

Summary

Supply of Labour 2014

Labour participation, flexibilisation and sustainable employability

The report *Supply of Labour (Aanbod van arbeid)* is published every two years. It describes the situation on the Dutch labour market and outlines changes in recent years from the perspective of workers and non-workers. The report draws on data from the Labour Supply Panel (*Arbeidsaanbodpanel*), a survey of approximately 4,500 workers and non-workers which is carried out every two years. The most recent data available for use in this report were collected in the autumn of 2012. The report presents a broad picture of developments on the labour market and is primarily descriptive in nature.

Dutch government policy in recent years has focused on raising the labour participation rate, partly with a view to maintaining the affordability of the welfare state, and partly based on fears of a major shortage of labour (see e.g. Commissie arbeidsparticipatie 2008). The concept of ‘sustainable employment’ is a key element of recent labour market policy in this context. It refers to the desire to ensure that employees remain permanently active across a broad front on the labour market until retirement. Three aspects are important here: labour mobility, training and health. Mobility is considered important because of the assumption that workers who change job or employer with some regularity will acquire new knowledge and skills, and will therefore remain more employable. Workplace training is seen as a means of maintaining employability. Finally, good health is necessary to avoid premature exit from the labour market due to sickness or incapacity for work. These three core elements – mobility, training and health – are the central focus of this report. However, these themes cannot be seen in isolation from other developments on the labour market, such as the economic crisis and increased flexibility of labour. Before exploring the three core elements of sustainable employability, therefore, the report first describes developments in the labour participation rate and the flexibilisation of the labour market.

More people working, with a preference for large part-time jobs

The Dutch labour participation rate has risen sharply in recent decades, from 64% in 1986 to 79% in 2012. The time devoted by households (both partners together) to work each week also increased over the same period, from 44 to 51 hours, mainly due to the increased labour participation of women and older persons. The economic crisis led to a slight fall in the labour participation rate in 2010 and 2012. A small proportion of workers (8%) would like to work more hours than at present, but 6% would like to reduce their working hours. If all workers were able to work the number of hours they would like, more

people would be working in large part-time jobs and fewer people full-time. The main reasons for not wishing to increase working hours are care commitments and poor health.

The 'combination society'

As the labour participation rate is increasing, so the supply of labour is becoming more varied. There is great diversity in the way in which people participate and the role(s) they play. Participation also often means combining: combining work and care tasks, combining several jobs, or combining study with work.

First, the care commitments of workers are increasing. This is not so much because they are caring for young children, but is due more to an increase in informal care provision. The share of working people caring for others increased in the period 2004-2012 from 13% to 17%. This increase in care tasks carries the risk that it will adversely affect employability, though based on the Labour Supply Panel there is as yet no empirical evidence for this (Josten & De Boer, forthcoming).

Second, the share of workers with more than one job increased from 3% to 8% over the period 1986-2012. The increase was somewhat greater among the self-employed, from 4% to 13%. The trend towards combining jobs appears to mirror the increase in the share of self-employed people in the labour force. Combining different jobs results in long working weeks for roughly a third of those affected (> 40 hours per week). This applies particularly for the lower skilled (no more than pre-secondary vocational qualifications) and for university graduates. It is not immediately evident from the data whether combining jobs should be seen as a necessary evil that enables people to maintain their living standards, or whether those concerned combine jobs out of interest, for example, or to further their own development. Those who combine jobs appear to be a very varied group. Further research would be needed to ascertain the motives for combining jobs and what this means for the sustainable employability of workers.

Third, more students and pupils are combining study with work. Whereas in 2004 fewer than 40% were combining waged jobs or self-employment with their studies, in 2012 this had risen to 60%. Because of the growing prominence of students in the labour supply, since 2010 they have completed a separate questionnaire in the Labour Supply Panel. According to their own reports, students with jobs rarely fall behind in their studies. On the other hand, the work they do is often below their qualification level and in their eyes contributes little or nothing to their future career.

Flexibilisation of the labour market

Flexiwork is extending later and later into people's careers. In 2002, 80% of employees had a permanent employment contract after between six and ten years; in 2012 this was only the case after ten to fifteen years. There does not appear to be any evidence of an accumulation of flexible employment contracts within households; the share of households in

which at least one partner has a permanent contract (80%) has remained relatively stable over the past decade. The share of single-person households has however increased, and hence the share of single persons with a flexible employment contract. Where in the past the income risk within households was high because women did not work, today it is increasing because of the growth in the share of single-person households.

The working conditions of flexiworkers are in some respects worse than those of workers with permanent contracts (e.g. lots of repetitive work), but mentally and emotionally heavy work is still performed mainly by permanent employees. With the exception of self-employed workers, flexiworkers are more dissatisfied with their work and their lives. Job security is still seen as the ideal by most employees.

Sustainable employability

The Dutch government stresses the importance of labour mobility, training and a healthy working environment in ensuring that people remain employable on the labour market until their retirement. We examined how far these aspects have developed over time in the direction envisaged in the policy. In addition to general trends, we looked specifically at a number of vulnerable groups on the labour market, such as older persons and flexiworkers.

