



Working Better with Age

NETHERLANDS

Assessment and main recommendations

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Employment for those over age 55 has increased substantially in the Netherlands

Like many other countries, the Netherlands is facing the challenge of a rapidly ageing population. The number of those aged 65 and over, measured as a proportion of the population aged 20-64, is projected to double: from 27% in 2012 to 52% in 2050. This places the Netherlands mid-range among OECD countries in terms of the old age dependency ratio – in 2010 as well as in the 2050 projection.

Previously in the Netherlands, leaving the labour market through early retirement and disability schemes was commonplace for older workers. This has prompted the authorities to take steps over the past decade: to increase the incentives to work; to close pathways to early retirement; to tackle over-utilisation of disability pensions; and to raise the state pension age. The results achieved have been encouraging. With an increase in the employment rate for the 55-64 age group of 17 percentage points from 2002 to 2012, the Netherlands is among the countries that have made the most progress over the recent past. In 2012 the overall employment rate for this age group stood at 58.6%, above the OECD area average of 54%. Even so, among member countries the Netherlands remains well behind the best achievers.

The country's employment rate for the 65-69 age group stood at 12.7% in 2012. That represents a considerable increase over the 2002 rate of 6.5%, but it still lags behind the 2012 OECD average of 19.3%.

Higher employment rates over the age of 50 have led to a substantially higher effective labour force exit age, especially for women. With exit ages of 63.6 for men and 62.3 for women, the Netherlands ranked above the European average in 2012, but somewhat below the OECD average.

The main challenges to encouraging longer working lives are high long-term unemployment, low mobility and high disability rates. First, the incidence of long-term (over one year) unemployment for those above the age of 55 was 57% in 2012 – above the OECD average, even if the total unemployment rate is lower than the OECD average. Second, the mobility of older workers was among the lowest within the OECD area in 2012, with a hiring rate of 3.7% for the age group 55-64; the OECD average was 5.9%. Such a low recruitment rate is a barrier to mobility and to activating the labour potential of older people. Third, the annual inflow of those aged 55 and over to disability pension has dropped from 15 000 persons in 2002 to less than 11 000 in 2012 – yet the share of those who leave the benefit and re-enter the labour market because they have

recovered is still relatively low. Disability pension thus remains a pathway out of the labour market for many older workers.

The effectiveness of social dialogue

The Netherlands has a highly effective system to protect against poverty and social exclusion, involving among other things old age pension, disability and unemployment arrangements. This system is a result of law and national regulations, but also of collective agreements between social partners. Negotiated schemes and regulations cover the majority of employed people: the number covered by a collective labour agreement was about 6.1 million in 2011, representing 83% of the workforce and 78% of the total labour force.

The Netherlands also has a long tradition of tripartite co-operation and broad social agreements, in which consultations and negotiations among the government, employers and employees are important elements of policy making. Input from social partners (advice, recommendations, etc.) appears mainly in the publications of the tripartite Social and Economic Council (*Sociaal-Economische Raad*, SER) and the bipartite Foundation of Labour (*Stichting van de Arbeid*, STAR). In June 2011 STAR launched Policy Agenda 2020 as the social partners' route map for investment in the participation and employability of older workers.

Major policies have been implemented to reduce early retirement and raise the effective exit age from the labour market, partly facilitated by effective social dialogue. The 2013 Social Agreement between the government and the social partners and the government's Budget Memorandum 2014 include proposals for further measures to close early retirement pathways, increase incentives to work, and improve the financial sustainability of welfare schemes. Implementation of these proposals will however be partially postponed until the expected recovery in 2016:

- *Unemployment insurance benefit (UIB)*: The maximum duration of UIB will be reduced from 38 to 24 months. What constitutes a "suitable job offer" will be modified from 2015 on: after six months of unemployment, any job offer will be considered suitable.

- *"Work-to-work" projects*: The government, STAR and SER are working to support transfers directly to another job in case of a layoff.

