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Strengthening the employability of older workers in the Netherlands

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Chapter 5

Strengthening the employability of older workers in the Netherlands

In addition to adequate economic incentives and better employer practices, employability and willingness to stay on working are prerequisites to increasing the employment rates for older workers. This chapter provides an overview of measures that have been taken to boost the employability of older workers. Suggestions are made for ameliorating some of these measures: reducing inequalities in training participation by age and skill; helping private and public employment agencies provide better employment assistance; and improving working conditions.

Exactly how a person makes the transition from work to retirement is influenced by a number of factors. Debrand and Sirven (2009) showed that personal factors influencing an individual's retirement decision are age, health status, level of education and household structure. As to the wider context, Debrand and Sirven found confirmation that workplace conditions and the spouse's employment status have an impact, as well as pensions and disability schemes. Damman, Henkens and Kalmijn (2011) found in a study of Dutch men that midlife experiences influenced their retirement planning, which draws attention to the importance of a life-cycle approach to keep people in work longer.

According to the Dutch national survey on labour conditions, the majority of workers report high and increasing job satisfaction, and that they enjoy good working conditions. There are also trends that give cause for concern. Among those less educated in the working-age population, about 50% find their job physically onerous, while among the highly educated, about 50% found their job mentally stressful. Van Kalmthout (2012) found, based on the annual monitoring of sustainable employability, that those who are satisfied with their working conditions are most likely to be willing to work until retirement age.

In a study of the labour market for people aged 45-64, König and ter Haar (2010) found that men and those who were more highly educated were more willing to work than women and those less educated. Tijdens (2012) found that 81% of employees felt welcome at the workplace, while 19% felt that the employers wanted them to leave. Full-time workers feel more welcome than part-time workers.

Overall, these studies show that choices between work and retirement depend on not one but a multitude of factors. In order to promote sustainable employability and high productivity in the Dutch workforce, the government has identified three key policy areas for development: education and training, preventive intervention, and age awareness.

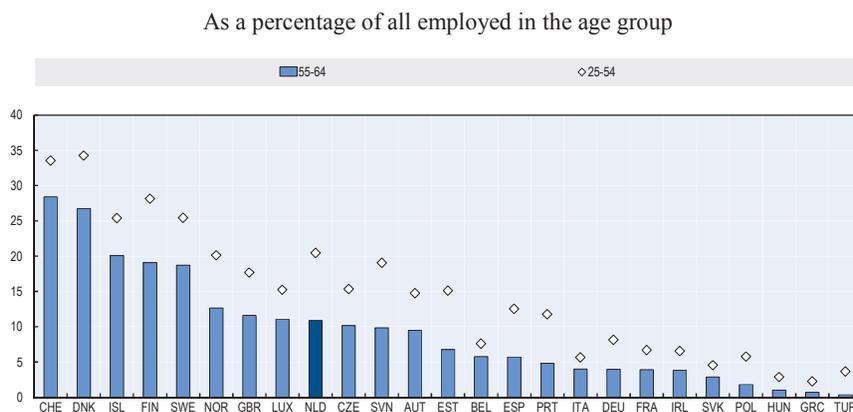
Learning and bringing new skills by training

Trends in training participation

In the Netherlands as in most other OECD countries, employment rates for the older age groups are higher among people with higher education than among those with less education, and the more educated can anticipate remaining in work a greater number of years. This difference is more pronounced for women than for men (Chapter 2). Among the 55-64 age group (both genders), 25.9% had tertiary-level education in 2011. This is higher than the OECD average of 23.8% (Table 2.1).

The percentage of employees participating in job-related training in the Netherlands is mid-range in relation to other European countries (Figure 5.1). But the age gap in training participation is higher in the Netherlands than in many other OECD countries.

Figure 5.1. **Incidence of job-related training by age group, European countries, 2011**



Source: OECD estimates based on the European Union Labour Force Survey (EU-LFS).

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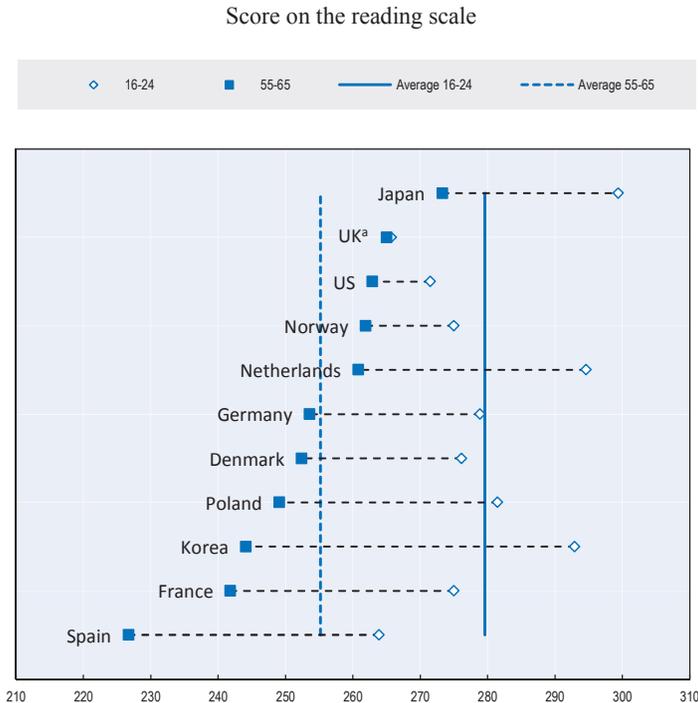
A life-cycle approach to prevent skill obsolescence

The Survey of Adult Skills – PIAAC (OECD, 2013a) provides new insights into the levels of some of the key information-processing skills in society and how they are used at work and at home. The survey assessed a number of these: literacy, numeracy and problem solving in the context of technology-rich environments.

Even if there are large individual variations, older adults were generally found to have lower proficiency in these skills than their younger counterparts. The results indicate that literacy in the age group 55-65 is somewhat higher in the Netherlands than the OECD average. Still, the age gap is high, since literacy in the 16-24 group is even higher (Figure 5.2).

The OECD (2013a) associates the decline in proficiency both with differences in the amount and quality of opportunities that individuals have had to develop and maintain proficiency over their lifetimes, and with the effects of biological ageing. Comparison of the average scores of adults of the same age in two surveys – the Dutch International Adult Literacy Survey 1994, and the Dutch Survey of Adult Skills 2012 – reveals that the onset of age-related lacunae in key information-processing skills occurs at around the age of 42 (Figure 5.3).

