



European Employment Observatory

EEO Review: Youth Employment Measures, 2010

Netherlands

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1. Trends

Labour market perspectives for Dutch young people are relatively favourable compared to many other EU Member States. Even though the economic crisis has had a significant impact on youth unemployment rates, their employment rates remained quite high and some age categories already meet the Europe 2020 goals. Long term unemployment is difficult to estimate due to small sample sizes; however, generally the Dutch youth flow into jobs quite easily, especially if they have a school diploma. This relatively easy transition from education to work is a result of the periodically tight labour market in the Netherlands. Still, some remarks can be made.

First, the level of education correlates with unemployment and employment rates. Generally, high skilled young people have a much better labour market position than the low skilled. Thus, in 2010 the unemployment rates for young people aged 25-29 ranged from 10 % for low skilled to 3.8 % for medium-skilled to 2.5 % for high skilled. In the age group 20-24 the unemployment rates were 13.2 %; 5.7 % and 4.5 % respectively.

Second, compared to other groups in the Dutch labour market, young people represent the labour market group with the highest probability of becoming unemployed. School leavers generally need some time to find a job. Moreover, a large proportion of young people have a fixed-term employment contract, making them among the first to lose their jobs once an organisation downsizes. Around half (50.4 %) of Dutch youth aged 15-19 have a fixed-term contract, compared to 37 % of people aged 20-24 and 22.5 % of people aged 25-29. Thus, even in the oldest age group more than one fifth of young people do not have a stable job. Even though many young people have consecutive fixed-term contracts, there is no political or public debate on this.

Third, early school leaving is a large problem in the Netherlands. The government has therefore launched a range of policies, and the percentage of early school leaving decreased from 12.6 % in 2008 to 12.2 % in 2009. Early school leavers have a higher chance of unemployment and inactivity. The new government will keep early school leaving high on the policy agenda.

Fourth, the unemployment rates showed a considerable increase between 2008 and 2010. In particular, the youngest age group had a high unemployment rate which increased from 7.6 % in 2008 to 10.2 % in 2010. To reduce youth unemployment the Dutch government launched a plan of action to fight youth unemployment containing measures to keep young people in education, to help them find a job or internship, or to facilitate a combination of working and learning.

2. Measures taken to promote youth employment

The general aim of the Netherlands is to prevent young people from becoming and remaining inactive or unemployed. The aim is for them either to work or to be in school. In 2008, the rate of people aged 15-19 not in education, employment or training (NEET) was 1.9 %. For people aged 20-24 the NEET rate was 5 %. During the recession, extra efforts were made to prevent long-term unemployment, also bearing in mind the mass youth unemployment in the 1980s. Moreover, keeping young people in the labour market or in education is considered vital to decrease future labour market shortages when the baby-boom generation retires.

2.1 School education and training policies

Following the advice of a Taskforce on Youth Unemployment, the government implemented the Actieplan Jeugdwerkloosheid, a plan of action to fight youth unemployment in September 2009. In total, the Dutch government will spend EUR 250 million to combat youth unemployment between 2009 and 2011. There are five main programmes within this action plan, three of which aim to keep young people in school.

- A first programme, entitled School Ex-programma, addresses young people studying at intermediate professional level who do not have solid labour market prospects. The target is to keep 10 000 extra pupils in school. Young people will be approached and monitored in their schools.
- A second programme offers combinations of learning and working. In particular, the social partners at sectoral level aim to offer an apprenticeship to every school leaver who has been inactive for three months. The apprenticeship may eventually result in a job offer. The UWV Werkbedrijf (Public Employment Service, PES) and Colo, the knowledge centre for education, aim to acquire 150 000 apprenticeships and/or places to combine working and learning. They also plan to let older employees in part-time unemployment schemes share their knowledge and experience with young people.
- A third programme creates opportunities for vulnerable young people, for instance by offering them a combination of education, care, general support and support to make a transition into the labour market.

The government claims that so far 68 000 young people have acquired a job, learning/working place or an internship since the action plan for youth unemployment has been implemented.

Other measures aim at decreasing early school leaving and promoting the recognition of non-formal learning. Following monitoring programmes which have run for a number of years, early school leaving has decreased significantly. Still, a further decrease is necessary and the government aims to reduce their number to 35 000 in 2012. Stakeholders therefore take a preventative approach, for instance by making transitions between school types and levels easier, by offering career guidance and by enhancing on-the-job learning. Moreover, the Ministry of Education, Culture and Science has established regional covenants with municipalities and schools aiming at a sharp drop in early school leaving. The Ministry offers financial support to develop education programmes and disseminates good practices to stimulate mutual learning. A mid-term evaluation shows that the number of early school leavers dropped to 42 600 in the school year 2008/2009. The government therefore claims to have reached the Lisbon goals. In addition, the Ministry of Education aims to recognise the informal learning of 20 000 early school leavers aged 18-23. The coalition accord of the new government continues to address early school leaving.

