

Lessons on dynamic labour markets, policy and institutions: a Dutch perspective



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OUTLINE – Ruud Muffels

- Dynamics: causes and consequences: mobility, dualization and inclusive Dutch labour market
- Transitional labour markets and flexicurity: “protect people not jobs” (employment security)
- Decentralisation of LM policy and social innovation at regional level
- Future of work: ageing and technological change - challenges for policy

Conclusion

Mobility in the Netherlands: how does it look like?

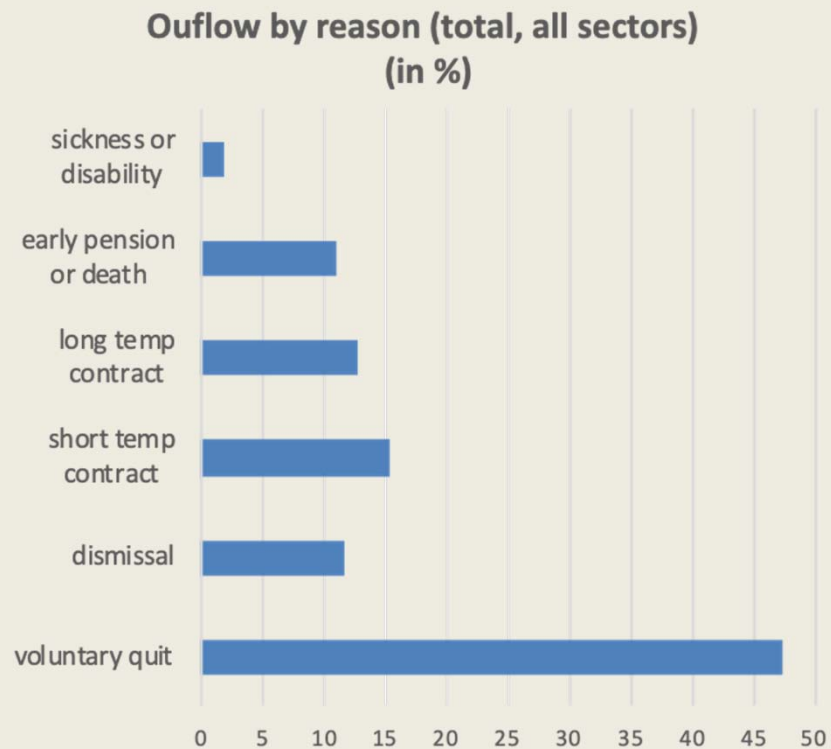
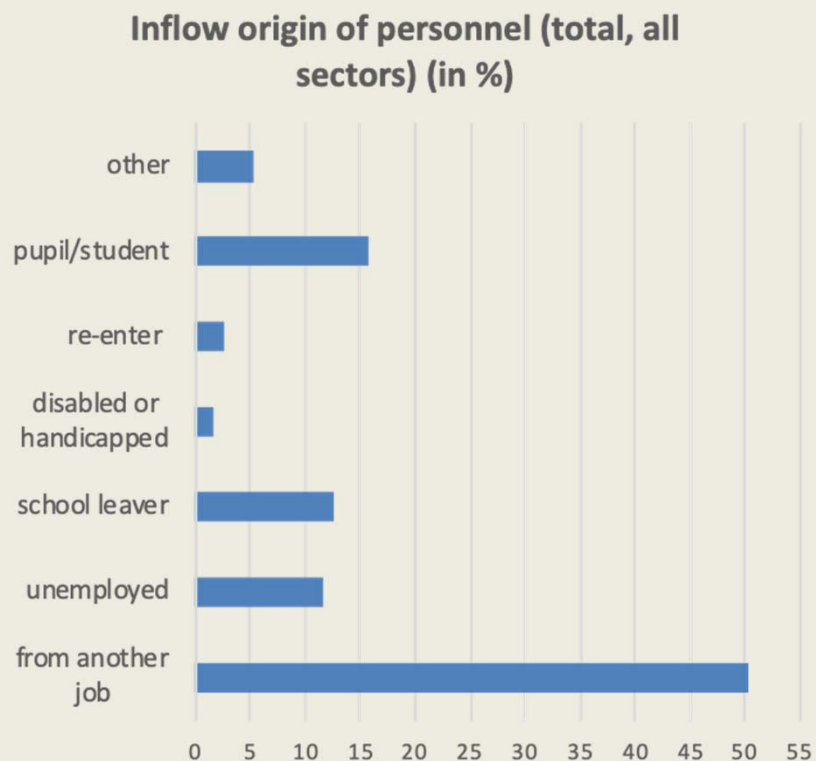
- Netherlands has average job mobility rates in Europe
- High mobility in temporary work and very low mobility in open-end contracts
- Long tenure 10-11 years
- Low intersectoral mobility
- Very low mobility in government sectors
- Low mobility with older workers
- Steep wage-tenure profiles
- Increase of ending temp and dismissal over time