Figure 5.2. Progress in literacy skills for two generations, selected OECD countries, 2012



a) England and Northern Ireland.

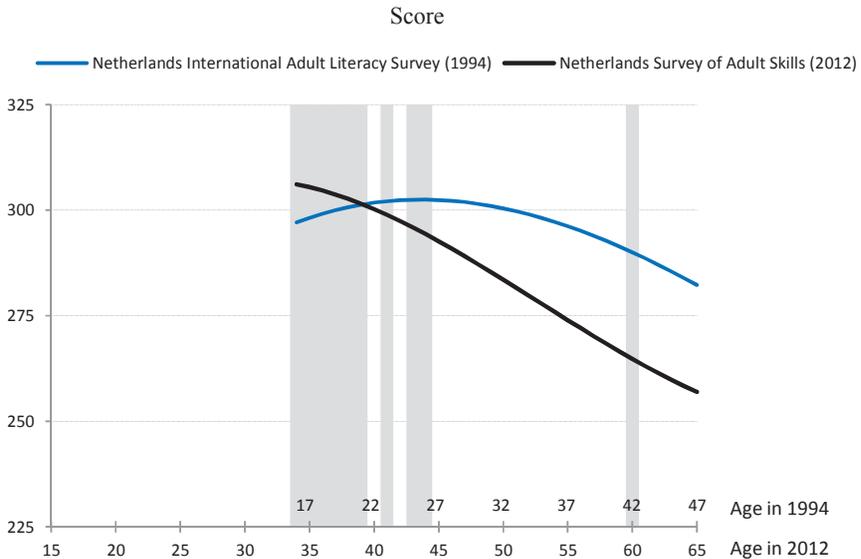
Source: OECD (2013), *OECD Skills Outlook 2013: First Results from the Survey of Adult Skills*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264204256-en>.

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Skills, as measured in the PIAAC survey, are one of several factors determining work ability and productivity. The relatively early onset of deterioration of foundation skills stresses the importance of setting training and education into a life-cycle perspective. Cognitive skills can be developed, maintained or lost over the lifetime, depending on the interplay between the negative effects of ageing (Smith and Marsiske, 1997) and the positive effect of certain behaviours and practices (Reder, 1994).

Learning during childhood and young adulthood is thought to be important. Certain evidence suggests that educational interventions in adulthood can also slow or reverse age-related deterioration in skills. OECD (2013a) points to a clear relationship between participation in organised adult learning and the average level of key information-processing skills.

Figure 5.3. Effect of ageing on literacy proficiency



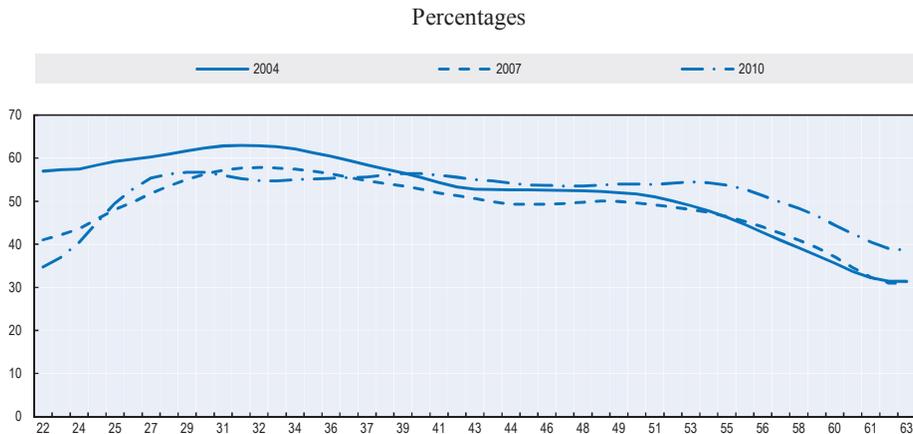
Source: International Adult Literacy Survey (1994-98); Survey of Adult Skills – PIAAC (2012), Annex B, Tables A5.2 (L), A5.4 (L) and B5.2. For more information on the PIAAC survey: www.oecd.org/site/piaac/.

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Desjardins and Warnke (2012) refer to evidence that training and education, as well as a number of physical, social and mental activities, can help mitigate the age-related decline in cognitive skills. For young people, leaving secondary school with well-developed skills in literacy, numeracy, and the use of ICT is a good platform for further development of skills. But that is not all; what adults do, both at and outside work, is clearly linked to proficiency, and highlights the importance of learning and development at all ages.

The Dutch Life Long Learning Survey provides comprehensive information covering workers of all ages about formal and informal learning, knowledge development, employability, and job content (Figure 5.4). The data show a trend shift over time. While training participation in 2004 clearly declined with age, data from the 2010 survey indicate that training participation remains stable until workers are in their mid-50s. Even if training participation is still declining among workers from that age on, the participation rate increased considerably from 2004 to 2010.

Figure 5.4. Incidence of training by age, Netherlands, 2004, 2007 and 2010



Source: Borghans, L., D. Fouarge and A. de Grip (2011), “Een leven lang leren in Nederland” [Lifelong Learning in the Netherlands], ROA-R-2011/5, Maastricht.

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There are various explanations for the declining participation rates. Fouarge and Schils (2009) give several reasons: the payback period is shorter; early investments in training are the most productive; human capital is depreciated; and older workers are less trainable. In addition, pension systems and access to early retirement are important factors in determining the payback period (Bassanini et al., 2007; Fouarge and Schils, 2009). The increasing pension age may help lengthen the payback period, as well as the investment period. Distance to retirement is also a key factor affecting employers’ and workers’ decisions, through a “horizon effect” (Hairault, Langot and Sopraseuth, 2010).

STAR (2011) noted that as employees grow older, their participation in training decreases – even in connection with developments relevant to their positions. This is primarily the case for workers who have been with the same employer for a long period. The mindset of older workers, primarily those with a lower level of education, makes them less likely to even consider the option of participation in training, and they often have little affinity for or positive experience with formal education.

Box 5.1. Training during the life cycle and working longer

Studies of the effects of training by age show divergent results and a multitude of important factors. This can be explained by the complexity of the issue.