- *Employment protection legislation (EPL)*: The dual dismissal system will be simplified, and the maximum level of severance pay will be EUR 75 000 or one year's salary, whichever is less, from 2016. Transition rules will be applied for workers above the age of 50. There is currently a proposal to replace severance pay with a training allowance, called a transitional budget. The allowance will be designed in line with the "work-to-work" projects, so as not to have the pay serve as a pathway out of the labour market.

- *Pensions*: The maximum annual accrual rate, based on the reference salary in occupational pension schemes, will be lowered. The new maximum rates from 2015 will enable a replacement rate of 75% of average wage after 40 years' contribution, or 66.3% of final salary.

A new budget agreement reached on 14 October 2013 (*Het Begrotingsakkoord*) included a proposal to cut the bonus for low-paid workers aged 61-64 from 2015.

Further efforts to encourage more people to work longer are still necessary

The OECD report *Ageing and Employment Policies: Netherlands*, published in 2005, included a number of specific policy recommendations. Subsequently, in line with the recommendations, the government implemented several initiatives to strengthen incentives to work longer. More needs to be done, however, to improve the employability of older workers and reduce employers' reluctance to recruit them. In turn, further incentives could be put in place to encourage older people to continue working. The recommendations put forward below are based on three mutually

supportive actions: i) better incentives to carry on working; ii) tackling employment barriers on the side of employers; and iii) improving the employability of older workers.

Better incentives to carry on working

The Dutch pension system has three tiers. A flat-rate public pension scheme, *Algemene Ouderdomswet* (AOW, first pillar), is coupled with earnings-related occupational schemes (second pillar). Everyone who has reached the state pension age and has lived or worked in the Netherlands is entitled to the basic AOW pension, which is accrued from the age of 15 until 65. Optional third-pillar schemes can supplement pensions from the first and second pillars.

Decreased fertility and increased longevity have put the Dutch pension system under pressure. Among the measures taken in response is a change in the state pension age. Currently 65 years and two months (2014), it will be raised to 66 years in 2018 and 67 years in 2021, and subsequently be linked to changes in life expectancy.

Occupational schemes are quasi-mandatory

The occupational schemes have a broad coverage. Although there is no statutory obligation for employers to offer a pension scheme to their employees, industrial relations agreements mean that about 90% of wage earners are covered by one or another of these schemes. Often, these schemes are *de facto* mandatory.

Lower annual accrual rates as proposed in the 2013 Social Agreement will require longer contribution periods to obtain a full pension. The vesting period in the schemes is generally short, usually 12 weeks. There are, however, special rules for temporary workers employed via an agency. People engaged in long periods of work through such temporary contracts or with other breaks in pension earnings may have difficulties accumulating a substantial occupational pension contribution as a supplement to the AOW pension.

The most common type of scheme involves defined benefits. Proposed revisions will allow for greater flexibility in pension contracts, in the sense that the size of benefits will depend on life expectancy and on developments in the financial markets – features closer to defined contribution schemes. The question remains: could defined contribution schemes facilitate greater pension entitlements for people with long periods on short-term contracts, with long periods of self-employment, or with other breaks in earnings?

Occupational schemes must support mobility

A transparent and coherent regulatory system is necessary to prevent people from becoming less mobile in the labour market because they fear the negative effects on their final pension entitlements. For example, there is currently no legislation allowing deferral of occupational pensions or combination of work and pension. Therefore, in practice, rules may vary from one scheme to another. Establishing a legal basis – or at least a coherent approach across collective agreements – to ensure further accrual of occupational pension rights while working after the state pension age would increase flexibility and facilitate sufficiently long contribution periods. The proposed requirement of a longer working career to reach the same (second- and third-pillar) pension level as before could make work-pension combinations – and a gradual withdrawal from the labour market – a more popular option in the future.