Causes low mobility:

- **Work force ageing**
- **Strong employment protection (job security)**
- **Wage systems (anciennity)**
- **Dualization of labour market (low wages flex contracts)**
- **Wage inequality increased but reduced by government redistribution (SS)**

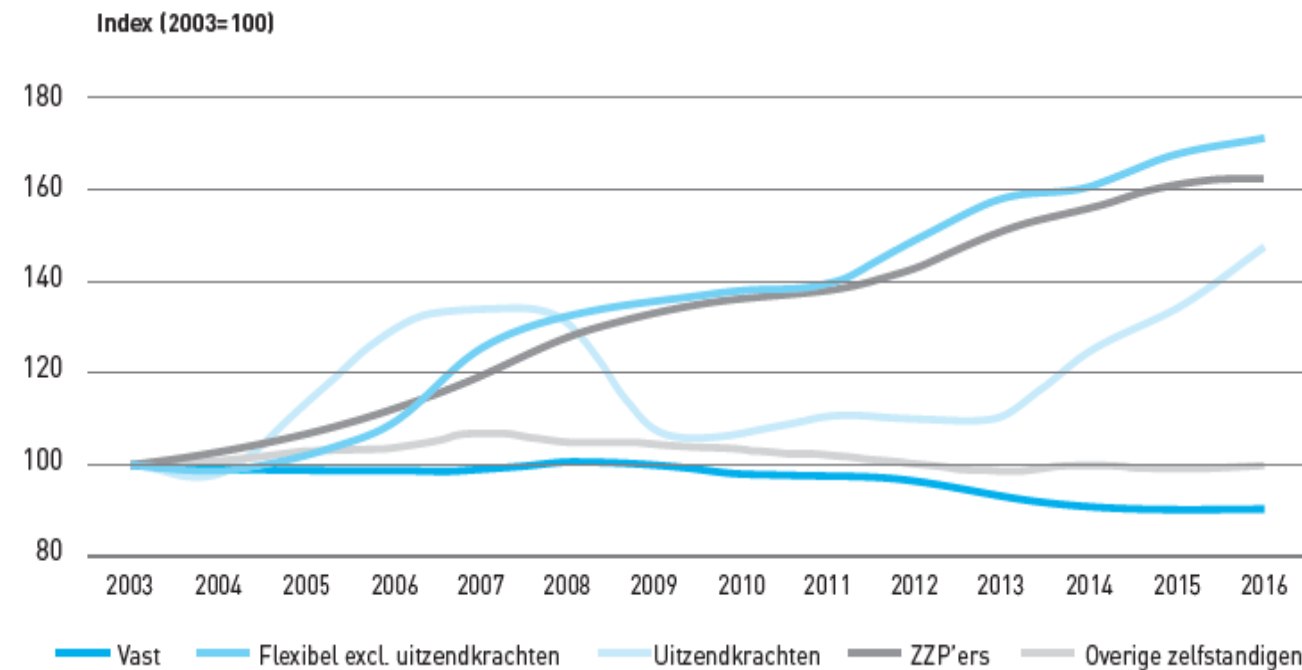
I. Dynamics: Hiring and Firing on Dutch Labour Market, 2019