A number of these studies show that training of older workers have an impact on their capacity to delay retirement. De Grip and van Loo (2002) found that training could be useful for older workers who face depreciation of their knowledge. Picchio and van Ours (2013) and Gielen and van Ours (2006) found that training leads to retaining, in general but also for older workers.

Jobs with learning potential are also important. Examining panel data that included older workers, Allen and de Grip (2007) found that workers reported skill obsolescence more frequently in jobs with high learning potential. However, that perception had no significant real connection with eventual loss of the job, since workers in these jobs participate more often in training that compensates the skill obsolescence.

Training is more attractive when it relates directly to the work situation. Picchio and van Ours (2013) argue for age-related subsidies for training in firms. Experiments show that even if older workers are less willing to train generally, their willingness is higher when the training is offered by employers than when offered by public authorities (Borghans, Fouarge and de Grip, 2011). Furthermore, Gielen and van Ours (2007) suggested that investments in company-specific human capital are preferable over general human capital development, as it is easier to engender competitiveness on the part of older workers when they experience the work situation as the platform.

Informal training can be just as efficient as formal training. The ROA Life Long Learning Survey offers the opportunity to examine more closely the roles played by both types. The survey indicates that informal learning accounts for 93% of time spent with learning content, while only 7% is related to formal learning. Borghans, Fouarge and de Grip (2011) found that one learns just as much from one hour of informal learning as from one hour of formal learning. They also found that significant changes in job tasks have stimulating effects on knowledge development and training, generally but also among older workers.

Motivation for training is a must. Fouarge, de Grip and Montizaan (2011) remarked that commitment to training declines with age, but personality is also a strong determinant, as intrinsic motivation and openness for learning.

Previous experience

In 1998, the government introduced tax deductions for the corporate training of older workers (i.e. those aged over 40). Leuven and Oosterbeek (2004) found that introduction of the deductions decreased the participation of workers younger than 40 in corporate training, and increased the participation of those over 40. The net effect on participation in corporate training was, however, negative, and so the fiscal instrument was abolished in 2004.

In 2005 the Ministry of Social Affairs and Employment and the Ministry of Education, Culture and Science undertook joint efforts to stimulate and facilitate co-operation at the regional level among local and regional governments, the PES, educational institutions, employers and employees. One specific aim was to stimulate the learning environment in small and medium-sized enterprises, and thereby increase the employability of older workers. The efforts were mostly directed toward workers with few skills and jobseekers. At least 500 companies across 14 sectors are being advised on how to promote learning; the advice given and procedures developed during the project can still be accessed.¹ The experience of using financial measures to stimulate individual training has been less than satisfactory. Life-Course/Vitality Savings schemes were implemented as tax relief instruments to allow employees' savings to be used relatively freely for training or other measures to maintain employability. Ultimately however, most of the money was used for early retirement purposes.² These schemes have now been abolished.

OECD (2012) stated that the combination of EPL that tightens with seniority and the strong seniority elements in wages creates strong incentives to keep the same job as long as possible, thereby reducing the return on non-firm-specific human capital accumulation.

Ongoing and planned reforms of the Dutch labour market highlight the needs of training and education. Previous experience should be used as input in design of new policies.

Instruments to validate skills acquired on the job

Employees acquire new competences and skills during their career as a result of their work tasks or job-related training. Currently, these skills are not sufficiently assessed or measured. This is a particular disadvantage for older individuals, whose initial qualifications may be outdated. Validation is necessary to be able to recognise those skills adequately, and to render them transparent to potential employers. This instrument is especially valuable for older workers, because they often acquire skills on the job but do not have certificates to prove it.

In the Netherlands, the instrument to validate skills acquired on the job is the *Ervaringscertificaat* (Experience Certificate). In recent years its use has increased through campaigns (television, radio and billboards), a quality code, and regional infrastructures for learning and working. The Certificate is also included as part of collective labour agreements in several sectors, and is paid for by a number of training and development funds. The government contributes with fiscal support. In 2008, 12 500 people received an *Ervaringscertificaat*; in 2011, the number had increased to 17 700. This validation of prior learning reduces the asymmetric information between

workers and employers, and therefore makes it easier for workers to switch jobs. The government now focuses on the quality aspect of the certificate. The next step is an agreement with social partners to increase the accessibility and use of the instrument.

Expanding the use and importance of the *Ervaringscertificaat* in job search and recruitment can increase older workers' willingness to invest in training and skills development through work, since the validation could increase the likelihood of getting some return for their efforts. More should therefore be done to make employers aware of the quality of the certificate and how it can be used in the recruitment process. Such consultations with employers can also stimulate improvements in that process, and be a way to disseminate information and share good practices.

The *Ervaringscertificaat* can stimulate labour mobility as well as making the individual "ready for job search" as soon as layoffs occur. If evaluations can show that it is an efficient measure, mid-career and older workers should be encouraged to validate their experience, and not just in case of unemployment.

The way forward: Better co-ordination and targeting

Valuable experience has been gained from the opportunities and challenges of previous training initiatives, and considerable resources are available for training in the Netherlands. But the diversity in related responsibilities among employers, employees and the public authorities leaves an impression of fragmentation, and there is room for better co-ordination and targeting. Most training is financed by firms. Collective funds within most sectors provide additional financial support for training, but those funds are sector-specific. They do not support training to promote mobility across sectors, and unemployed people are no longer eligible to benefit from that support.

Through collective agreements and collective funds, social partners are already deeply involved with and have responsibilities for training. The elements are thus in place to develop an approach likely to provide returns on investments and efforts. The government and social partners have agreed that sectorial training and development funds will increasingly be devoted to broader forms of vocational training; funding for personal learning budgets; and recognition of accredited prior learning and vocational training trajectories. The investment should promote both sustainable employability and mobility.

Studies illustrate the complexities of training, and conclude that training measures must be adapted to the life cycle to be efficient (Box 5.1). Young employees will have relatively fresh formal education and limited work

experience, while for older workers it will be the reverse. Training needs will thus change over the life cycle, and meeting those evolving needs should become a standard element in career development in order to promote sustainable employability of the individual employee. The PIAAC results (OECD, 2013a) highlight that the mid-career phase should focus especially on updating skills so as to prevent skill obsolescence, improve employability as workers grow older, and ensure a sufficient payback period.

