

Joint European Level Social Partners'
Work-Programme 2006 – 2008

Joint Study on Restructuring in the “EU15”
Phase one

The Netherlands

Summary note of the meeting that took place in
Den Haag on 12th June 2007

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Introduction

The second seminar in the joint European level social partners' project, “Joint study on restructuring in the EU15” took place in Den Haag, The Netherlands on the 12th June 2007. It was attended by the Dutch social partners, European social partners and experts – an attendance list is attached as appendix one.

Those present were welcomed to the meeting by the Dutch hosts. Jeanne Schmitt of BUSINESSEUROPE and Maria Helena Andre of ETUC opened the meeting explaining the background to the new project in the context of the 2006 – 2008 social partners work programme and the work already undertaken by the European level social partners on restructuring in the 10 New Member States; capacity building for employers' organisations and trade unions for participation the European Social Dialogue in the New Member States and Candidate Countries; and the employers' and trade union resource centres. They explained that the current phase of the project would facilitate a review of restructuring that looked beyond “job losses”.

The project coordinator, Alan Wild, stressed the importance of good and open debate in helping assure a high quality contribution to the overall project from the Netherlands.

The Netherlands national dossier – section one

The project expert for the Netherlands, Valeria Pulignano, presented the first section of the Dutch National Dossier – “A macroeconomic review of restructuring in the Netherlands” (slides attached as appendix two). At the end of the presentation she left the Dutch social partners with the following questions;

1. To what extent is it a risk that the Netherlands could become a de-industrialised country in the long term?
2. In education terms, is “middle of the OECD pack” good enough to assure ongoing and sustainable economic growth?
3. Has the process of liberalisation in the public sector in the Netherlands produced better quality in services and how can this improvement be measured? What are the implications of widespread liberalisation for labour markets?
4. What kinds of “active” labour market policies can mitigate the social effects of restructuring in the Netherlands over the long term?

Following the presentation the points summarised below were made by those present to further explain the context in which the report had been drafted, to add new information and, to help shape conclusions in order to contribute to the content of the final national dossier;

- For the Dutch social partners, restructuring is defined as a normal and logical part of the process of economic growth. The subject should not be portrayed in a negative fashion and the social partners have a major role in managing its consequences;
- The report should put the Dutch manner of dealing with restructuring in a more historic context - starting in 1982 as a fundamental point of change in approach;
- Similarly, de-industrialisation in the Netherlands started in the early 1960's – the point at which Western Europe was at its height in terms of industry's contribution to GDP. The proportion of GDP made up by Dutch "industry" has in fact remained constant at around 25% over a long period;
- Relocation of Dutch enterprises abroad is an important issue – but again it should not be dramatised beyond its real significance. In the Dutch economy around 800,000 jobs are lost and replaced each year – what is essential is to understand and manage economic transition. Relocations make up a small proportion of this;
- A major driver of restructuring is technological change. There is a broad understanding that adjustments are needed to maintain Dutch competitiveness
- Restructuring through market liberalisation is an important issue – and there has been some "pain" involved in the process. The conclusion seems however to be that the results of change are in general beneficial. There was however debate on the generally positive effects of liberalisation of network industries compared with the effects on sectors of general interest (SGIs) like healthcare. In the latter case, views about the benefits of liberalisation were less consistent.
- An important question is the speed at which displaced people find new jobs. In the US, for example, 60% - 65% of workers find a new job within 2 years. In the EU the figure is much lower at 50% - 57%. The Netherlands are better than average but this is an issue to focus on. Creating an environment that favours entrepreneurship is important in this context – as are education systems (including lifelong learning) and social protection systems. A controversial example in the Netherlands would be NedCar (makers of Chrysler and Mitsubishi cars) where more than 1,000 jobs were lost and almost all of them were replaced "somewhere" in the economy;
- An important issue for the Netherlands is not "how well do we do against the European average" but "are we doing well enough to secure our future"? Things need to improve on the education front and in the employment rate of elderly workers. We should look harder at whether "replacement jobs" are at a similar level to those lost. We have to learn where the real value is created and how investments are made in a knowledge economy and focus on this more closely;
- An employers representative commented that social security payments were too high and did not encourage people to re-enter the labour market at a lower level than they left it as they do in the US;
- The Dutch system of social dialogue tends to work because the structures and processes are well established and clear; the social partners know each other well and respect each

others view; and there is a clear understanding that better results are achieved by working together;