Source: SCP-Trend Reports Labour Demand and Supply, 2019

Evolution flexible segment 2003-2016: Index 2003=100

Figuur 3.2 Ontwikkeling flexibilisering 2003-2016

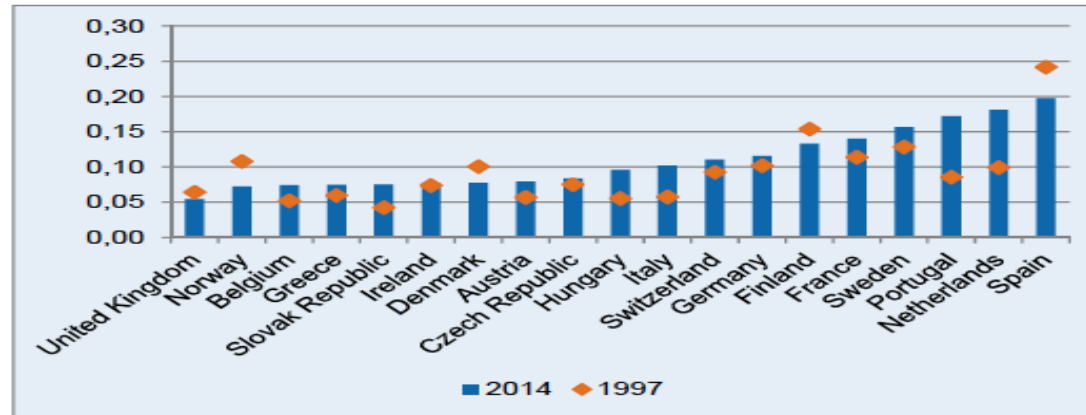


- Strong increase flex jobs and own-account workers (zpz)
- 1.2 million zpz (10-15%)
- 21% flex segment

- Vast (open end contract)
- Flexibel (flex jobs)
- Uitzend (temp agency job)
- ZZP (own-account self-employed)
- Overige zelfstandigen (other self-employed people)

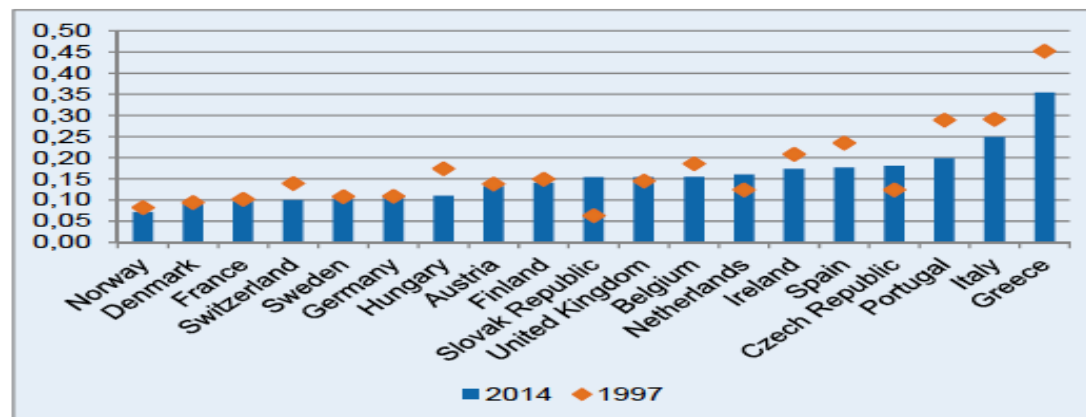
Temporary and self-employment in Europe (Central Planning Office report 2016)

Figure 2.1 Temporary employment in Europe, 1997–2014



Source: own calculations based on OECD. Data for Switzerland start in 1998.