Transferring new, updated competences from younger to older workers can be used as a way to train older workers. Currently, it is usually the other way around, where competences from workers close to retirement are transferred to younger staff members (mentoring). Moreover, experience from different tasks/industries can in some occupations be useful to build new competences and careers. Co-operation across sectors could allow synergies to improve the learning effects and support a flexible labour market, where workers have abilities as well as opportunities to move across tasks and industries.

Training for the older unemployed is not linked to specific jobs. If jobseekers bring with them financial resources or a real commitment to training, that could allay doubts employers may have about eventual skill levels, and so make them less reluctant to hire. Older workers are often well experienced and qualified for jobs, but may lack knowledge of recent technical developments. Job-specific training supported by collective funds could be one element to make “work-to-work” projects successful. Individuals can also feel more positive about spending their transition budget on training and education purposes within a framework where a new job is the likely outcome. Training could be more closely matched with the recruitment process. Matching vacancies and training should be explored especially for positions difficult to fill.

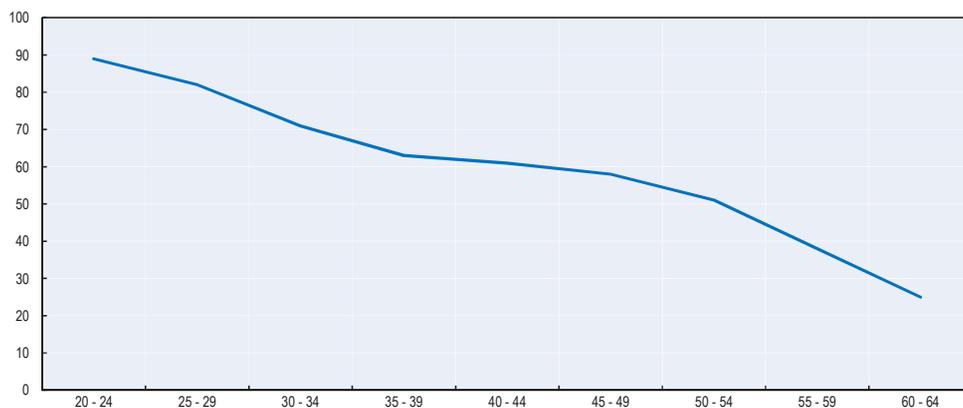
The Public Employment Service (PES)

“Work-to-work” transitions

Studies have shown that each year, only 6% of those unemployed in the Netherlands who are over 55 and want to work actually find a job (European Commission, 2012). And the difficulty finding a job grows the older one becomes. Figure 5.5 shows that the probability of returning to work after one year of unemployment over the age of 60 in the Netherlands is about one-third that for the middle-aged unemployed. Most of the older jobseekers who actually find a job are given a temporary employment contract. In 2012, one-third of the unemployed over the age of 55 had been out of a job for over three years.

Figure 5.5. **Re-employment probability one year or more after losing a job, Netherlands, 2010**

Percentages



Source: de Jong, W. et al. (2012), “Werkhervattingskansen na instroom in de WW” [Re-employment after unemployment], Statistics Netherlands, The Hague.

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The fact that older unemployed people have great difficulty returning to normal jobs makes “work-to-work” transitions (i.e. to avoid having layoffs in a firm result in unemployment) a heartening approach. But it is crucial that the PES target the special needs of this age group and improve employers’ knowledge about older workers and the assets they represent.

Balancing mainstreamed services and targeted special needs

Most of the support and measures offered by the PES are mainstreamed. There are no specific target groups, but the PES does make a distinction between jobseekers who are assumed to be autonomous and those who need assistance. Since 2012, unemployed people have to apply for benefits electronically through the PES website. This enables a direct linkage to vacancies aligned with the jobseeker’s preferences and qualifications.

After three months of unemployment, jobseekers over the age of 55 (and all other jobseekers) will have a face-to-face contact with a work coach, and be eligible for a package of more intensive measures. This period of more intensive coaching and measures covers unemployment spells with a duration of between four and 13 months. Long-term unemployed persons

will normally only receive online services after 13 months and will have to accept any suitable job offer.

A survey among users of the PES Web service³ indicates that the majority of users so far did not feel adequately supported by the site. Efforts should be made to remove technical obstacles and improve the users' satisfaction. A well-functioning site that can merge search profiles with vacancies may be useful in offering jobseekers dedicated assistance. It could also provide fresh insight into employers' recruitment practices, for example by comparing job offers to individuals who have similar experience but different ages.

Step up and evaluate initiatives to help older jobseekers back into work

Because of the greater difficulties that the older unemployed face in being rehired, the PES has taken a set of actions to help this group. In 2007-09, the Action Plan Talent 45+ was implemented on the request of Parliament to reduce the relatively high number of people aged 45 and over on unemployment benefits or social assistance. The new methods developed through the Action Plan are now standard practice in the PES. For example, fresh information on the dos and don'ts for the older unemployed seeking a new job can be found on its national website.⁴

In 2010, the PES narrowed the scope of its concept to the 55-and-over age group (Talent 55+). The project is now designed to promote these jobseekers and send a signal that they are needed in the labour market. Core measures are network meetings and activities at a national level to promote and change the image of older jobseekers.

In the network meetings, 12-15 people meet a total of 10 times; the meeting is facilitated by a dedicated work coach from the PES. The aims include supporting and inspiring each other, exchanging experiences, and sharing job networks. Tips and information about how to start one's own company are also on the agenda. Typical challenges in this age group are outdated knowledge about the job-search and interview techniques; outdated job networks; and a lack of jobs in their occupations. These meetings are becoming both increasingly standardised at a national level and more targeted to the special challenges facing each group. Older jobseekers are offered a competence test before they join the networks.

The measure has not been formally evaluated so far, but participants reported that they became more confident, gained more insight into their own competences, and became more capable of making their own choices (European Commission, 2012). The rate of re-employment six months after the end of participation in the networking group was in 2012 about 30%. As a result of these efforts, an unemployed person aged 55 and over who

participates in the networking groups has four times more chances of finding a job than someone who does not. The measure is assessed as relatively cost-efficient, partly because it stimulates “self-help”, and members of the network often decide to continue to meet on a voluntary basis after the ten meetings organised by the PES. The networking groups were previously targeted at highly motivated and often well educated people, which may have resulted in some selection effects. Currently, the networking approach is being expanded to broader groups of older jobseekers.