- Although participation rates in the labour market are high – they need to approach more closely the levels of the Nordic economies at 80% plus. Approaches to employment practices need to become even more flexible. An issue is how to increase the hours worked part-time and to tackle the low participation of elderly workers;
- Although the Netherlands is a small country, it still has regional differentials in economic performance. Things are not so good in the North of the country where jobs have been lost in the chemical industry. All of the displaced workers can't move into healthcare and business services in the West of the country. There are still education, skill and geographical mismatches in the labour market. Geographical and occupational mobility questions need to be better addressed.
- The Dutch economy has high numbers of self-employed that do not employ other personnel - and this category is accelerating. It is questionable whether these people enjoy an adequate income and job security.

The Dutch national dossier – section two

Valeria Pulignano presented the second part of the Netherlands dossier “The role of the social partners in restructuring” (slides attached as appendix three). She left the participants with the following questions;

1. To what extent do the Dutch legislative frameworks, institutions and collective agreements at national and sector levels help or hinder organisations and employees in dealing with qualitative and quantitative changes in employment and the nature of work?
2. Have “social plans” in the Netherlands promoted measures to anticipate change and encourage appropriate levels of labour market mobility? Are there differences across sectors and between companies?
3. To what extent do the legal and institutional factors driving the high “dismissal rigidity” score in the World Bank indicator and cited in the McKinsey report of 2006 facilitate or hinder restructuring in the Dutch economy?
4. In what ways do Dutch information and consultation requirements facilitate or hinder qualitative (and often anticipatory) change in the workplace?
5. How can “employability” (in the form of formal individual development plans and formal (re)training) be effective to anticipate and manage restructuring at the company level? How can “employability” be stimulated?

Following the presentation, and in similar fashion to the discussion of section one above, the points summarised below were made by the seminar participants;

- The role of the sectoral level in restructuring may be under emphasised in the Netherlands. Where restructuring occurs in small enterprises they fall back on the legal system rather than the development of more proactive social plans;

- The Dutch model of social partnership works well in the management of long term restructuring. It works best however when the social partners can make decisions and make things happen. When foreign owned firms are involved and decisions are made outside the borders, things become more difficult. The social partners have insufficient influence over external decision makers. The role of European Works Councils in this respect should be further explored;
- A strength of the Dutch system is that both social partners have a lot of influence on what happens at the plant level. The Dutch system underwent a paradigm shift in 1982 and today there is a considerable degree of confidence in the results of working together. As early as the 1990's conversations about "job" security and the lifelong "job" guarantee shifted to "employment" security through education and lifelong learning. A short period of unemployment is regarded as OK – providing people are protected and the period is not too long;

Three key issues for the Netherlands are education and lifelong learning and "flexicurity". The principles behind the 1996 agreement on flexibility are still valuable today. In the Netherlands today temporary work and part time jobs are considered to be regular forms of contracts and not second class jobs.

