cons

- ⊖ Labor market inequalities are growing; in particular, hourly wage inequality increased, with the 90th-to-10th percentile ratio rising from 3.0 to 3.3.
- ⊖ Protection of vulnerable workers has deteriorated as employers shift an increasing amount of risk onto employees.
- ⊖ The labor force has aged considerably, leading to lower overall labor mobility and provoking tough discussions on the pension system and the retirement age.
- ⊖ The labor market has faced difficulties integrating immigrants, particularly those from non-Western countries, who lag behind natives in most metrics.

AUTHOR'S MAIN MESSAGE

Increased competitive pressures and stronger volatility in output markets have motivated employers to shift a growing proportion of financial risk onto workers. With weakened labor unions and a government that is rolling back social policies, employers have been able to keep wages down and to hire from a more varied labor force. New contract arrangements have provided workers more opportunities to engage in flexible and part-time work, but have also raised job and career insecurity. Policymakers should endeavor to provide both specific and general training to workers who no longer receive sufficient training from their employers.