A major challenge reported by the PES is how to convince employers that older workers are an asset. Substantial efforts are currently under way to change employers’ image of older workers. Zandvliet, Gelderblom and Gravenstein (2011) also remarked that low interest and insufficient knowledge about older workers among employers are bottlenecks to recruitment. Efforts to strengthen relations between employers and prospective employees should therefore accompany initiatives to improve employability. The PES can play an important role here, since it has in-depth knowledge about older jobseekers and established networks with employers.

The networking groups can be a tool to strengthen relations between employers and older jobseekers. Work coaches supported by representatives from the employer side can give older jobseekers insight to employers’ priorities in recruitment processes, and show employers the resources and potential represented by many older jobseekers. A closer link to employers can make it easier for jobseekers to take the right steps to get back to work – for example regarding training, certification of informal learning, and other measures to better match employers’ requirements.

Active Labour Market Programmes (ALMPs)

ALMPs in the Netherlands mainly consist of reintegration programmes administered by the PES and municipalities; tax relief for employers for wage costs and education; and sheltered employment. The ALMP budget, including the PES and its administration, amounted to approximately 1.1% of Dutch GDP in 2011 (OECD, 2013b). About 4.2% of the labour force participated in an active measure.

The programmes for activation and reintegration in the Netherlands have seen major reforms over the past decade. Centralisation took place in 2009, through a merger of the previous reintegration agency (CWI) and the benefit agency (UWV). The new PES is organised with benefits and job placement as separate branches. After 2005, the responsibility for collecting benefit contributions was transferred to the tax agency *Belastingdienst*.

As a consequence of reforms, municipalities took a larger stake in parts of the reintegration process. Outsourcing often takes place in co-operation with the social workplace (*Sw-bedrijf*), which is closely connected to municipalities. There are now restrictions on outsourcing to commercial companies; a commercial company will be involved only in complex cases. Since introduction of the current Welfare Act in 2004, most municipalities use the so-called Work-First programmes.

The Work-First approach combines requirements for work activities and improving participants' skills. Work-First projects were initiated by municipalities for people close to the labour market and for relatively new recipients of municipality benefit. The programmes vary across municipalities because of local circumstances and different policies.

From 2009 on, Work-First programmes have been expanded to groups of "hard to employ" unemployed, as well as to the long-term unemployed. In fact, Work-First is now supposed to cover all recipients of municipality benefit. Despite this expansion, the outflow from Work-First to the labour market has remained constant since 2006, at about 40%. That outflow is higher than outflows from the previous, conventional reintegration instruments; 22% in 2005.⁵ In spite of the relatively encouraging rates of outflow to work at an aggregate level, Gautier and van der Klaauw (2009) pointed out that there is no convincing empirical evidence of the impact of these programmes, and de Koning (2010) also referred to lack of evaluation.

There appears to be substantial information available that could be used for evaluation purposes. Municipalities are obliged to report statistics on a regular basis about the number of people on social assistance and provide several background characteristics (age, sex, household situation, ethnicity, etc.). Twice a year they have to report on reintegration activities at an individual level. It is possible to combine data with the Dutch *Polisadministratie*, which UWV and Belastingdienst use for those employed, enlarging the opportunities for evaluations.

The proposed shorter duration of the maximum period for unemployment benefits makes tight co-operation between the PES and the municipalities increasingly important to ensure efficient activation. The considerable freedom municipalities enjoy in designing their own policies and deciding which groups are most in need of their assistance can be instrumental in generating evidence-based sharing of experience, and ascertaining the most efficient measures. But to realise that potential, evaluations and monitoring of implementation must be more systematic than they are today. The low return rates to work of older workers highlight the need to look further into how older jobseekers are prioritised, and to determine which measures are efficient for them. The government should

use the results actively to formulate targets and requirements for the PES and the municipalities.

OECD (2013c) examined local and regional labour market aspects in more detail and presented a set of guidelines for local management of demographic changes (Box 5.2). Combined with results from more rigorous evaluations of the active measures, this could form a good basis for further policy design.

Box 5.2. Local management of demographic changes

- *Developing regional networks for local action* in order to establish national and regional policy support for demographic transition, and to raise the awareness of local authorities and business of the impact on the labour market.
- *Place-based strategies, highly contingent on context.* These should consider economic, social and institutional diversity in order to maximise both the local and aggregate potential for economic development.
- *A territorial approach* that anticipates and manages demographic decline instead of combating it.

Source: OECD (2013), *Demographic Change in the Netherlands: Strategies for Resilient Labour Markets*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xnhvzhmxn-en>.

European Social Fund (ESF) subsidies are underutilised

Municipalities have a fixed budget for municipality benefits; if they exceed this budget they will have to finance it themselves, but if they spend less they may keep the difference. This measure has been an incentive to reduce expenditures (Stegeman and van Vuren, 2006), which could be achieved through a more effective reintegration policy or by stricter eligibility for those receiving a benefit.

ESF offers substantial co-financing of re-employment projects, to be coupled with domestic funds. Projects target, among others: the unemployed who are not eligible for unemployment benefits; older workers over 55 with a municipal benefit; and the partially disabled who receive a municipal benefit as a supplement to their disability benefit. The projects must aim to increase the participant's sustainable employment.

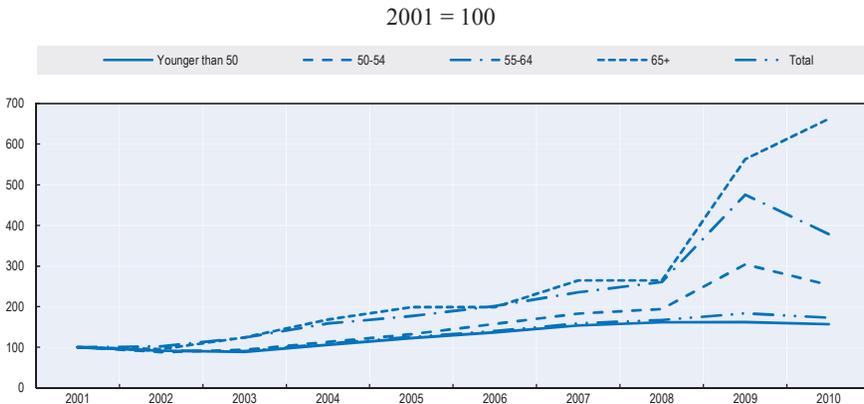
The ESF budget subsidises parts of projects that are initiated by municipalities. From 2007 to 2013, EUR 199.2 million was available for these projects. However, only 8% of the available budget was used in the period 2007-11 (König et al., 2012). The underutilisation of available resources from ESF is something of a puzzle. Several possible reasons have

been mentioned: administration is complex and costly; there is little trust in the subsidy continuing; municipalities and companies have set other priorities because of the crisis. Because municipal budgets for reintegration are decreasing, the demand for ESF subsidies is expected to increase. The limited use of available funds so far may indicate that initiatives targeted towards these groups have not been accorded the highest priority. More concrete requests on the municipalities' part could ensure that older individuals are given the same priority as other age groups.