Better information must be disseminated

Recent initiatives have been taken to improve pension information and transparency, so as to facilitate the right decisions. A national pension register launched in 2011 gives every Dutch citizen an online overview of their accrued occupational pensions fund rights, including from pension insurers. The register includes the accrued rights of the basic public pension (AOW).

Implementation of revised regulations concerning the information to be provided on pensions is planned for 2014. To be a useful tool, opportunities to simulate the effects of different scenarios should be included across schemes.

Rigorous action has been taken to make occupational schemes more sustainable amid demographic and financial challenges. Since the reform makes it necessary to work longer to obtain the same replacement rate as before, information about the consequences of the reform should be well disseminated. Women are especially cause for concern, since they acquire fewer occupational pension rights as they often work part-time. A major challenge is how to reach people with less education who do not actively seek information and who nonetheless are those most in need of it because of their low level of financial literacy.

A shorter unemployment coverage period to encourage job search

The maximum duration of unemployment insurance benefits (UIB) in the Netherlands is the longest among OECD countries after Belgium, where the duration of benefits is not limited. UIB are provided for up to 38 months to those who have an employment history of 38 years or more and worked four out of the previous five years. The proposal of the government to reduce the maximum duration of UIB to 24 months is important for increasing job-search efforts and reducing the duration of unemployment spells. In the short and medium run however, the government estimates a substantial increase in the number of recipients of the temporary unemployment assistance benefit (UAB) for those unemployed over 60; this is called Income Compensation for Older Unemployed (IOW).

A proposed prolongation of IOW to at least 2020 should safeguard the benefit coverage of older long-term unemployed, but coverage must be accompanied by activation measures to make re-entry to work a realistic alternative for as many as possible.

Further encouragement of re-entry to work

Previously, the disability benefit was a much-used pathway out of the Dutch labour market. Now, however, inflows have been substantially reduced through a number of reforms. The major 2004-09 reassessment programme targeting those under the age of 50 on disability benefits has probably contributed to changed attitudes to disability pensions, increased the focus on rehabilitation and prevention, and dissuaded potential applicants. These targeted reassessments now take place on a random basis. The reassessment programme must continue to ascertain these positive effects. Lower inflow to the disability scheme and longer working careers could be reason to extend the target group to those over 50.

People combining disability benefit and work receive a benefit on top of their wage. For the first two months of work, the compensation is calculated as 75% of the wage prior to the disability minus 75% of the current wage, and thereafter 70% of the previous wage minus 70% of the current wage. This compensation for loss of earnings added to work income heightens the incentive to accept lower paid jobs. However, supplements decided in collective agreements can raise the replacement rate much higher than 75% and 70% in the two-year sickness benefit period – and that can reduce the positive impact on return to work, particularly if the alternative is to accept a lower paid job. Sickness and disability benefits will be discussed further in a forthcoming OECD report reviewing mental health and work in the Netherlands.

The following measures should be considered:

- *Long contribution periods in second-pillar schemes should be promoted.* The proposed reforms of occupational schemes will increase the value of long contribution periods. Ensuring that change of job or take-up of jobs – for example, temporary jobs via agencies or self-employment – does not lead to gaps in pension earnings or loss of pension rights could stimulate mobility and longer careers. Defined contribution schemes could be one alternative to facilitate

improved pension entitlements for people with long periods in temporary and other non-standard contracts.

- *More flexibility of withdrawal and combinations of pension and work would encourage longer careers.* Establishing a legal basis – or at least a coherent approach across collective agreements – to ensure further accrual of occupational pension rights when working beyond the state pension age would strengthen incentives to work longer. Rights could also be accrued in cases where withdrawal of the occupational pension has begun. Offering the possibility of partial or deferred withdrawal would facilitate a gradual phase-out from the labour market.

- *Better information and transparency are essential.* Changes in rules and regulations over time, as well as differences among schemes, make it difficult for people to gather the information they need to make the right decisions. This can have negative effects on labour participation, and reduce mobility. More effective dissemination of better information is required to support longer working careers as well as mobility. There should be a special focus on groups with low financial literacy, such as people with less education. The new OECD guidelines on financial education could be used to design targeted delivery tools.

