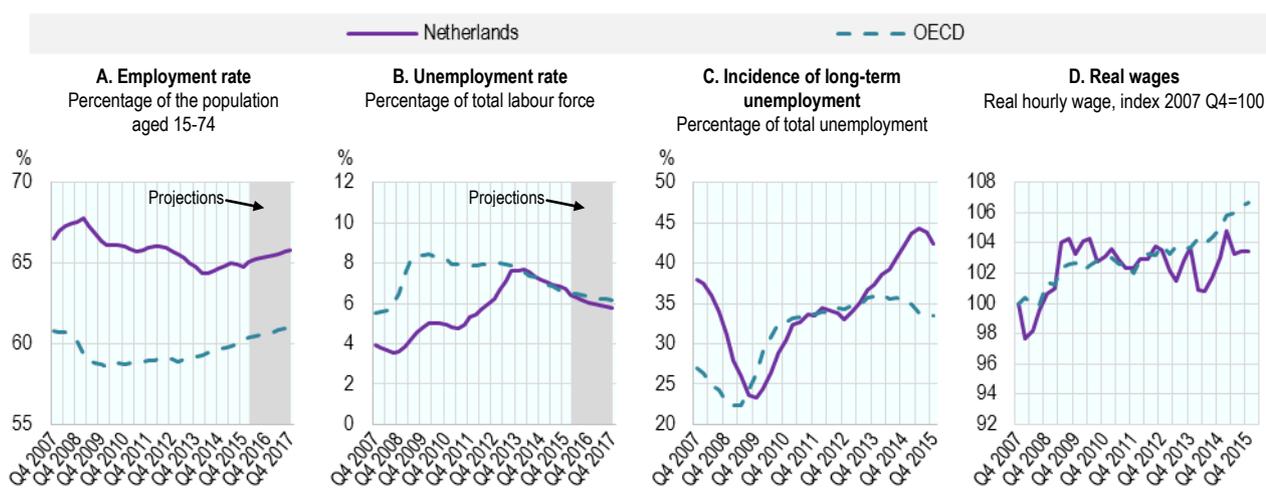


The 2016 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects, with a focus on vulnerable youth. It also contains chapters on: skills use at work; the short-term effects of structural reforms; and gender labour market gaps in emerging economies.

[DOI: 10.1787/empl_outlook-2016-en](https://doi.org/10.1787/empl_outlook-2016-en)

Labour market developments in the Netherlands



Note: OECD weighted average.

Source: OECD Economic Outlook No 99, June 2016, <http://dx.doi.org/10.1787/9572784d-en>; OECD Employment database (www.oecd.org/employment/database); OECD calculations based on quarterly national accounts.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate is projected to return to its pre-crisis level in 2017, nearly ten years after the global financial crisis erupted. The recovery remains very uneven across countries and different groups within the workforce. Real wage growth has also been relatively slow since 2007 raising concerns about a prolonged period of wage stagnation.

- The labour market recovery in the Netherlands is lagging behind. As of the last quarter of 2015, the unemployment rate stood at 6.7%, just one percentage point lower than its cyclical peak and three percentage points higher from its level at the start of the global financial crisis. As a result of the sluggish recovery, the unemployment rate in the Netherlands is now slightly higher than that for the OECD as a whole.
- Moreover, more than 40% of unemployed persons have been out of work for 12 months or more. The number of long-term unemployed is

almost twice as high as at the start of the crisis. Nonetheless, in 2015 the pool of long-term unemployed began to shrink, driven by the overall improvement in labour market conditions and more recently, also by a decline in the incidence of long-term unemployment.

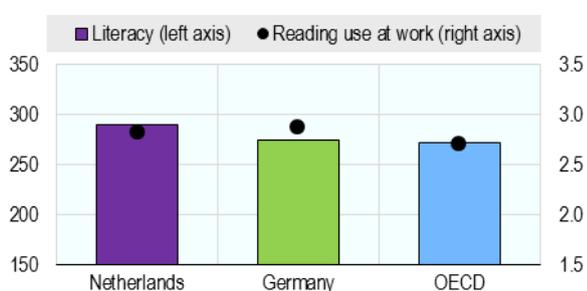
- Real wage growth has been close to zero during the past six years (2009 Q4 to 2015 Q4). This reflects a combination of high unemployment putting downward pressure on wages and weak productivity growth.

SKILLS USE AT WORK

Some countries are better than others at employing workers' skills and this difference has economic consequences. Among equally skilled workers, those making more frequent use of their skills at work earn higher wages and are more satisfied with their jobs. While employers have the primary responsibility to mobilise the competencies of their workers, governments can make use of a variety of policy tools to promote improved skills use.

- Reading skills use in the Netherlands is higher than average across OECD countries participating in the Survey of Adult Skills, but lower than may be expected given its skills proficiency is even further above average.
- High Performance Work Practices tend to be more prevalent in the Netherlands than in most other OECD countries. High Performance Work Practices promote the use of skills at work as well as productivity.
- There exist several initiatives in the Netherlands that seek to promote managerial awareness and the adoption of high performance management practices.

Skills use can differ from skills proficiency
Working population aged 16-65



Proficiency in literacy (0-500 score points) and reading at work (1 "Never" to 5 "Everyday").

Source: OECD Employment Outlook 2016, Chapter 2.

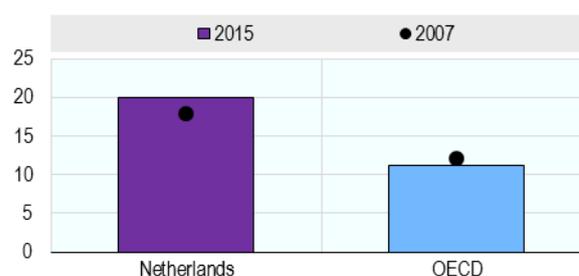
REFORMS TO REDUCE LABOUR MARKET SEGMENTATION

Structural reforms are needed to enhance growth and reduce labour market segmentation. However, they can be disruptive in the short run. The 2016 Employment Outlook provides new evidence that structural reforms are sometimes associated with short-term employment losses, but shows how these losses can be minimised or even avoided. For example, employment protection reforms that are implemented during an economic upturn or in countries with significant labour market dualism result in little or no job loss. Similarly, reforms can be combined and implemented in ways that significantly improve short-term outcomes.

- In 2015, one in five employees in the Netherlands had a fixed-term contract compared with just one in nine in the OECD as a whole. Moreover, only about half of workers with a fixed-term contract are expected to have an open-ended contract after three years. Reducing labour market segmentation should be an important policy priority.

- In July 2015, employment protection was reformed with the law "Wet Werk en Zekerheid" to enhance the fairness and efficiency of dismissal procedures. While it is too early to assess to what extent the reform resulted in better access to open-ended contracts, it is worth considering additional measures that would build on the recent reform and could have the potential to further reduce labour market duality.
- In 2015, the Netherlands counted more than 1 million self-employed without employees, accounting for 12.3% of total employment. It is important to ensure that the self-employed are sufficiently insured against disability and have adequate pension savings. Doing so would help to prevent financial distress in households depending on income from self-employment. While also reducing fiscal pressures by limiting their reliance on social programmes.

Incidence of temporary employment
As a percentage of all employees



Source: OECD Employment Outlook 2016, Chapter 1.

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