Self-employment – potential, but a risk of low-quality jobs

Over the past decade, start-ups by self-employed individuals over the age of 50 have increased considerably (Figure 5.6), and self-employment is relatively high in the older age groups (Figure 5.7). The PES organises workshops and competence tests for older jobseekers considering self-employment.

Figure 5.6. Number of start-ups by age of founder, Netherlands, 2001-10



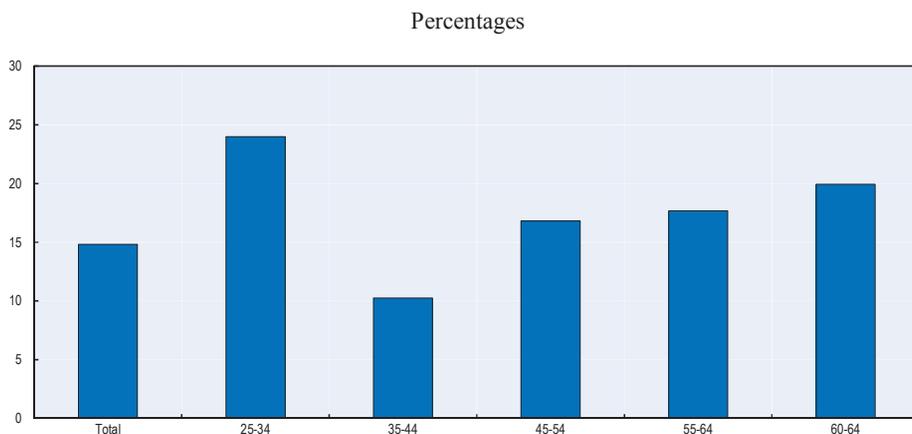
Note: Registration at the Chamber of Commerce became mandatory in 2009.

Source: Dutch Chamber of Commerce, various years.

StatLink  <http://dx.doi.org/10.1787/888932982711>

On the whole, Bruins (2007) found that older self-employed persons were less ambitious than younger entrepreneurs, and to a greater extent found that they launched the start-ups out of necessity. But there are also start-ups that are motivated by a wish to carry out special activities, or by some sort of social innovation. Most of the start-ups have little capital. Been and Knoef (2013) also found that self-employment was primarily born of necessity; they did not find any support for a hypothesis that self-employment is a measure to increase flexibility in the hours worked.

Figure 5.7. Self-employment by age group, Netherlands, 2012



Source: Statistics Netherlands (CBS), <http://statline.cbs.nl>.

StatLink  <http://dx.doi.org/10.1787/888932982730>

Bruins (2007) found that older starters had fewer entrepreneurial skills, but had more sector experience and were better trusted in their networks. After a few years, the development of the market proved a challenge for many of them; they had relied on serving old networks, and were less able to renew their products and circle of potential customers. Nonetheless, the study found that this could be a suitable career for many middle-aged and older people, since they possessed many of the requisite characteristics to succeed with a start-up. For instance, they are capable of realistic self-assessment, they can draw on established networks, and they have the necessary knowledge and experience.

Steps are being taken by the government to promote and facilitate self-employment. Important instruments are loans, income support via an allowance to prepare a start-up while receiving social benefits, and training. If the person already receives unemployment benefits, there are two options: i) working hours spent on starting up a company are deducted from unemployment benefits; ii) a special “starters arrangement”: over a period not longer than 26 weeks, the beneficiary can be exempted from applying for jobs while they are starting their own company. Starters can keep the earnings they gain, but 29% of their benefit is cut. The work coach must accept the starters arrangement.

It is also possible to start a company with municipality benefits. Under certain conditions, loans are available. The benefit from the municipality will be stopped once the company is viable. On the whole, the instruments are

assessed to have increased the number of start-ups (Kok, Hop and Prins, 2009). The payback procedures for loans, however, are complicated, which may be seen as a barrier. Experience from previous projects should be studied to see how the process could be facilitated and better targeted (Box 5.3).

Van Solinge (2012) found that the self-employment option has so far been chosen primarily by older workers who are more privileged in terms of social and financial capital and psychological resources. Self-employment could eventually become of interest for a broader group of seniors. Training that provides skills and knowledge may stimulate older individuals, particularly women and less skilled people, to create their own jobs.

Box 5.3. “Starting to last”

Over the period 2004-08, in co-operation with UWV, the Tilburg Community conducted a project for unemployed persons over the age of 45. Given the name “Starting to last”, the project aimed to encourage and facilitate self-employment. It was a success, in the sense that many of the participants were successful in moving towards entrepreneurship or finding a paid job. But the project also showed that some of the positive aspects can be traps. The set preparation period could prevent mistakes, but also prolonged the period before something concrete could start to take place. On the other hand, room for the person’s own initiative led to less focus in the programme. Rapid initiation of the self-employment process can, moreover, be difficult to reconcile with benefit reciprocity, a problem that was solved in this project by flexibility granted by the PES.

Source: Westhof, F., P. Vroonhof, M. Tang and G. Berkelmans (2007), “Duurzaam en ondernemend de uitkering uit” [Sustainable Benefit from Entrepreneurship], EIM, Panteia, Zoetermeer.

Most entrepreneurs will face certain challenges or barriers when starting a business. The impact of these challenges can differ to some extent across age groups. Policy design and measures to promote entrepreneurship should take this into account. The observation that older entrepreneurs are less capable of renewing networks is important input for planning further support activities. OECD/European Commission (2012) concluded that older people have the potential to provide economic and social benefits. They added that there is a group of successful, growth-oriented older entrepreneurs providing jobs for other people and able to offer mentoring, financing and other support – an aspect that could be lead to improved networking and the renewal and updating of skills. To promote senior entrepreneurship, they formulated a set of policy recommendations that can serve as guidelines for further initiatives (Box 5.4).

