



OECD Employment Outlook 2014

The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

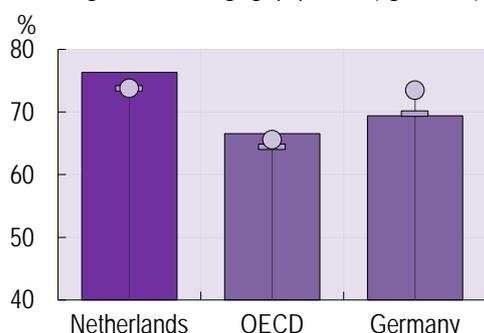
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Labour market developments in the Netherlands

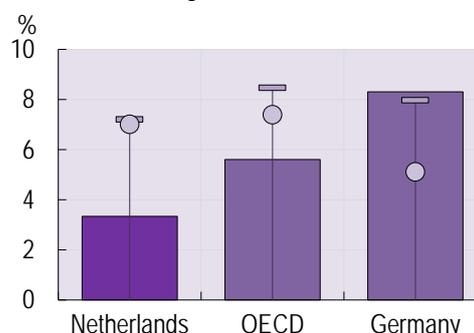
A. Employment rate

Percentage of the working-age population (aged 15-64)



B. Unemployment rate

Percentage of total labour force



Source: OECD Short-Term Labour Market Statistics (database), <http://dx.doi.org/10.1787/data-00046-en>.

The Dutch labour market situation has finally started to stabilise

By July 2014, unemployment (OECD standardised definition) in the Netherlands had fallen to 6.7%, 0.6 percentage points lower than its peak in February of this year, but still 3.4 percentage points higher than at the start of the crisis. This is in sharp contrast to the experience of Germany where unemployment declined from 8.3% at the start of the crisis to 4.9% in July 2014. The employment rate in the Netherlands is 73.7%, similar to that in Germany, but 2.6 percentage points lower than at the start of the crisis.

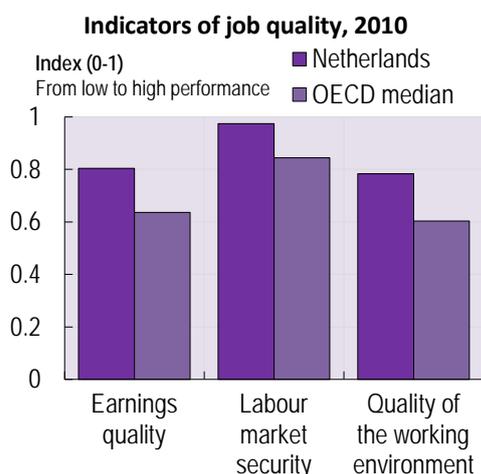
This divergence in labour market performance between the two countries largely reflected the much weaker macro-economic situation in the Netherlands which fell back into recession in 2012. The double-dip recession had a strong sectoral dimension with heavy job losses being concentrated in construction, real estate and finance. In contrast, the almost uninterrupted decline in the unemployment rate in Germany

reflects, among other factors, stronger economic conditions and the impact of the wide-ranging labour market reforms that were implemented in the early 2000s (the so-called "Hartz IV" reforms).

The Netherlands performs well in terms of job quality

People spend most of their day and a significant part of their life at work. Therefore, job quality is a key determinant of well-being. The 2014 *OECD Employment Outlook* paints a broad picture of job quality across OECD countries. This is based on three essential aspects of quality jobs: earnings quality (average earnings combined with earnings inequality); labour market security (a composite measure of the risk of unemployment and unemployment insurance); and the quality of the work environment (a combination of the demands jobs place on workers and the resources at their disposal). Compared with other OECD countries, the Netherlands performs above average in all

three dimensions. In the case of labour market security, even though unemployment is still higher than before the crisis, it remains relatively low compared to other OECD countries, and the welfare system provides the unemployed and their families with an effective income safety net. In terms of earnings quality, average hourly wages are considerably higher in the Netherlands than the OECD average and wage inequality is lower than in most countries. Moreover, relatively few Dutch workers report difficult and stressful working conditions, which accounts for the Netherlands scoring higher than the OECD median on the index of quality of the working environment. No doubt this reflects the widespread use of part-time work in the Netherlands as a way of ensuring a good work-life balance.



Source: OECD Employment Outlook, 2014.

Nevertheless, to prevent work-related health problems, the use of personal employability scans should be encouraged further to foster discussion on how to improve working conditions, the allocation of tasks and working time arrangements. One example of such a scan used in the Netherlands is a tool called the Work Ability Index, which is based on a detailed questionnaire. This generates 'work ability' scores for individuals and across

companies. These scores can be used to provide recommendations to prevent work-related health problems but also for the design of evidence-based human-resource policies.

Recent reforms in the Netherlands should improve its labour market performance

The government recently adopted a comprehensive labour market reform consisting of the *Act on Work and Security* and the *Participation Act*. The *Act on Work and Security* modernises the regulation of employment protection for workers on open-ended contracts; provides more protection to temporary workers; and reduces the maximum duration of publicly provided unemployment benefits. The *Participation Act* promotes work for people at the margin of the labour market such as low-skilled workers and persons with a disability, including through the use of wage subsidies.

These reforms should increase labour force participation and reduce long-term benefit dependency. However, such changes do not work quickly. It takes time to alter the structure of the labour market – as the German experience with the Hartz IV reforms shows. Therefore, it is important that the new reforms are given time to take effect.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on the Netherlands, journalists are invited to contact Mark Keese (+33 1 45 24 8794; mark.keese@oecd.org) or Alexander Hijzen (+33 1 45 24 92 61; alexander.hijzen@oecd.org) from the OECD Employment Analysis and Policy Division.

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How does the NETHERLANDS compare? © OECD September 2014

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