- *The maximum duration of UIB should be reduced,* as proposed in the 2013 Social Agreement, in combination with better activation of recipients of UAB (IOW) to help the jobless get back to work.

- *The financial incentives for sickness and disability benefit recipients to work should be strengthened* by keeping replacement rates well below 100%. Even during the sickness benefit period, wage compensation should be offered for re-entry to new jobs with a lower wage.

Tackling employment barriers on the side of employers

Dutch employers are increasingly willing to retain workers until an older age, but the hiring rate for older workers is still low. One barrier that may be discouraging employers is the extent to which older workers simply cost more to employ than younger workers. In the Netherlands, full-time earnings for employees aged 55-59 were 1.6 times the level for those aged 25-29. This is considerably above the OECD average of 1.3 times more. Relatively stringent restrictions on dismissals can be another disincentive for Dutch employers concerned about a gap between wage and productivity that would grow with age. Employer attitudes towards older workers also reflect subjective factors such as negative stereotypes or age discrimination, which are not well documented.

In setting wages, give more weight to performance, less to seniority

The tenure element in wage setting in the Netherlands is still very much present, resulting in age-wage profiles that are steep compared with many other OECD countries. Longer working lives and higher employment rates among older age groups will result in a larger variation in productivity among older workers in the years ahead. That will dampen the possible selection effects that have been offered as part of the explanation for this major trend in wage setting.

What is needed is a wage-setting mechanism based more on performance and less on tenure. More flexible wage setting would reduce the risk of people being pushed out of the labour market because of the growing gaps between wage and productivity. The close involvement of local stakeholders is key in performance-based wage setting. The strong tradition of collective bargaining in the Netherlands could nevertheless play an important role in setting overall targets for wage growth and in reaching agreements on the principles and criteria for more performance-based wage setting.

There must be a more concerted approach towards age-neutrality

Within the OECD area, the Netherlands is one of the countries with the most stringent employment protection legislation (EPL) against both individual and collective dismissals, according to the OECD EPL indicators. Tenure's role in determining severance pay, as well as application of the last-in-first-out dismissal principle, reduces job mobility among workers with long tenures. The government's Budget Memorandum 2014 includes EPL reform proposals aiming to increase labour market flexibility.

The EPL reform is, for instance, expected to improve job mobility. The changes proposed will to some extent reduce protection for older workers, particularly by 2020 when the transition period for people above the age of 50 expires. The EPL reform must therefore be combined with other policy measures to strengthen older workers' position in the labour market, such as reform of the wage formation process and improved employability.

Enforcement of anti-discrimination legislation must also comprise part of the policy to obtain a more flexible labour market. This should include surveillance and use of sanctions when necessary, but also dialogue between the authorities and the social partners. If the incidence of direct age discrimination in the workplace has declined significantly in the Netherlands over the past decade, the country still ranks below the best achievers such as Sweden, the United Kingdom, Poland and Norway.

In the Netherlands, the courts have decided that a permanent employment contract cannot legally terminate solely because the employee has reached the state pension age. There is one exception: when facts or circumstances show that the parties intended to terminate the employment agreement at that time. At present, the state pension age is 65 years and two months. Employment agreements and collective agreements stipulating that the work contract automatically terminates when pensionable age is reached are still common and valid. Most open-ended collective labour contracts effectively end when the state pension age is reached.

Internationally, a trend seems to have developed over recent years either to abolish the mandatory retirement age as the reason for terminating a labour contract, or to raise these age limits. The proposed reforms have brought this issue to the fore in the Netherlands as well. Changes in the occupational schemes would entail longer contribution periods to accumulate a full pension. As the modified employment protection in the future will have less to do with tenure, it is difficult to see any reason to allow age to be used as a mandatory reason for contract termination, or to give older workers less favourable treatment with regard to other parts of labour law. The connection between age limits, EPL and wage formation is, however, complex. That means a broad and concerted approach is needed to improve older workers' position in the labour market, and to make them more attractive to employers.

