



**Innovative Social Policies for Inclusive and
Resilient Labour Markets in Europe**



National report on the labour market position of vulnerable groups in the Netherlands

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Introduction

Like other European countries, the Dutch economy has been struggling with great difficulties as a result of the outbreak of the financial crisis by the end of 2008. The crisis was in first instance mainly dominated by the threat of failing banks and capital inflows from the government. Other challenges, such as financial shortfalls, risk-averse behaviour by banks and a growing feeling of uncertainty among investors, firms and households, resulted in an economic crisis that followed (Bijlsma & Suyker, 2008). Third, a fiscal crisis can be distinguished from the financial and economic crisis, caused due growing national debts and decreasing tax revenues (Kickert, 2012, pp. 442-443). The impact of the crisis on economy and thereby related decline in employment, has proven to be significant in the Netherlands and other European countries (Bigos et al., 2013).

Although decreasing levels of GDP growth have great influence on the resilience¹ of labour markets, it is not the only factor that determines the performance of the labour market during a recession. Country-specific contextual factors, such as institutional structures, national and regional policies, social-cultural aspects and the industry structure, have a significant impact on the resilience of labour markets as well. Consequently, even countries who are comparable in terms of their welfare system, size and economy, like Belgium and the Netherlands, may differ in their responses to crisis as a result of their country-specific features. However, although these responses may differ, both countries could still achieve the same level of resilience (Fenger, Koster, Struyven & Van der Veen, 2014).

Against this background, this country report provides a qualitative assessment of the labour market position of vulnerable groups and country specific factors that contribute to labour market resilience in the Netherlands. The analysis concentrates particularly on the labour market positions of four vulnerable groups, namely, youth, migrants, elderly and disabled people. Consequently, this report contribute to the intentions of the INSPIRES-project to make European labour markets more inclusive and resilient.

This report starts with a historical overview of the Dutch labour market and social security system. In this section, the highlights and developments in labour market and social security policies will be shown from half the 19th century till the start of the 21st century. Next, chapter two provides an overview of the Dutch labour market situation between 2000 and 2013 on both general developments as well as for vulnerable groups. Then, chapter three and four describes respectively the labour market position and key developments of vulnerable groups during the *pre-crisis* period (2000-2008) and during the *crisis* (2008-2013). Finally, chapter five provides a summary of the main factors affecting the resilience of the Dutch labour market and the position of vulnerable groups during the crisis.

¹ *Labour market resilience*: The capacity of the labour markets to either resist, withstand or recover from challenges, by innovating through adjusting or re-orientating their structures, in order to maintain or improve its pre-shock state (Bigos et al., 2013, p. 20).

1] A historical overview of the Dutch labour market and its social security system

The foundations of the current Dutch social security framework was introduced immediately in the aftermath of the Second World War (De Beer, 2013, p. 101). Increasing prosperity and the rise of the working middle class led to a welfare system in which social security rights were accessible to every citizen. According to Esping-Andersen (1990), the Dutch welfare state was categorized as a system with primarily social-democratic principles in first instance. Later on, other authors placed the Dutch welfare system in a more conservative-corporatist model (Arts & Gelissen, 2002). Nowadays, the Dutch welfare state could be categorized as hybrid, with both social-democratic and conservative-corporatist elements, such as active labour market policies, focusing on the inclusiveness of woman and vulnerable groups, and a benefit system that became less generous in the last couple of decades.

However, before the Second World War there was no welfare system as we know it. The first principles developed slowly from the second half of the 19th century, incremental changes led those days to a situation in which workers got more social security. In the first half of the 20th century the number of social security rights expanded, and from the 1950's they grew rapidly. In order to understand the current Dutch labour market and welfare system, this chapter provides highlights of the most important innovations in legislation in social security as mentioned in the 19th and 20th century.

1.1 Poor relief in the 19th century, from an individual to a collective problem

The '*Armenwet*' ('Poor Law') from 1854 can generally be seen as the starting point in Dutch history in the field of social security. With this law poor relief became part of the responsibilities of the government. Liberal politician Thorbecke who was responsible for the constitutional amendment in 1848, saw the opportunity to centralize poor relief. Thorbecke found that poverty is both an economic and social problem, and believed that government had the responsibility to look after the citizens in economically hard times (Rigter, Van den Bosch, Van der Veen & Hemerijck, 1995). However, the *Armenwet* experienced a difficult start. Strong protest rose against this kind of 'state intervention', particularly by Church organizations, which did not want to be controlled by the state when helping the poor. As a result, the original bill was replaced by a compromise in which the state was only allowed to place intervention when private initiative failed (Van der Velden, 1993, pp. 32-35).