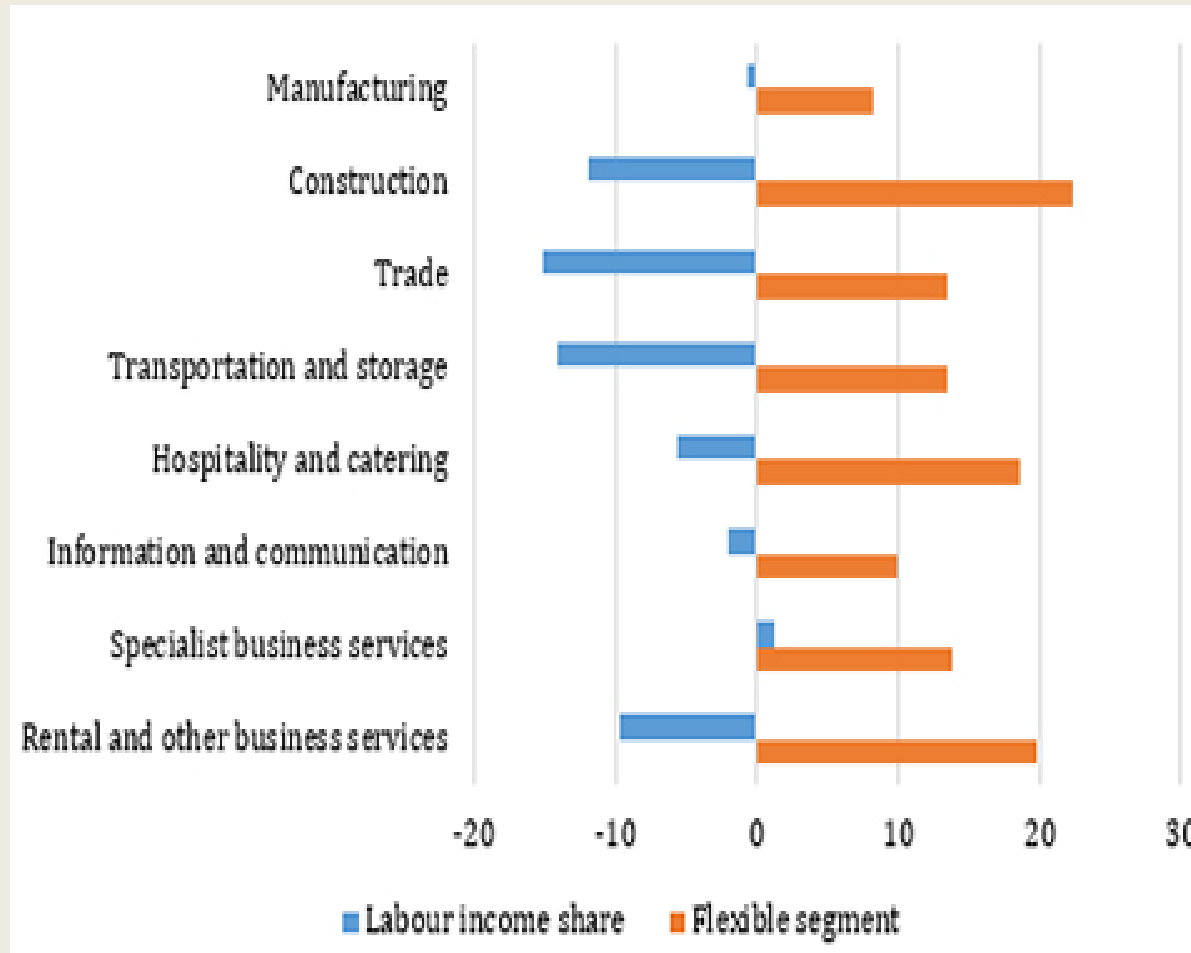
Figure 2.2 Self-employment in Europe, 1997–2014



Source: OECD. The share of self-employment includes agricultural self-employment.

- Temporary work strongest increase in Europe
- Very strong increase in own-account workers

Relationship between increase of flexible segment and decrease of labour income share (DNB 2018)



- 15.8% increase in flex (temp + own account workers) 1996-2015 a
- But 3.6% decrease in labour income share
- Flex concentrated with low educated in low wage jobs

Flexibilisation and dualisation

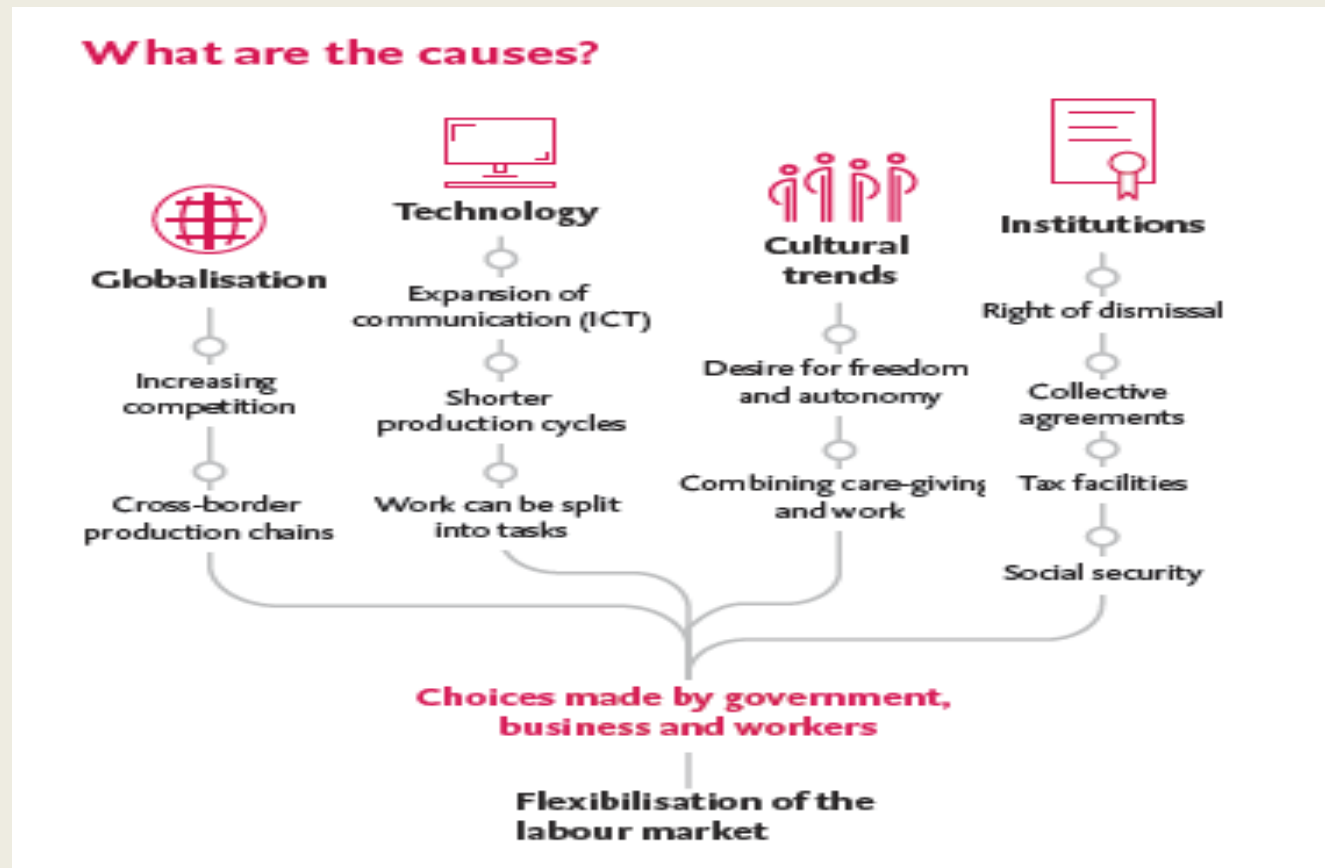
- No lifetime jobs anymore → “patchwork careers”, “gig economy” (Transitional LM)
- Flexjobs are shorter and more insecure now
- Declining upward mobility from flex into permanent jobs (43% in 1990s to 15% in 2010s)
- Low reintegration chances for the disabled. → paradigm change is needed
- Employment security needs institutional change (human capital and social investment agenda, social innovation at regional level)
- Polarisation of LM (U-shaped pattern) lead to rising inequality (21st century skills)



Source: WRR, 2017

Policy debate: WRR Report 2017

Flexibilisation is a choice



- New law: Work in Balance (January 1, 2020)
- Making permanent less permanent, and flex less flexible
- Opt-in for own-account worker (zzp) in SS (disability and pensions)

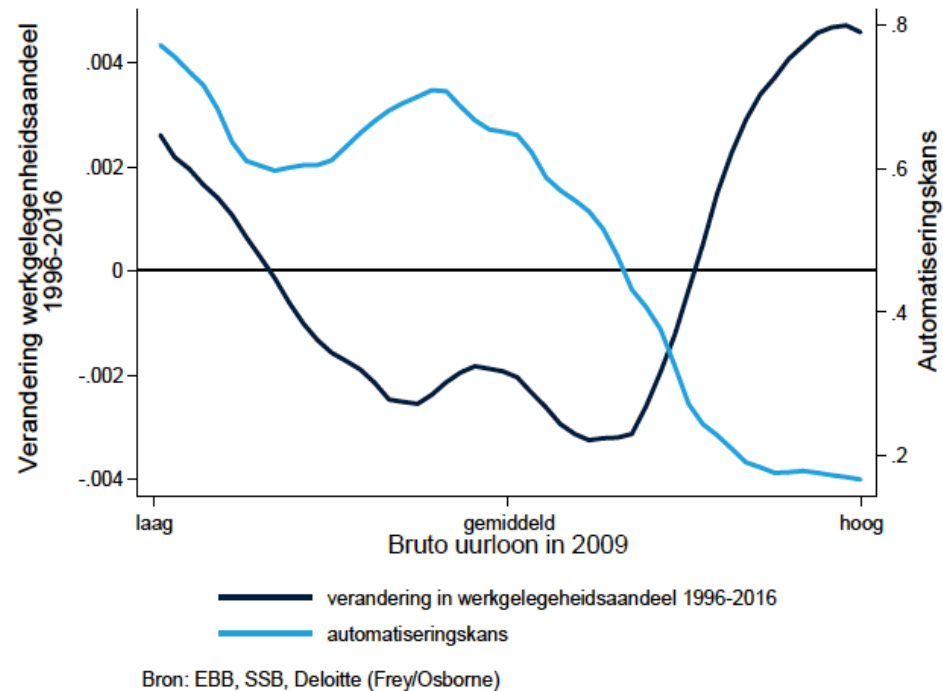
II. Ideas to understand and adapt (TLM, FLC)