– Mobility

The percentage of workers actively looking for another job has been stable for many years at around 12%. The reasons for switching jobs have however changed in recent years under the influence of the economic cycle. The ‘push factors’ (e.g. employment contract coming to an end) have increased, while the ‘pull factors’ (e.g. a desire for more interesting work) have become less important. There has also been a decline in actual labour market mobility in recent years; where 21% of employees had changed jobs in the preceding two years in 2008, this had fallen to 13% in 2012. Most people (64%) who change jobs remain working at roughly the same level. Upward mobility is more common (21%) than downward mobility (15%), and is slightly more common among temporary workers than among permanent employees. This is partly because they are often young people, who more often have temporary employment contracts and are more often upwardly mobile.

The (external) job mobility of older workers is substantially lower than that of younger workers. Older persons feel more often than young people that their present work is a good match for their knowledge and skills, but they are much more sombre regarding their prospects on the labour market. Although more and more older people are in work and people remain employable on the labour market until later in life, it is still difficult for those aged over 45 to find new employment after losing their job, and where they do find work it is often not permanent: 20% of re-entrants to the labour market over the age of 45 find permanent work, compared with 35% of their counterparts aged under 45. A relatively high proportion are also out of work again after two years.

– Training

The share of workers following training or courses remained virtually unchanged in the period 2004-2012. In 2012, 40% of workers were following training (two percentage points lower than in 2010). Most training is paid for by the employer (80%), though around half of workers who are following training do so either entirely (27%) or partly (24%) in their own time.

Groups that are in a weak labour market position participate little in training, for example older persons (31%), unskilled workers (16%), people qualified only to pre-secondary vocational level (25%), temporary workers (33%) and workers with poor health (33%). The percentage of people with temporary employment contracts following training appears to have fallen over the last decade. Employees who were following training in an earlier survey are often also following training in the next survey. This may be because a training programme spans several years, but it may also be that there is a group of employees who continually follow training courses and a group who never do so. Employees who have changed job or employer relatively often follow training, but the converse is rare: training has virtually no influence on (upward) mobility. The assumption that training leads to greater labour mobility is thus not supported by our data.

– Health

Part of the sustainable employability policy programme involves tackling work-related psychosocial problems. The onset of work-related mental health problems is often associated with an imbalance between resources and job demands. The demanding aspects of work (pressure of work, emotionally demanding work) remain fairly constant, though the number of employees carrying out unpaid overtime has increased since 2008. By contrast, the number of people performing heavy physical work has declined steadily over recent decades. The degree of autonomy at work (often regarded as a resource) declined in the period 2004-2012. Work-related sickness absenteeism reduced in the period 2000-2012. The reason for sickness absence increasingly lies both at work and in people's personal lives, especially in the case of mental illness. Employees who have taken more than two weeks off work because of illness are relatively often outside the labour market two years later. Not only are they more often in receipt of disability benefit, they are also more often unemployed. For flexiworkers with a history of illness, the dropout rate appears to be even higher: roughly 10% of this group are no longer in paid employment two years later, compared with 3% of 'healthy' flexiworkers. Evidently, flexiworkers who have been ill are in a more vulnerable position on the labour market.

Looking at the whole picture

Although the labour participation rate is rising and people are remaining active on the labour market for longer and longer, across the board there appears to have been no clear upward trend in recent years in the three aspects of sustainable employability investigated here, with the exception of the falling sickness absenteeism rates. The percentage of

employees actively seeking work has remained constant, as has the share of workers following training and the percentage working in demanding conditions. The economic crisis of recent years has undoubtedly also played a role, for example in the reduction in labour mobility.

The demands placed on workers appear to have been increasing in recent years. The flexibilisation of the labour market means less job security, and more workers are providing informal care alongside their paid work. Employees are also expected to remain employable throughout their lives. A key question here is who is responsible for this. For example, the statistics show that training – which is often regarded as a means of increasing sustainable employability – does not reach the groups on the labour market who appear to need it most. This can also be explained from the perspective of employers, who pay for most of the training. They are likely to be less interested in training employees who will leave the organisation within a relatively short time (flexiworkers, but also older workers).

The labour supply is taking on more and more varied forms. In parallel with this, working people increasingly play more than one role: that of parent, employee, informal carer and/or self-employed worker. All these roles place different demands on workers within different policy frameworks. It is therefore reasonable to ask whether the present labour system is still adequate to accommodate all these different roles. To date, for example, the arrangements for combining work and care tasks have focused largely on people with young children, but are increasingly being expanded to include informal carers in order to ease the burden of this growing group of (mostly older) employees who are also caring for someone else. The increase in the percentage of people in self-employment, often in combination with a waged job, has prompted a debate about collective arrangements for sickness and pensions for the self-employed. The developments highlighted here make clear that ‘facilitating combination’ currently presents a major challenge for policymakers seeking to raise the labour participation rate.