2.2 Labour market and employment-related policies and access to benefits

In response to the economic crisis, the Dutch government temporarily implemented Deeltijd-WW, a part-time unemployment benefit scheme which aimed at preventing unemployment. The scheme was a general scheme that also benefitted young people with a job. In total 69 170 employees were enrolled in the scheme between April 2009 and April 2010, 11 960 of whom were aged 15-31 (17 %).

Active Labour Market Policies (ALMPs)

Two programmes within the youth unemployment action plan aim to bring youth to work, one of which encompasses a series of 30 covenants with regions on youth unemployment. Actors who want to create participation opportunities for young people can go to their region for support. A second programme matches young job seekers with companies and vacancies. Municipalities and the PES execute this matching exercise. Apart from jobs, there are also apprenticeships and volunteering options.

Another scheme includes a total government budget of EUR 4 million for four large cities (1 million per city) to support local plans to coach vulnerable young people, for instance in guiding them to work.

However, the largest ALMP measure is the WIJ: *Wet investeren in jongeren* (Investment in Youth Act) which came into force on 1 October 2009. In principle, young people aged 18-27 are no longer entitled to social assistance. Instead, they are offered work, education or a combination of the two. Municipalities are responsible for social assistance and thus also for offering young people such learning/working trajectories. Young people who refuse to accept such an offer are denied benefits. If they accept a job, they are paid a salary from their employer. If they accept education, they receive, if deemed necessary, an income which equals social assistance. The Act aims at supporting sustainable labour market entrance for young people and preventing them from becoming dependent on welfare. Thus, while this Act has activating measures, it also decreases the access of young people to social security.

There is little risk that these schemes only postpone unemployment. This is largely due to the relatively good labour market prospects in the Netherlands. In the autumn of 2010 youth unemployment rates started to drop and further labour market shortages are expected in the future.

Access to social security benefits

In the past years, the growth in the number of welfare recipients was strongest among young people under age 27. More than half of the young people receiving social assistance received welfare based on the Investment in Youth Act (about 18 000). This Act poses additional restrictions on receiving social assistance and thus decreases the access of young people to social benefits. In addition, the access of young people to unemployment benefits is generally more limited as well, as the entitlement to unemployment benefits depends on the individual's employment duration in previous years.

Overall, there has not been much debate on this new Investment in Youth Act, although some questions have been raised. One question concerns the age limit of 27, which was found to be somewhat arbitrary. People aged 25-29 have excellent employment rates, signalling that most young people are inclined to work and have a job. They usually do not fall within the scope of vulnerable youth. Circumstances could, however, lead to unemployment, for instance having a fixed term contract in times of economic crisis. It is debatable whether these people should be denied benefits solely based on their age. In addition, municipalities have argued that stricter access to social assistance could have negative side-effects for the inclusion of vulnerable young people. They could refrain from applying for benefits once they find out that so many constraints are attached. They will potentially opt for being inactive without benefits, living on their parents' income or earning money through other, perhaps illegal,

activities. Not being on welfare moreover means that they are difficult for governmental institutions to trace and are often not included in statistics. Municipalities have moreover argued that they already had sufficient measures to help young people due to the general Work and Welfare Act (WWB). In addition, young people tend to leave social assistance quite quickly and do not often remain long-term unemployed. In spite of the criticisms of the Investment in Youth Act, the coalition accord of the new government plans to make the access to social assistance for young people even more difficult.

Tax systems and labour market legislation

Since 9 July 2010, employers are allowed to keep young workers (aged under 27) on a fixed-term employment contract for a longer period than was previously allowed. Currently, employers are obliged to provide an open-ended contract after an employee has had three consecutive fixed-term contracts. For young workers this has been extended to four consecutive fixed-term contracts. Moreover, currently consecutive fixed-term contracts that exceed 36 months automatically convert into an open-ended contract. For young people this has become 48 months. This new Act is temporary and runs until 2012, with the option of extension until 2014. The government states that the Act is a response to the economic crisis, as it offers employers the possibility of keeping their younger staff without having to offer them an open-ended contract. It could however be argued, that lowering the employment protection for this specific age group may not be the best way to proceed. In view of the fast growing percentage of flexible workers in the Netherlands, this measure is likely to be an obstacle in the transition of young people into stable jobs.

Another relevant measure includes the continuation of a tax measure that exempts employers from paying premiums for workers under the age of 23 who have a low-income job (meaning that they earn approximately less than half of the minimum wage). This decreases the wage costs for employers. The measure has been prolonged until 2011 following a positive evaluation. Especially in economic sectors with a large amount of low-income jobs for young people, such as hotels, restaurants and wholesale, the measure has led to the prevention of job losses.