- Transitional LM → “protect people no jobs”, ‘make (good) transitions pay’, building bridges to work
- Flexicurity: good marriage between flexibility and security by investing in people (HC, LLL)
- Sen’s capability model: create free choice options and better use of talents: “bring jobs to people instead of people to jobs”
- Behavioural Economics and cognitive psychology: how to influence behaviour: financial incentives, trust and intrinsic motivation



Polarisation: Changes in employment shares of occupations by wage level 1996-2016

Figuur 7: Verandering in werkgelegenheidsaandeel van beroepen 1996-2016 en automatiseringskans van beroepen, naar loonniveau in 2009



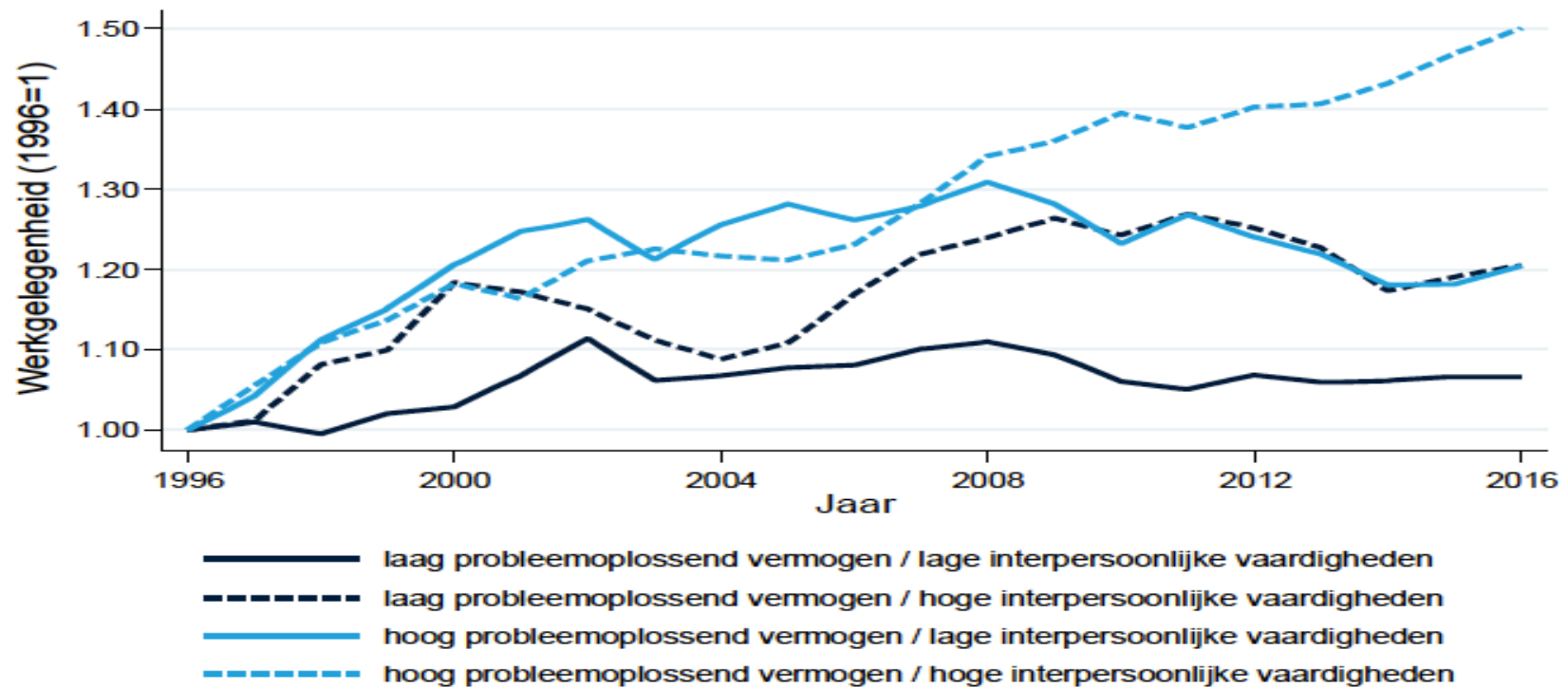
- Polarisation is clearly present but not only explained by automation