The rise of the industrial revolution, which started relatively late in the Netherlands at the second half of the 19th century, brought significant changes in the labour market. There was a demand for a new type of factory work, which led to new labour conditions and new industrial relations. Where unemployment was previously a problem of the individual, now in cases as occupational accidents it became a problem of employers as well. Therefore, employers started to keep a part of the wages of employees in order, to compensate if accidents occurred (Rigter et al., 1995). The retained wages were organized in funds, but the amount of those funds and compensations differed greatly between employers and often fell short. The social question thus remained high on the political agenda. Several new laws were introduced to ensure workers for more social security. Examples of those state interventions were the introduction of the '*Kinderwet*' ('Child

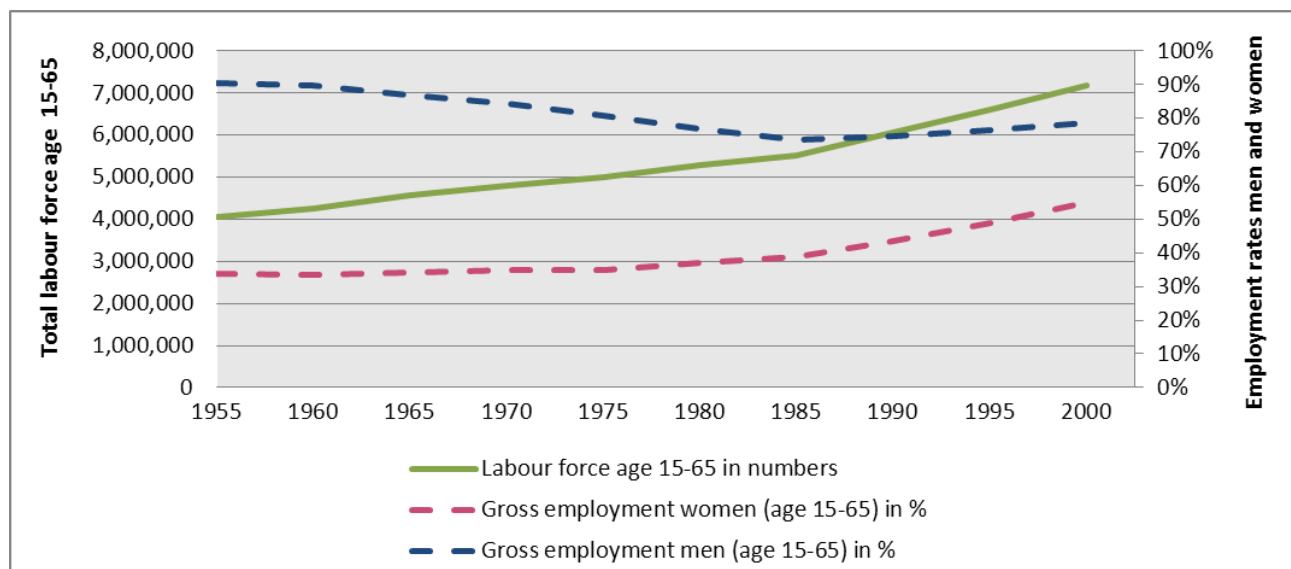
Protection Act') in 1874, which aimed to deal against child labour, and the '*Arbeiderswet*' ('Workers Protection Act') in 1889, which gave a slight push forward to work hour regulations. However, the introduction of those laws did not translate immediately into improvement of the actual situation of workers, given that the implementation and monitoring of social security laws were indeed still in their infancy in those days. After the *Kinderwet* and *Arbeiderswet*, in 1901 the '*Ongevallenwet*' ('Accidents Act') followed. The purpose of this law was to protect workers out of certain industries from industrial accidents. The *Ongevallenwet* was executed by the '*Rijksverzekeringsbank*' ('National Insurance Bank') and became the first *social insurance* of the Netherlands (Noordam, 2003). Social insurance was aimed to protect the economically weaker in society, but was, however, strongly debated in the beginning. Central question in this debate was whether the government had a legal basis to implement social insurance laws. Besides, private facilities offered already insurance which raised the question if public insurance was really needed. During the first half of the 20th century this attitude gradually changed. In 1930 the '*Ziektewet*' ('Disease Act') was introduced, which provided some workers the security of income in the case of illness.

1.2 Development of the welfare state

During the Second World War the Dutch government stayed in exile in London. It formed ideas about major reforms of the social security system after the war, with a more central role for the government. Strong economic growth in the 1950's and 1960's and the idea that society could be socially engineered enabled the actual implementation of those ideas. The most important development in this period was the introduction of the '*volksverzekering*' ('national insurance'). Previously, social insurance was meant for covering the risks of the economically weaker in society. The *Volksverzekering* expanded the coverage to every Dutch citizen. Social security thus became a civil right (Noordam, 2003). The '*Algemene Ouderdomswet*' ('General Pensions Act') from 1956, which gives every Dutch citizen a basic pension, is a good example of this.

With the increasing number of social security legislation in the post-war period, the Netherlands developed a welfare state based on three pillars. *Full employment* was the starting point. Unemployment could only arise as a result of temporary deficiencies of supply and demand on the labour market. Secondly, the number of jobs was also the basic assumption for the *level of social security contributions*, which were imposed to finance the benefits. Thirdly, a *standard family* was the starting point for both the level of income and social benefits. This standard family consisted of a working man who took care of the income, a wife and an average of two children (Kroft, Engebensen, Schuyt & Van Waarden, 1989). Those principles were not surprising given the fact that in 1960 around ninety percent of men and only thirty percent of women participated in the paid labour force (CBS StatLine, 2014a). Until 1956 it was even illegal for married women to perform paid labour, just because they were juridical seen as incapable (Braun, 1992). In respect to working women, the perception and view of Dutch society radically changed in the 1960's and 1970's. Emancipation of working women is therefore seen in the contribution to the paid labour force, as illustrated in figure 1. The gross employment rates of women grew even above the fifty percent in the 1990's (CBS StatLine, 2014a) while in the same period, the participation of men slightly decreased.

Figure 1: Overview of gross employment of men and women and total labour force, from 1965 until 2000.



Source: Own calculations based on CBS StatLine, 2014a.

With the emancipation of women, the standard family as one of the three pillars of the welfare state was no longer taken for granted. Partly due to the introduction of the *'Algemene Bijstandswet'* ('General Social Security Act') in 1965, and changes in divorce law, the number of divorces increased. After all, women were no longer dependent on their husband's income, from now on, they could provide their own revenues from work or at least as a result of having a small income by the *Algemene Bijstandswet*.

1.3 The welfare state and labour market in transition

The composition of the Dutch labour force has been clearly changing from the 1960's. As stated above, the 'standard family' with a working man was at the start of the welfare state the most common. This view changed due to the emancipation and the increasing employment of women. Besides, this period was typified by the entry of foreign workers, in first instance particularly from southern European countries (Van Tubergen & Maas, 2006, p. 7). From the 1970's, immigrants from Turkey and Morocco were mainly asked for doing low-skilled factory work. Because it was not the intention that those migrant workers would remain in the Netherlands, little attention has been given to education and integration in Dutch society (Trappenburg, 2003). However, the strong economic growth in this period and a deficit of labour forces led to a situation in which the rules on labour migration were expanded. Many migrants took advantage of those developments and decided to remain in the Netherlands. This migration resulted in major changes in the compositions of the labour force as well in Dutch society.

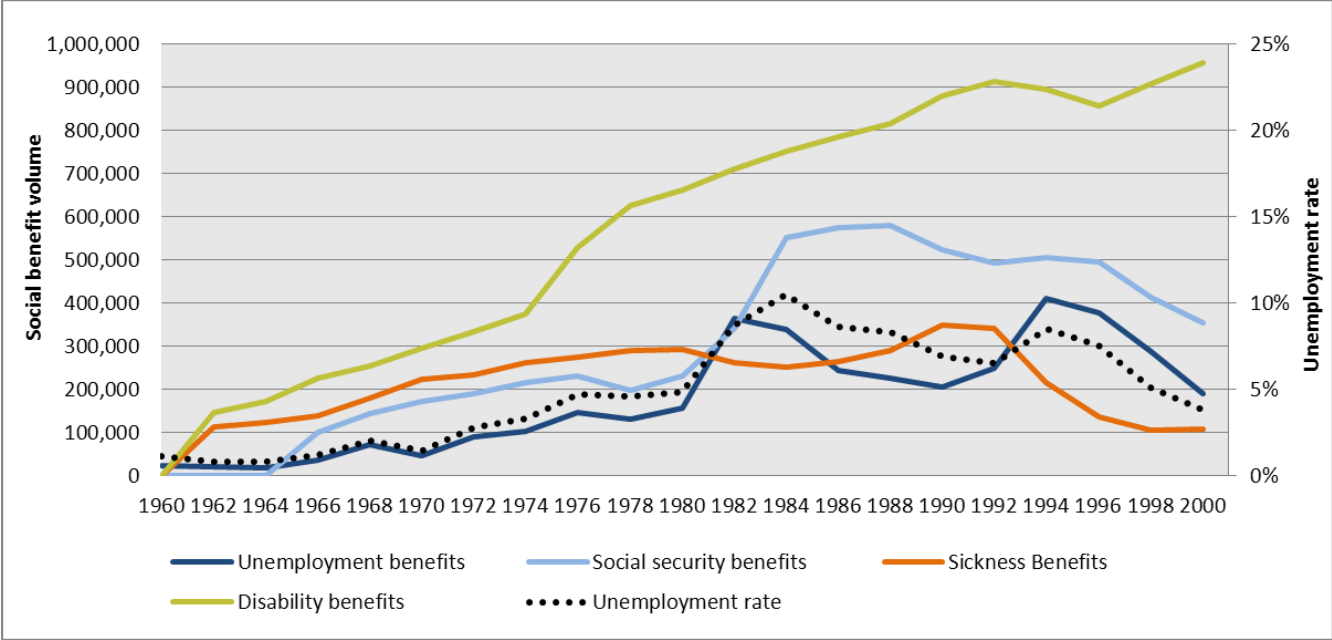
Not only socio-cultural developments led to an erosion of the pillars on which the welfare state was based, also the ideal of full employment proved outdated (Kroft et al., 1989). The international oil crisis of the 1970's led to an economic recession and rising unemployment, which in first instance were intended to be opposed by an expansionary fiscal policy. However, this Keynesian approach, based on a temporary boost demand through government spending, took the opposite direction, because of sharp rise of wages and

inflation. In the second half of the 1970's this system was therefore abandoned. From now on, wage restraints were mentioned to be the main remedy of getting control on the crisis, however the effects of this policy were limited (Hemerijck, 2011, p. 460). After the second oil crisis in 1979, the economic situation got visibly worse and unemployment rates have increased to more than ten percent. Internationally, the Dutch situation was mentioned as the *'Dutch disease'* in which were referred to the expensive and unsustainable social security system (Visser & Hemerijck, 1997). The threat of an unsustainable situation was also known in the political landscape. After a change of government in the early 1980's, the new government made plans to reform the welfare state and make the Dutch economy stronger and more competitive. Therefore, the government froze the wages of civil servants and also the level of benefits. In addition, an agreement was made with trade unions and employers' organizations to implement wage moderations and short-time working hours in business. Those agreements, which became famous as the *'Agreement of Wassenaar'* in 1982, were a major step towards economic reform and the fight against unemployment (Hemerijck, 2011).

Although unemployment rates declined from the second half of the 1980's, ailing economy continued. Trade unions and employers' organizations made therefore new agreements in which they agreed to hold on wage moderations and increasing flexibility on the labour market. In the wake of those agreements, excess workers were not directly fired but were labelled as disabled to receive therefore disability benefits (Hemerijck, 2011). Those actions of employers, backed by the trade unions, had dramatic effects on the number and costs of social services. Figure 2 shows that the *'Wet op de Arbeidsongeschiktheidsverzekering'* (*'Disablement Insurance Act'*) had 153 thousand recipients when it was introduced in 1963, in 1990 this number increased to even more than 800 thousand recipients. The ability of *'dismissing'* by disability insurance appeared because the definition to disability was very spacious. Furthermore, for a long time there was little attention paid to the volume of disability insurance (Goudswaard, 2001). The disability insurance law was thus practically used as a disguised unemployment benefit.

The expanding social security benefits increased the need for further intervention. Social benefits were therefore retrenched, and attempts were made to reduce the number of benefit recipients. In this period, former Minister President Lubbers spoke jokingly: "The Netherlands is sick", in which he indicated that the country needed "strong medication" to cure of the great amount of work disabled (Volkskrant, 1998). Therefore, stringent requirements were made to be eligible for benefit in the 1990's. In addition, the level of disability insurance benefits were reduced and employers were also given responsibility for the incapacity of their employees. Furthermore, the *'Ziektewet'* (*'Sickness Act'*) became privatized, which had great consequences for employers and employees in private sectors. From now on, employees in private sectors got no longer benefits paid out of public money in cases of illness (Noordam, 2003). Employers got the responsibility for payment of their employees in those cases, which led to a significant decrease of the number of sickness benefits.

Figure 2: Overview of developments in social benefits volumes and unemployment rates, from 1960 until 2000.



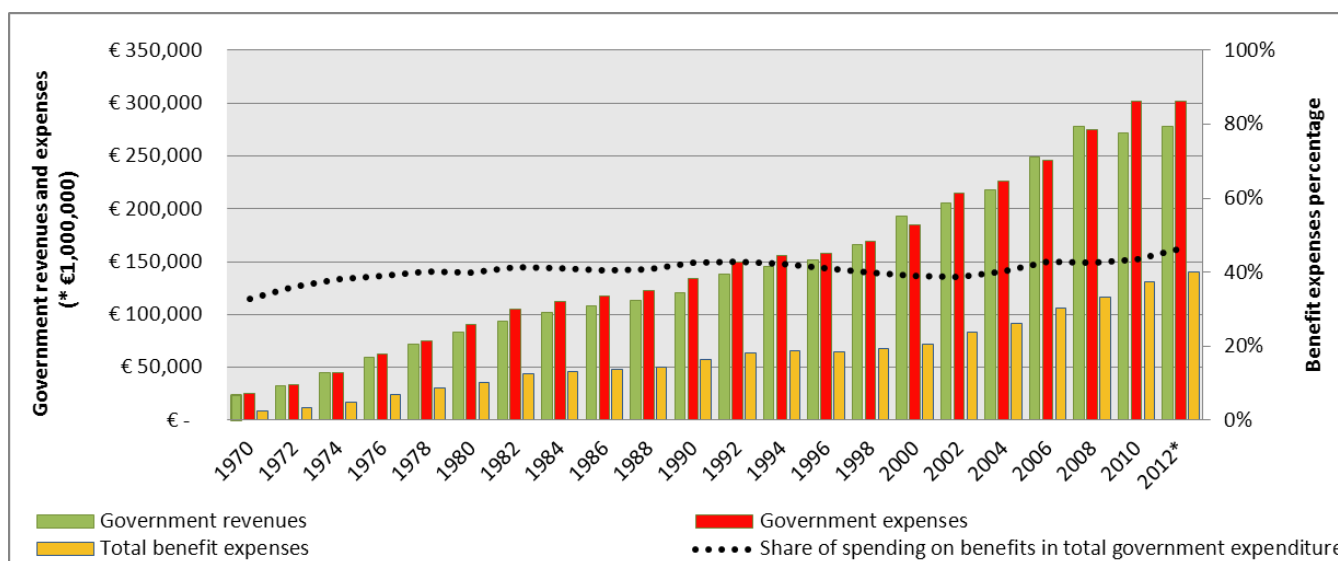
Source: Own calculations based on CBS StatLine, 2013a.

2] Social security and employment, an overview of the Dutch context at the start of the 21st century

The measures that the government had taken in the 1980's and 1990's to get control of the expansion of Dutch social security system, got its payoffs around the turn of the century. The internationally appointed 'Dutch disease' of the 1980's now turnout in a 'Dutch miracle' (Visser & Hemerijck, 1997). At the start of 21st century, economy flourished and unemployment was slumped to 3.8%². The merits of those positive results were internationally mainly attributed to the collaboration between trade unions, employers organizations and the government. The search to consensus between those actors, led to a situation in which every actor felt more or less satisfied with the agreements. The focus was after all on creating jobs.

Figure 3 illustrates an imbalanced situation between government revenues and expenditures since late 1970's. Around the end of the 1990's the situation stabilized. Then, at the start of 21st century, there was even a short period of a budget surplus. In addition, for the first time since the 1970's spending's on social security decreased, a prove of economic recovery and long-term efforts of social partners and government. However, the focus on consensus agreements with respect to wage moderation and reduction of short-time working hours was not the only topic that dominated the labour market. Especially institutional reforms played in the 1990's and in the first decade of this century a major role in order to make executive organizations more efficient and effective.

Figure 3: Overview of revenues and expenses of the entire Dutch government, included benefit expenses, from 1970 until 2012.



Source: Own calculations based on CBS StatLine, 2014b.

² All data with respect to (un)employment rates is based on the Dutch independent 'Centraal Bureau voor de Statistiek' ('Central Statistical Office'), or specifically mentioned as Eurostat data. Differences between CBS and Eurostat data arise because of different definitions with respect to (un)employment. Eurostat data is based on directives drawn up by the International Labour Organisation (ILO), the main difference between the ILO definition and the CBS definition is the amount of weekly working hours. According to the ILO definition, the labour force comprises all people who work at least one hour a week or seek at least one hour a week for employed labour, the CBS definition uses a minimum of 12 hours a week (CBS, 2014).

Next section provides an overview of the institutional reforms from the 1990's and first decade of the 21st century, in which the more social-democratic character of today's active labour market policies emerges. Thereafter, an overview is given about the general trends in employment and labour participation from the period between 2000 and 2013. In addition, same overview of labour market developments is given among the position of youth, migrants, elderly and disabled people in this period.

2.1 Institutional reforms, from the 1990's towards a new century

The focus on affordability and manageability of the social security system in the 1990's was not only fuelled by the economic crisis of those years, it was accompanied by a neo liberal approach in which the principles of market forces were applied on the government system. These ideas, better known as *New Public Management* (NPM), arose in several Western countries since the 1980's (Hammerschmid & Van de Walle, 2011). NPM mainly consists of a few key components: result orientation, customer focus, operational efficiency and competition. Among other things, including NPM, the government underwent a paradigm shift in which it gave space to the market sector and started focusing on *active* rather than *passive* labour market policies. In the 1990's this paradigm shift resulted in reforms in which government agencies were restructured on the ideas of NPM. Those agencies were thereby encouraged to give accountability of market issues like efficiency and effectiveness (Fenger, Van der Steen et al., 2011, p. 61).

However, the application of the ideas on NPM also reaches the basic values of the public system. Therefore, the question arose where the separation between *market* and *public* should be (Fenger, 2001). Full privatization of public services was not reachable, because of various practical difficulties and political issues such as privacy issues (Van Gestel, De Beer & Van der Meer, 2009, pp. 79-84). Finally, social insurance came into a new public body, known as '*Uitvoeringsinstituut Werknemersverzekeringen*' (UWV), the 'Employee Insurance Agency'. Even though social insurances were not privatized as intended, it was seen as a way in which the disadvantages of privatization could be avoided but at the same time efficiency could be achieved (Bekke & Van Gestel, 2004, p. 88).

Job centres, which were carried out by employment agencies of the government first, now got transformed to a market sector business. Private organizations would henceforth carry out the re-integration programs and other administrative tasks were given to a new government agency, the '*Centra voor Werk en Inkomen*' (CWI), 'Centres for Work and Income'. These centres replace the existing employment agencies of the government. In 2002, the structural changes were set down in the law '*Structuur Uitvoering Werk en Inkom*' (SUWI), 'Structure Implementation for Work and Income'. This law can be considered as a major turning point in a search for the right kind of employment policy and social security system. Besides CWI and UWV, the municipal social services constituted a third major player in SUWI, because of the implementation of welfare benefits. In 2004, the renewed law '*Wet Werk en Bijstand*' (WWB), the 'Work and Welfare Benefits Act', ensured that municipalities were no longer only responsible for the implementation of welfare benefits but henceforth got budget responsibility as well. The idea behind this law was given through the thought that municipalities would experience more incentives to reduce the volume of assistance. After all, municipalities as an executive organization have more direct influence on budget control than the central government.

In addition to the WWB, changes in other social security rights were made as well. For instance, duration of unemployment benefits was shortened in order to stimulate unemployed to find a new job faster.

Besides this, WAO was abolished and in 2006 replaced for a new law, namely: *‘Werk en Inkomen naar Arbeidsvermogen’* (WIA), ‘Work and Income to Capacity of Work’. With WIA, the emphasis on disability shift towards the capacity to work. The government intended with this law to reduce the number of ‘disabled’, which until 2002 still rose (Van Gestel et al., 2009, p. 100). Not all of the institutional revisions experienced a good start. The intentions of SUWI, including an intensive and effective collaboration between CWI, UWV, and municipalities, underwent many implementation problems. Years of practical knowledge built up in those institutions were namely dismantled, because of changes in responsibilities and implementation tasks. In the quest of better cooperation and less bureaucracy, CWI and UWV merged to one executive organization in 2009. From now on, administrative tasks around employment-finding and social insurances were placed into the same organization. Meanwhile, re-integration programs were no longer leftover to the market alone, UWV and municipalities also got access to help unemployed and grew in their job to do so.

Mainly due SUWI and the merger of CWI and UWV, recent years were devoted to changes in the structure of institutions. However, those shifts in responsibilities do not mean social security rights are surrendered to the whims of the market or by selectivity of municipalities. Through legislation, the government, after all, keep control over the right of access to social security (Bannink, 1999).

2.2 General trends in employment and labour participation

As stated in the introduction of this chapter, the Dutch labour market was characterized by a low level of unemployment at the start of the 21st century. The ‘Dutch miracle’ of those years, however, was terminated by the global economic crisis in 2001, resulting from stock market speculations and overvalued expectations of a new internet-led economy (see chapter 3). This crisis had a great impact on employment, at the all-time low point unemployment reached even 6.5% in 2005. However, from 2006 the labour market showed clear signs of recovery and reached in 2008 already the same low level of unemployment as by the start of the century. Therefore, the labour market showed a higher degree of resilience than through the crisis in the 1970’s and 1980’s, when unemployment remained high for a longer time.

Independent of the reduced employment in the period 2001-2005, employment rates of the Dutch workforce continuously increased in this period as illustrated in table 1. Furthermore, the number of inactive people gradually but consistently declined, suggesting that more people have participated on the labour market. Besides, developments have been occurring towards the increasing labour market flexibility and in the number of part-time jobs. The number of temporary contracts increased from 13.5% in 2000 towards 20% in 2013, whereas part-time contracts increased from 32% to 42% in the same period. Especially the increased participation of women on the labour market can be attributed as a major aspect in those developments. The gross employment of women raised from more than 40% in the 1990’s to 67% in 2009, in which three quarters of them worked part-time (Merens, Van den Brakel, Hartgers & Hermans, 2011, p. 75-76). However, the period of stable economic growth and increasing employment has been challenged by a new global crisis by the end of 2008. Unlike the previous crisis, this financial and economic crisis was longer and had more serious impact on the labour market. A low point was reached with an unemployment rate of 8.3% in 2013, which came close to the post-war unemployed record of the 1980’s. Nevertheless, this crisis seems to have nearly no effect on rising employment rates and the declining number of inactive people.

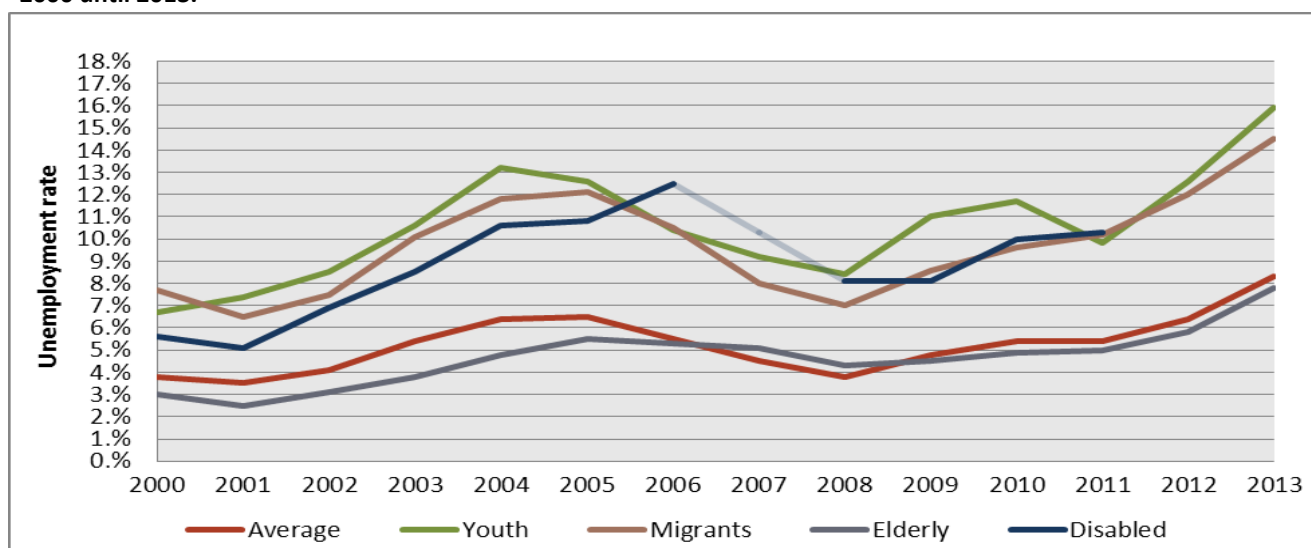
Table 1: Comparative data model of Dutch general population with respect to (un)employment, inactive, temporary and part-time employment rates between national (CBS) and Eurostat data, from 2000 until 2013.

General population	Size total population (*1,000)	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
		CBS *	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS
Year:													
2000	10,729	3.8%	2.7%	67.0%	72.9%	-	-	33.0%	25.1%	13.5%	14.0%	32.1%	41.2%
2001	10,800	3.5%	2.1%	66.5%	74.1%	27.8%	-	33.5%	24.3%	13.5%	14.3%	33.4%	42.2%
2002	10,863	4.1%	2.6%	67.3%	74.5%	22.5%	26.6%	32.7%	23.5%	13.3%	14.3%	35.2%	43.8%
2003	10,903	5.4%	3.6%	67.5%	73.8%	25.8%	29.0%	32.5%	23.5%	13.3%	14.5%	36.4%	44.9%
2004	10,925	6.4%	4.7%	67.9%	73.1%	32.1%	32.7%	32.1%	23.4%	13.6%	14.6%	37.0%	45.5%
2005	10,940	6.5%	4.8%	68.1%	73.2%	36.7%	40.2%	31.9%	23.1%	14.2%	15.5%	37.4%	46.1%
2006	10,952	5.5%	3.9%	68.5%	74.3%	40.5%	42.9%	31.4%	22.6%	15.4%	16.6%	37.7%	46.2%
2007	10,968	4.5%	3.2%	69.8%	76.0%	40.4%	39.3%	30.2%	21.5%	17.2%	18.1%	38.2%	46.8%
2008	10,997	3.8%	2.7%	70.9%	77.2%	36.3%	34.4%	29.1%	20.7%	17.5%	18.1%	38.8%	47.3%
2009	11,014	4.8%	3.4%	71.2%	77.0%	24.1%	24.2%	28.8%	20.3%	17.2%	18.2%	39.7%	48.2%
2010	11,017	5.4%	4.5%	71.0%	74.7%	28.4%	27.5%	29.0%	21.8%	17.4%	18.5%	40.5%	48.8%
2011	10,994	5.4%	4.4%	71.1%	74.9%	33.2%	33.5%	29.0%	21.6%	17.7%	18.4%	40.9%	49.1%
2012	10,992	6.4%	5.3%	71.8%	75.1%	32.0%	33.7%	28.2%	20.7%	18.7%	19.5%	41.5%	49.8%
2013	11,013	8.3%	6.7%	72.1%	74.3%	35.8%	35.5%	27.9%	20.3%	19.7%	20.6%	41.9%	50.7%