Measures to promote mobility

Although there are regional differences, regional disparity is not a significant issue in the Netherlands. Due to the small size of the country, commuting between most of the largest cities and between neighbouring regions is possible and not an uncommon phenomenon. Sometimes collective labour agreements (CLAs) provide arrangements for workers to receive compensation for their travel costs. Moreover, travel costs to work are to some extent tax deductible. The government has tried to promote the international exchange of students, for instance by allowing students (not only at universities but at various levels of education) to keep their scholarships when they study abroad. This has increased the number of students that (partly) study abroad. The government also stimulates internships abroad, for instance via exchange programmes such as the scheme Regional Attention and Action for Knowledge circulation (RAAK). Also, in Dutch vocational education and training, the international dimension has become increasingly important and it has therefore created options for pupils to complete internships abroad. Moreover, a variety of arrangements have been made and are being made to make international experience part of the curriculum of students, such as a

recently introduced law that enables a joint degree to be obtained at bachelor, master and PhD levels.

2.3 Addressing problematic features of youth employment

The most important characteristics of Dutch youth employment include the large extent of part-time work, temporary contracts, and low wages due to the special youth minimum wage. In public and political debates, none of these features are considered to be problematic. The large number of young people with a low income part time job is caused by the wide practice of young people earning some (pocket) money after school and at the weekend. Lower minimum wages for young people are an accepted part of the Dutch labour market system. The large incidence of temporary work may even be enhanced by measures taken recently. The fact that this feature is neglected at political level is debatable. Temporary work may hinder the sustainable entrance of young people into the labour market, especially for the most vulnerable groups.

The most vulnerable groups, such as those without a starter qualification, are especially at risk of becoming long-term unemployed. In Dutch labour market policies, having a starter qualification indicates that a person has completed education at ISCED level 3. The various activating measures and education measures described above have been introduced to prevent the long-term exclusion of these groups. Some of these measures have been a part of unemployment policies for a long time, such as preventing and reducing early school leaving. Other measures have been intensified due to the economic crisis.

2.4 Roles of the labour market actors

Measures to enhance the cooperation of various labour market actors are incorporated in the action plan for youth unemployment, which has been described above. The actors mentioned include the government, the social partners, regions, schools, and employers.

3. Conclusions

Youth unemployment has risen substantially in the Netherlands during the crisis; however, compared to other member states, the transition from school to work is not that problematic for most young people. Long-term youth unemployment is low and individuals aged 25 to 30 have high employment rates. Moreover, in the future, labour market shortages are expected. Nevertheless, the Netherlands launched an action plan for youth unemployment to mitigate the effects of the crisis for young people. The measures aim to either keep young people in education, help them to find a job or internship or facilitate a combination of working and learning. Moreover, the Netherlands continues to make and carry out policies to reduce the number of early school leavers. Early school leaving has indeed been a problem in the Netherlands that deserves continuous attention. However, another challenge is the high incidence of temporary work among young people. This has not been a topic of public and political debates and recent government measures have actually increased the insecurity of young people in temporary work. This insecurity is further being heightened because access to social assistance has become more difficult. Such increased insecurity deserves political attention and a wider public debate.

Annex:

Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)									
Data	Age group 15-19			Age group 20-24			Age group 25-29		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Employment rate (%)	58.2	58.5	55.2	77.9	77.9	74.8	88.1	87.7	85.9
Unemployment rate (%)	7.6	8.1	10.2	4.2	5.3	7.2	2.3	3.1	4.2
Long-term unemployment as a % of unemployed	-	(10.1)	(9.0)	-	-	(11.8)	-	-	(13.9)
Youth unemployment to population ratio	4.8	5.1	6.3	3.4	4.4	5.8	2.0	2.8	3.8

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)						
Data	Age group 15-24		Age group 20-24		Age group 25-29	
	2009	2010	2009	2010	2009	2010
Unemployment for the low-skilled (ISCED 0-2)	8.5	11.1	8.4	13.2	6.0	10.0
Unemployment for the medium-skilled (ISCED 3-4)	4.9	6.6	4.9	5.7	2.6	3.8
Unemployment for the high skilled (ISCED 5-6)	3.7	4.5	3.7	4.5	2.2	2.5

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)			
Data	Age group 15-19	Age group 20-24	Age group 25-29
	2009	2009	2009
Temporary work as a % of employment	50.4	37.0	22.5

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)		
Data	Age group 15-19	Age group 20-24
	2008	2008
NEET rate (% of the age group) (annual averages)	1.9	5.0

Source: Eurostat, EU Labour Force Survey, Annual averages

Table 5: EARLY SCHOOL LEAVERS* (Annual data)		
Data	Age group 18-24	
	2008	2009
Early school leavers (% of the age group)	12.6	12.2

Source: Eurostat, Labour Force Survey

* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007		
Data	Age group 15-19	Age group 15-24
Difference in youth unemployment rate between Q4-2009 and Q4-2007	0.5	1.8

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted