The new OECD Jobs Strategy

Good jobs for all in a changing world of work

How does the NETHERLANDS compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new OECD Jobs Strategy provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for the Netherlands

Notes:
- Employment rate: share of working age population (20-64 years) in employment (%).
- Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%).
- Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality.
- Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings.
- Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands.
- Low-income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income.
- Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men).
- Employment gap for disadvantaged groups: Average difference in the prime-age men’s employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men’s rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new OECD Jobs Strategy presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment, and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The Netherlands scores above the OECD average on all three indicators of job quantity, ranking amongst the top third of the best performers in the OECD in unemployment and broad underemployment rates and just outside of the top third with regards to the employment rate.
The Netherlands is among the best performers on job quality, ranking in the top five on earnings quality and labour market security and in the top third of countries on the quality of working environment. The comprehensive social security system ensures that newly unemployed individuals have strong income support. High levels of job satisfaction and the highest incidence of part-time employment in the OECD are associated with low stress levels and job strain.

The Netherlands has a slightly smaller employment gap for disadvantaged people than the average OECD country, but is some distance behind the best performers. Despite being lower than the OECD average, the poverty rate has been rising in recent years. The Netherlands has one of the highest gender labour income gaps in the OECD, which reflects the significantly higher incidence of part-time work amongst women.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key pre-condition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers’ productivity and wages and provide an indication of the readiness to respond to future challenges.

The Netherlands scores near or above the OECD average in all the main indicators of resilience and adaptability, suggesting that they contribute to the good performance in job quantity and job quality.

The Netherlands scores at the average of OECD countries in terms of labour market resilience, i.e. the unemployment cost of economic downturns. Regular workers are protected by relatively stringent dismissal regulations but there are also high rates of self-employed and temporary workers who are more exposed to the impact of recessions.

Labour productivity growth is in line with the OECD average. Student skills are in the top quintile of the OECD, reflecting the strong performance across all levels of formal education in the Netherlands.

Framework conditions for the Netherlands

<table>
<thead>
<tr>
<th>Resilience</th>
<th>Bottom OECD performer</th>
<th>Top OECD performer</th>
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<tbody>
<tr>
<td>Unemployment cost of a decline in GDP (2000-16)</td>
<td>Spain: 0.9 pp</td>
<td>OECD: 0.4 pp</td>
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<td>Luxembourg: 0.1 pp</td>
<td>Netherlands: 0.4 pp</td>
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<tr>
<td>Labour productivity growth (2010-16)</td>
<td>Greece: -1.0%</td>
<td>OECD: 0.8%</td>
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<td>Netherlands: 0.8%</td>
<td>Japan: 5.5%</td>
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<td>Share of low-performing students (2015)</td>
<td>Mexico: 73.2%</td>
<td>OECD: 31.3%</td>
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<td></td>
<td>Netherlands: 20.8%</td>
<td>Japan: 15.4%</td>
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Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).