Source: Inaugural lecture of prof. D. Fouarge

Interpersonal skills are important for employment

Ontleend aan oratie prof. D. Fouarge

Figuur 5: Werkgelegenheidsontwikkeling naar niveau van probleemoplossend vermogen en interpersoonlijke vaardigheden



Bron: EBB, PIAAC, NSS

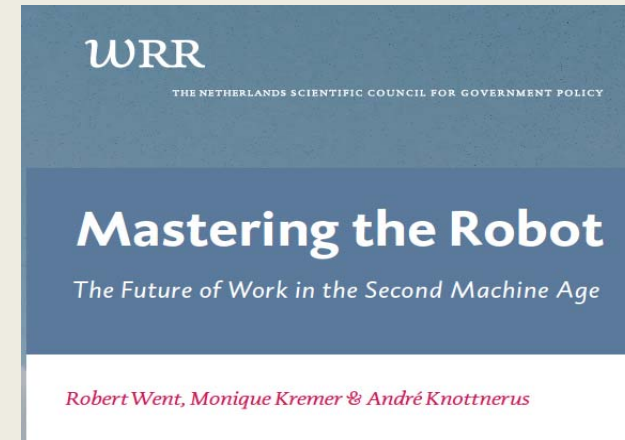
III: Social Innovation and experimenting at regional level

- Brainport South-East Netherlands (high tech area, LM agenda: life long learning and skills development)
- GAM-Transitional Labour Market Model in Gelderland (transition security, labour pools, inter-sectoral mobility)
- Knowledge Pact: Triple Helix (Professional education, Government, Business)
- Decentralisation of LM policy to local/regional level from January 1 2015
- Experimenting with new employment support approaches at local level (e.g. Participation Income Experiments in 11 cities (trust, intrinsic motivation, freedom of choice)



IV: Future of work and policy challenges

- Frey and Osborne (2013) The Future of Employment. In US minus 50%
 - Professions are classified by the chance of automation based on: creative intelligence, social intelligence and perceptual and manipulation task content. Subsequently 702 professions classified.
- Deloitte (2014-2015) and the Brussels thinkthank Bruegel (2014), come to similar findings for the Netherlands and Europe (EU-Labour Force Survey data 2012).
 - The percentages vary from 47% for Sweden (comparable to the US) to 62% for Rumania. The Netherlands and Belgium score in European perspective average, with 50% of the jobs that could disappear.
- OECD 2016 robotisation and automatisisation (task approach)
 - For the United States (9%) as well as for Europe and the Netherlands (10%).



Job destruction or new jobs for new skills: towards an “inclusive robot agenda”

IV: Evidence on..

Robotization:

- Job destruction AND job creation
- Not really clear what will be the bigger effect
- Predominantly: jobs change in content
- Risks for increasing inequality

Platformization

- Wages/pay goes down (e.g. for taxi drivers)
- Rewards for owners of the platform/
software/app are enormous
- Inequality increases

Martin Ford: The rise of the robots



Policy challenges and conclusion

- Need for institutional change to safeguard employment security through investment in life long learning and talent (bring jobs to people). Make use of sector funds to facilitate intersectoral mobility.
- Increasing dualisation and inequality in job security and income security. The “price of inequality” is large in economic terms? (lack of investment in HC; low productivity; lack of opportunities)
- Invest in job creation programmes for the low educated (75% of people in social assistance lack the ‘starter’ qualification). Facilitate public-private partnerships for employment creation (see next slide)
- Create Multiple-Helix collaboration between stakeholders at regional level to meet economic and social concerns with a view to attaining an “inclusive society”
- Master the robot through an inclusive robot agenda (complementarities between (wo)man and machine)

Employment effects (number of weeks employed in a job + employed in a “good” job) of Philips Employment Scheme, 1999-2016