Box 5.4. How to make self-employment a positive experience

- Create positive awareness of the benefits of entrepreneurship for older people among older people themselves, and in society in general.
- Assist business start-ups by older people by supporting relevant business networks for older entrepreneurs and providing training to fill gaps in knowledge of entrepreneurship skills for those who spent their working life as employees.
- Ensure that older entrepreneurs have access to financing schemes, recognising that some groups of older entrepreneurs (e.g. those starting a business while unemployed) may need start-up financing while others (e.g. those with high incomes) may not.
- Highlight the possibility of acquisition rather than start-up of a business, as a means into entrepreneurship for an older person. It may be quicker and less risky, and can facilitate another person retiring who may wish to do so.
- Encourage older people to play a role in promoting entrepreneurship by others through becoming business angels or by mentoring younger entrepreneurs.
- Ensure that tax and social security systems do not carry disincentives to entrepreneurship for older people, including investment in other businesses.

Source: OECD/European Commission (2012), “Policy Brief on Senior Entrepreneurship – Entrepreneurial Activities in Europe”, Luxembourg.

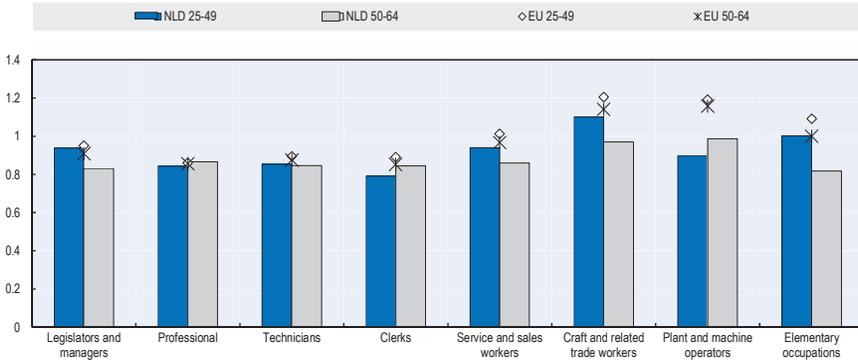
Working conditions

Improve working conditions for all

Dutch employees generally have better working conditions than the European Union average (Figure 5.8). The level of strenuousness is in many occupations lower for older than for younger workers. But older professionals, clerks, and plant and machine operators find on average their working conditions more strenuous than do their younger colleagues.

About 75% of the age group over 55 reported to the Dutch National Survey of Labour Conditions that they had good working conditions in 2012.⁶ 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.

Figure 5.8. Index of strenuous working conditions by age group and occupation, Netherlands and Europe, 2010



Note: The index can be read as the within-occupation, within-country variation compared to the strenuous working conditions across the whole sample's responses. The items range from physical to mental stress experienced at work.

Source: OECD estimates based on the 5th European Survey of Working Conditions.

StatLink  <http://dx.doi.org/10.1787/888932982749>

In December 2009, the Ministry of Social Affairs and Employment submitted to the Dutch Parliament a policy memorandum on sustainable employability and the labour market participation of older workers. The memorandum announced the intention of the Dutch cabinet to create a climate for investing in productivity, employability and mobility of workers. Three key areas for policy development were identified: education and training; age-aware human resource management (HRM) strategies in companies; and the development of instruments for preventive interventions. The primary aims are to eliminate legal barriers, to optimise the work-life balance, and to adapt the legislation on occupational health to trends in society.

With respect to health, attention is paid to both physical and psychological aspects. Exposure to certain forms of physically strenuous work can be harmful and cause sickness and occupational disability. Surveillance and inspections are performed by the Dutch Labour Inspectorate (*Inspectie SZW*), which is tasked with monitoring compliance with several laws and detecting fraud and other illegal activities within the field of employment and social affairs. The *Inspectie SZW* was established in 2012 through a merger of the former Labour Inspection, the Inspection of Work and Income and the Social Intelligence and Investigation Service of the Ministry of Social Affairs and Employment. The Inspectorate aims to

enforce these activities through a more centralised and more uniform approach. The organisation is still new and the results should be monitored.

Health and family circumstances matter

The health status of workers is still an issue in the context of being able to work until the official retirement age. Data from the National Survey of Labour Conditions showed that even if the share of workers reporting that they are able to work until retirement age is increasing over time, still only 50% of the 45-55 age group reported in 2010 that they were able to do so. Data from the Employee Panel 2011, published by the Dutch Research Centre for Education and the Labour Market (ROA/APG), showed that the employer's involvement in the welfare of the employees, the opportunity to work part time, and the possibility to take on less mentally demanding job tasks are important factors in inducing employees to retire at a higher age.

Over the past two decades, new legislation regarding absence due to illness and occupational disability has drawn attention to the importance of an occupational health and safety policy. An increasing number of firms are implementing a “vitality policy”, which looks after their employees' health and lifestyle. The Dutch Labour Foundation has recommended introducing a personal employability scan as a basis for further advice and discussion of adjustment in working conditions, tasks, working hours, etc. (STAR, 2011). Whenever relevant, a medical examination should be included as part of the employability scan. One example of such a scan used in the Netherlands is the Work Ability Index (Ilmarinen, 2006).

Work ability scans and career management

Work ability is defined by Ilmarinen (2006) as the degree to which an employee is mentally and physically capable of executing his current job. Since 1997, the Work Ability Index (WAI) is used in the Netherlands to contribute to improving personal work ability for all age groups.

The Index is based on a questionnaire that poses several questions probing the health condition, mental vitality and performance capacity of the employee, and establishing the physical and mental requirements of their current job. The results can lead to a review of, for example, health or human resource measures, on a personal as well as on an organisational level. One of the keys to successful use of the WAI has been the development of individual and company-wide scores. Since their introduction the questionnaire has been able to be benchmarked against a database of other scores. On that basis, employers can be supported in finding appropriate training, job design, and measures to improve health and career development.

The experience so far is that the stakeholders of WAI have been encouraged to share good practices by establishing networks.⁷ In addition to its networking purposes, the database offers a unique package of information for designing evidence-based measures and policies, both in a preventive approach and to facilitate reintegration. Goedhard, Goedhard and Goedhard (2011) found a certain decline in work ability by age, but they also found that work-related stress has a stronger adverse impact than age.