- The Dutch social partners do not see eye to eye on the World Bank rigidity index and the actions it suggests. Nonetheless active debate of employment rigidity is under way between the social partners and the government;
- A second important issue on the agenda of the social partners and government is dealing with international hostile bids (ABN Amro and Barclays/Hedge fund is a good current example) and the roles of shareholders, directors and employees in corporate governance in these cases. The social partners are hoping to draw conclusions during 2008. It was later questioned whether there was an adequate "Dutch" solution – even Dutch headquartered companies with "line of business" decision making centres outside the Netherlands behaved differently to nationally managed companies;
- The Dutch "social plan" and "dismissal" regulations are long and complex. There is an argument that simpler rules should apply to companies in financial difficulties, in particular for SMEs which are currently obliged to use what they consider to be very restrictive sectoral agreements.
- Whilst the largest companies have an "ongoing social plan" that anticipates and deals with change on a long terms basis, for smaller companies the social plan only arises when there is a problem. Smaller companies might be encouraged into longer term thinking if their efforts on employability were reflected in the severance payments they were obliged to make. i.e. the more they contribute to employability the lower the indemnity paid to a displaced worker;
- It was felt that both qualitative and quantitative changes in the workplace were equally easy/difficult. In both circumstances the key issue is gaining Works Council support for proposals for change;
- As the flexicurity debate continues at the EU level, the Dutch social partners need to reflect on any fine-tuning that needs to take place domestically in the face of increasing internationalisation and the increasing international movement of workers within the EU;

- The social partners discussed, without agreement, the pros and cons of tough dismissal laws. The trade unions believe that they encourage joint agreement and consensus practices, the employers believe they inhibit employment and productivity growth;

Joint EU social partners work relevant to restructuring

Maria Helena Andre (ETUC), Jeanne Schmitt (BUINESSEUROPE), Liliane Voložinskis (UEAPME) and Valeria Ronzitti (CEEP) presented the recent work of the European social partners in the area of restructuring focusing on their activities relating to lifelong learning; orientations for change; European Works Council best practice; and the restructuring studies (slides attached as appendix four).

Case study one – Atoglas/Altuglas

Representatives of the company management at the time of the case (the plant is now closed) and from the trade unions presented the Atoglas/Altuglas case study described in the national dossier. The dossier will be supplemented by the additional points made in the presentation.

The presentation was followed by a further detailed discussion on the ability of the Dutch social partners to influence decisions being made in a different country (in this case France).

Case study two KPN

Representatives of the company management and from the trade unions presented the ongoing KPN case study described in the national dossier.

The discussion that followed the presentation centred on the effect of prolonged restructuring on the employees that remain and on the motivations of employees that had been “outsourced”.

Summary discussion

In summarising, the Dutch social partners suggested that the words “veto right” relating to the role of works councils should be replaced by something more appropriate in the report. They also questioned the accuracy of World Bank figures on the costs of severance – suggesting that they were measuring theory rather than practice. They suggested that the roles of both works councils and trade unions in discussions on restructuring are reflected in more detail and that the trend of increased awareness in Dutch companies of the need to anticipate change is acknowledged.

The participants stressed the issues of employability; the need for a culture of approaching constant change in a positive manner; and the need for tailor made solutions to particular issues within an overall framework. It was also suggested that employers need to stay focussed in investing in human capital and trade unions likewise have to persuade those they represent that the “bag of money” approach to restructuring is not a satisfactory outcome.

Following the presentations, discussion and case studies, the European level social partners made the following broad observations;

- The quality and the manner of the debate said much about the maturity and approach of the Dutch social partners and their understanding of the macroeconomic environment they were facing;
- A challenge for the social partners will be handling change in non traditional organisations in the kind of manner that has worked well to date;

- There are significant issues to be discussed for the future – and it is positive to note that the social partners have a relevant and forward looking agenda and that these discussions have already started;
- The social partners should be complemented for presenting case studies that were interesting, complex and not out of the “usual case study suspects” file. This had helped the meeting significantly.

At the end of the meeting, the social partners were thanked for participation in the meeting and for their positive engagement in the process.

APPENDICES

1. Attendance list for the seminar;
2. “A macroeconomic review of restructuring in the Netherlands” – Expert presentation;
3. “The role of the social partners in restructuring” - Expert presentation;
4. “Joint EU social partners work relevant to restructuring” - presentation by the European level social partners;