Measures targeting older workers must become more efficient

The government now has in place a number of subsidies to reduce potential cost disadvantages for some groups of workers; especially targeted are the older, long-term unemployed. Evaluations found that most of the subsidies had very limited or no impact; they have, with the exception of the mobility bonus and no-risk policy, been abolished.

The proposed EPL reform and a shorter maximum duration of UIB could increase the number of older jobseekers in the coming years. Reducing such effects would entail a policy shift towards stronger stimulation of recruitment and mobility. Evaluations of measures already implemented should serve as input in the (re)design of policies – for example, in the ongoing discussions of SER to formulate a new labour market infrastructure.

The country's strong social dialogue should also be used to co-ordinate measures implemented by the government and efforts by the social partners. Collective agreements often include special measures for older workers. Even if measures to enhance productivity – for

example, through training – have become more widespread, far more widespread are measures to lighten the workload through extra holidays and exemption from non-standard working hours. A reorientation of collective agreements towards cost-effective measures to improve older workers' employability is crucial.

The Sustainable Employability programme

A programme called “Sustainable Employability” was implemented in April 2012 in an agreement between the government and the social partners. Its goals include prevention of unemployment and illness, as well as improved productivity levels among the entire working population regardless of age. Firms' participation is voluntary, but the approach encourages dissemination of good practices through networking. The role of the government is to provide legislation supporting extension of the working life and appropriate education and training schemes for adults, but also to widen the network of participants. The initial focus is on innovative firms.

It is too early to assess the impacts of the programme, but STAR and the Ministry of Social Affairs and Employment is monitoring its activities. The criteria for judging the success of Sustainable Employability are its effects on both the possibility of staying in work longer and increased recruitment of older people. The extent to which good practices are adopted by most Dutch firms should also be evaluated closely.

The following measures should be considered:

- *Wage-setting procedures should be adjusted, and focus more on performance and less on tenure and seniority.* The strong Dutch tradition of social dialogue could be the basis for development of adequate, balanced criteria for more performance-based wage setting.

- *Review age limit rules.* In parallel with reforms of wage setting and EPL, removing age as the sole mandatory reason for retirement should be an aim. Age is not a reliable indicator for judging workers' productivity or employability.

- *Age-neutral personnel treatment should be included as a goal in EPL reform.* Legislation against age discrimination must also be enforced through regular monitoring of recruitments and dismissals; and dialogue between the College of Human Rights – the body administering human rights legislation – and social partners should be formalised.

- *Measures to reduce cost disadvantages and increase the employability of older workers should be better targeted.* Subsidies should be targeted towards promoting recruitment of older workers. Measures in collective agreements should be redirected from lightening the workload to improving employability.

- *New practices among innovative firms in the Sustainable Employability programme should progressively become national standards.* Sustainable Employability as a key approach to improving working conditions must be accompanied by measures, diffusion and enforcement to ensure that new practices are also reaching most firms not willing or able to attend the programme.

Improving the employability of older workers

Strengthen the link between on-the-job training and employment

Even if employment rates among older workers have increased substantially over the past decade, employability is lagging behind in that participation in training is declining with age. Shorter payback periods must be taken into account in developing training measures, to ensure that they are attractive to older workers and bring positive returns to investment, both for employers and employees.

Evidence shows that older workers are particularly interested in on-the-job training schemes that take place in, or are highly relevant to, the workplace. Informal training thus has a higher

priority than formal training in classrooms. Transferring new, updated competences from younger to older workers could be a way to enhance the latter's skills. Currently, such transfer is in the other direction: skills from workers close to retirement are transferred to younger staff members (mentoring).

Training is most efficiently delivered when it is closely linked to a specific job. Instead of only assessing whether a candidate is sufficiently qualified for employment or not, an assessment should also be performed to ascertain the skills needed to fill a concrete, vacant job. This can be particularly important for older unemployed people, who are generally well experienced and qualified but who may lack knowledge of recent technical developments. Particularly for jobs difficult to fill, matching vacancies and training should be explored. Training could for instance be supported by collective funds, which could help make "work-to-work" projects successful. Individuals may also be more willing to spend their future transitional budget on training and education if a new job is a likely outcome.

Validate skills acquired on the job

Employees acquire new skills during their career as a result of their work tasks or job-related training. Currently, these skills are not sufficiently assessed or measured. There does exist an instrument to validate skills acquired on the job, the *Ervaringscertificaat*. However, it needs to be developed further to become a more useful tool in job search and recruitment. Such a tool can in itself encourage older workers to take part in training and development of skills through work, since it could increase the likelihood real return on their efforts.

Stronger, demonstrable evidence that training and education improve employability can increase workers' willingness to participate and contribute, as an individual investment. More should therefore be done to show employers how to use certificates in a recruitment process. Closer consultations with employers about their quality and usefulness can stimulate improvements in the validation framework and serve as a way to disseminate information and share good examples.

Help private and public employment agencies provide better employment assistance

Networking with employers and employees

A major challenge reported by the Public Employment Service (PES) is convincing employers that older workers are an asset. To meet that challenge, substantial efforts have been made to change employers' image of older workers. The PES can play an important role here, with its solid knowledge of older jobseekers and its networks of employers.

One of the activities organised by the PES to improve the employability of those jobless above the age of 55 is to create networks of 12-15 unemployed persons, led by a dedicated work coach. The aim is to reduce obstacles to finding work among this age group as a result of outdated information about job search or how to succeed in an interview, as well as outdated job networks and a lack of jobs in their occupation.

These networking groups can strengthen relations between employers and jobseekers. Work coaches supported by representatives from the employer side can strengthen the work focus, give older jobseekers insight into employers' priorities in recruitment processes, and show employers the resources and potential that older jobseekers represent.

The role of the PES and municipalities

Active Labour Market Programmes (ALMPs) in the Netherlands consist mainly of reintegration programmes administered by the PES and municipal bodies (such as senior job-search clubs); tax exemptions for employers for wage costs and training; and sheltered

employment. The proposed reduction of the maximum duration of UIB from three to two years aims to get the unemployed back to work more rapidly. This makes close co-operation between the PES and municipalities increasingly important for ensuring positive outcomes of the unemployment reforms.

Municipalities have great freedom in designing their own policies, and deciding which population groups are most in need of their help and assistance. This diversity has the potential to help develop evidence-based sharing of experience, and to help in selecting the most efficient measures. But to realise that potential, evaluations and monitoring of implementation must be more systematic than they are today. The low rates of return to work of the older unemployed highlight the need to look further into how older people are prioritised as a group, and which measures to address their employment are truly efficient. The government should actively use the results to formulate targets and requirements for the PES and municipalities.

Self-employment has potential, but risks must be avoided

Over the past decade, the number of start-ups by middle-aged and older individuals has increased considerably: 20% of self-employed persons running start-ups in the Netherlands are aged 45 or more. Steps are being taken by the government to promote and facilitate self-employment. Important instruments are loans and income support to prepare a start-up while simultaneously providing a social benefit and training.

There are arguments that self-employment is more likely to be successful if individuals are offered this option early in the unemployment period – that is to say, if self-employment is not seen as “the last chance” after a long period of unsuccessful job search. If the jobseeker and the work coach agree that becoming self-employed is a promising option, start-up activities should be embarked on apart from the job search from an early stage, and such activities should not be a barrier to receiving benefits during this period. Current proposals to simplify the rules for receiving benefits and for combining benefits and profit during the start-up period are therefore welcome. Steps should also be taken to simplify rules and procedures for the payback of loans. Moreover, successful, growth-oriented older entrepreneurs who provide jobs for other people and who are able to offer mentoring, financing and other support could be mobilised to improve networking, and renewal and updating of skills.

Improve working conditions for older workers

Best practices – the source for new nationwide standards

About 75% of the age group over 55 reported to the Dutch National Survey of Labour Conditions that they enjoyed good working conditions in 2012. The rate has been increasing over time but there are still issues of concern. Even if it is declining, the share reporting high work pressure was around 40%. Moreover, an increasing share of the respondents reported burnout and stress-related problems, and indicated these as reasons for leaving their jobs.

The Netherlands has implemented a number of programmes and initiatives in recent years to increase employability for and improve attitudes toward older workers. With respect to health, special attention is paid to physical and psychological aspects of the workplace. The newly formed Dutch Labour Inspectorate (*Inspectie SZW*) aims to carry out surveillance and inspections to detect fraud and other illegal activities within the field of employment and social affairs. Results obtained from the new organisation should be monitored.

One criterion for the success of the fresh Sustainable Employability initiative will be the extent to which practices developed within the programme go on to become standards in the many firms outside this network. The Labour Inspectorate could play an important role in assessing whether additional action is required to change nationwide standards and ensuring that new good practices can help improve working conditions for all Dutch employees.

Work ability scans can be a useful tool for learning and networking

Over the past two decades, new legislation regarding absence due to illness and disability has drawn attention to occupational health and safety policy. STAR recommended introducing a personal employability scan as a basis for further advice and discussion regarding adjustment in working conditions, tasks and working hours. One example of such a scan used in the Netherlands is a tool called the Work Ability Index, borrowed from the Finnish concept.

One of the keys to successful use of the Work Ability Index has been the development of both individual and company-wide scores. The questionnaire that is the core of the scan can be benchmarked against a database of other scores. Based on this, employers can obtain advice on finding appropriate training, effective job design, and measures to improve health and career development. Furthermore, the database provides a unique information pack for designing evidence-based measures and policies, both in a preventive approach and to facilitate reintegration.

Increasing working hours

The Netherlands has the highest incidence of part-time work among OECD countries. The share is particularly high for older women: in 2012, 64% of women aged 50-64 worked part-time. Dutch men also chose to work part-time much more often than in most other OECD countries.

It could be said that there is a part-time culture in the Netherlands. The average annual hours actually worked per person are among the lowest in the OECD area. Part-time work is a voluntary choice for many people, an alternative for those who cannot manage a full-time job and a “bridge job” for people who want a gradual transition from work to retirement. However, survey data show that full-time workers feel more welcome at the workplace than part-time workers. Moreover, low expected return can reduce training of older part-time workers, and that can diminish employability.

A significant number of part-timers working short hours want to increase their hours of work. Raising working hours would help alleviate the effects of labour shortages and prevent general cutbacks in welfare systems in the future. The labour potential that this high part-time share represents should become part of a strategy to deal with the ageing labour force. There must be a balance between full-time and part-time work, which can best be obtained by enabling those who wish and can do so to remain in full-time jobs. Measures to stimulate part-timers to work more hours are therefore welcome, and should continue.

The following measures should be considered:

- *Training measures for older unemployed persons should to the extent possible be directly linked to a specific job.* Rather than giving unemployed older people training first and then helping them to seek jobs, a more successful approach could be to match them with an adequate job and then supply the training necessary for them to be fully productive in that job. This can involve better use of activation measures, and make older unemployed more willing to invest their own transition budget in training.
- *The PES and the municipalities must co-operate closely to increase re-entry to work for the older unemployed.* Evidence from the great diversity in “Work-First” programmes across municipalities could be drawn on in designing efficient activation policies and measures, by setting up rigorous evaluations and monitoring implementation of the programmes.
- *Mobilise labour resources* by supporting initiatives to facilitate longer part-time shares and full-time work.