Best practices should be the source of new national standards

Altogether, there is substantial evidence that skill development, labour organisation and working conditions are all important to boost employability and productivity with age. The Labour Foundation stresses the need for good age management and an age-conscious staff policy. Employability scans or performance reviews and promotion of internal mobility through duty rotation, internships, etc. are mentioned by the Foundation as possible measures. Regular assessment of workers can facilitate interventions such as preventive health measures and training and skill updating.

In spite of the efforts done, Fouarge, de Grip and Montizaan (2011) found that only one-third of all employers take part in some kind of sustainable employability activity. This can be one reason that employees often report being dissatisfied with the HR policies at their workplace. Since 2012, the Sustainable Employability programme (Chapter 4) has been the main approach to increasing employability and improving attitudes toward older workers. Experience from previous and other ongoing projects in the same domain should be drawn upon in the new programme to ensure that potential synergy effects across programmes and measures are realised. Work ability scans and the resulting database of scores should be used to set measurable targets and benchmark them.

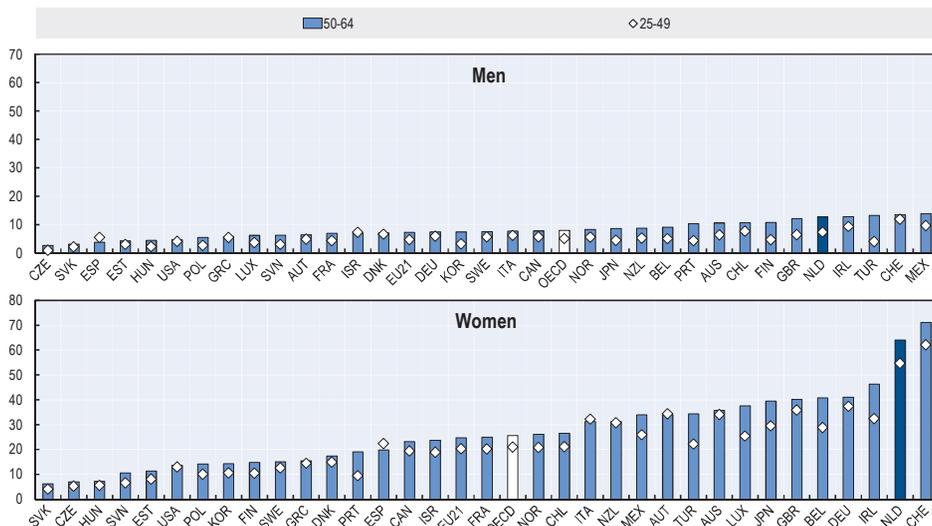
Success criteria will be the extent to which more firms are encouraged to join the programme, and practices developed within the Sustainable Employability approach become standards in firms outside this network. The Labour Inspectorate could have an important role in assessing whether additional actions are necessary to change nationwide standards and ensure that new, good practices can help improve working conditions for all Dutch employees.

Part-time work

Among OECD countries, the Netherlands has the highest incidence of part-time work for all age groups. The share is particularly high for older women. In 2012, 64% of women aged 50-64 worked part time (Figure 5.9). Dutch men also have a higher incidence of part-time work than the OECD average. The self-reported incidence of involuntary part-time work is low.

Figure 5.9. Share of part-time work by gender and age, OECD countries, 2012

As a percentage of employment in the age group



Source: OECD estimates, based on national labour force surveys, and EU-LFS for Switzerland.

StatLink  <http://dx.doi.org/10.1787/888932982768>

Flexibility and choice in working hours is positive. The possibility of working part-time can enable people who are not willing or able to work full-time to be employed, and can make it easier for families to find a good work-life balance. Access to part-time work has contributed to the labour participation of women, but can be a barrier to their economic independence as well as to their promotion to higher positions. A Dutch working mother with two grown children has on average earned less than half of the total working-life earnings of otherwise similar female employees.⁸ The much higher part-time share among prime-aged workers compared with most other countries (Figure 2.7) is remarkable. There is little evidence that a high share of part-time work during a career keeps women in employment longer than in other countries. Training of older, part-time workers can be infrequent, because the expected return will be less than for a full-time worker. This can diminish employability.

Keuzenkamp et al. (2009) concluded that even if there is scope for expanding part-time jobs, workers themselves tend to consider things to be fine as they are. It is mainly the government that considers the short hours of many part-time jobs to be a problem. For the government, increasing female labour participation now goes hand in hand with increasing their working

time. The Task Force *Deeltijd Plus* (Portegijs, 2009) was founded in order to encourage female part-timers to work more.

Part-time workers are a potential source of labour supply, and should be part of a broad strategy to meet an 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 to continue in full-time jobs. OECD (2013d) includes examples of how the social partners in the municipality sector in Norway work together to promote more full-time work. It is crucial that rules, regulations and attitudes are neutral to the choice of working hours. Measures to stimulate part-timers to work more are welcome and should continue.

Key policy recommendations

Even if employment rates among older workers have increased substantially over the past decade, employability is lagging behind in the sense that participation in training and education is declining with age. Older unemployed people experience great difficulties in seeking new jobs. In spite of substantial efforts, there is still a challenge to develop training measures that are attractive for older workers and employers, and that will improve their prospects in the labour market.

Several steps have been taken to improve working conditions and raise awareness of the potential older workers represent. As isolated actions they may have had a positive impact, but the overall effect so far is limited. More should be done to disseminate information about how support needs differ over the life cycle, and to gain acknowledgement that older workers are not obsolete within the labour market simply because they have needs different from those of younger age groups.

The following measures should be considered to improve the employability of and working conditions for older workers:

- *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 large

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.

Notes

1. Accessible via mkbservicedesk.nl.
2. www.rijksoverheid.nl/onderwerpen/levensloopregeling/documenten-en-publicaties/rapporten/2011/07/04/evaluatie-levensloopregeling.html.
3. www.fnv.nl.
4. www.werk.nl.
5. www.rwi.nl (Council for Work and Income).
6. <http://statline.cbs.nl/StatWeb/publication/?VW=T&DM=SLN&L&PA=71204ned&LA=NL>.
7. A number of case studies are available at www.blikopwerk.nl.
8. www.oecdbetterlifeindex.org/topics/work-life-balance/.

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