Source: Own calculations based on CBS StatLine, 2014c and Eurostat, 2014 (*All CBS data refers to citizens between the age of 15 and 65, Eurostat data refers to citizens between the age of 15 and 64, except among temporary contracts and part-time contract, here Eurostat data refers to citizens between the age of 15 and 74).

In addition to table 1, this report shows the specific labour market position of vulnerable groups. As stated in the introduction, groups which are defined as vulnerable in this report are young people (age between 15-25), migrants (foreign citizens), elderly people (age between 55-64/65) and people with a working limited disability. Figure 4 shows unemployment rates for each of those vulnerable groups, which makes clear that there are great differences both between the groups as with respect to the general population.

Figure 4: Overview of the labour market position of vulnerable groups, with respect to unemployment rates*, from 2000 until 2013.



Source: Own calculations based on CBS StatLine, 2014d (* data from people with disabilities lack in the periods 2006-2008 and 2011-2013).

2.3 Labour market developments of vulnerable groups

The central feature of the vulnerable groups in this report, relates to their weaker labour market position as compared to the average workforce. Figure 4 has surely shown that almost all vulnerable groups have significantly higher rates of unemployment than the average. However, even between those vulnerable groups great differences are visible. The "vulnerability" of these groups could therefore not be mentioned within one denominator like unemployment. The following four tables gives an overview of the labour market position of each of the vulnerable groups, bases on the same subjects as are used in table 1. Due to a lack of information regarding to the labour market position of disabled people, table 5 only gives information about national data of unemployment, employment and inactive rates.

Table 2: Comparative data model of youth with respect to (un)employment, inactive, temporary and part-time employment rates between national (CBS) and Eurostat data in the Netherlands, from 2000 until 2013.

Youth	Size total population (*1,000)	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
		CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat
Year:	CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat
2000	1,873	6.7%	5.3%	47.2%	68.4%	-	-	52.8%	27.8%	34.7%	35.3%	36.7%	61.5%
2001	1,888	7.4%	4.4%	48.7%	70.4%	8.8%	-	51.3%	26.4%	35.5%	36.5%	40.2%	62.2%
2002	1,907	8.5%	4.6%	48.4%	70.5%	6.3%	7.7%	51.6%	26.1%	34.9%	36.4%	42.3%	64.0%
2003	1,921	10.6%	6.6%	47.1%	68.7%	10.4%	11.5%	52.9%	26.4%	35.7%	37.2%	44.1%	66.1%
2004	1,929	13.2%	8.0%	45.6%	66.2%	11.2%	14.4%	54.4%	28.0%	38.7%	37.9%	44.6%	66.7%
2005	1,936	12.6%	8.2%	44.2%	65.2%	13.9%	17.7%	55.8%	29.0%	41.6%	41.7%	46.2%	68.3%
2006	1,944	10.4%	6.6%	43.7%	66.2%	13.6%	19.2%	56.3%	29.2%	44.8%	43.5%	46.5%	68.3%
2007	1,958	9.2%	5.9%	45.3%	68.4%	12.2%	12.6%	54.7%	27.3%	47.4%	45.1%	48.0%	69.7%
2008	1,978	8.4%	5.3%	45.9%	69.3%	10.5%	11.0%	54.1%	26.8%	46.8%	45.2%	50.5%	70.9%
2009	1,997	11.0%	6.6%	45.2%	68.0%	9.1%	10.7%	54.9%	27.2%	47.7%	46.5%	53.0%	73.3%
2010	2,006	11.7%	8.7%	42.7%	63.0%	13.0%	11.6%	57.3%	31.0%	50.9%	48.3%	55.2%	74.7%
2011	2,010	9.8%	7.6%	42.1%	63.5%	12.0%	13.7%	58.4%	31.2%	51.7%	47.7%	56.4%	75.2%
2012	2,023	12.6%	9.5%	42.6%	63.3%	12.0%	13.8%	57.4%	30.1%	55.8%	51.2%	58.0%	76.7%
2013	2,040	15.9%	11.0%	42.3%	62.3%	16.1%	17.0%	57.7%	30.0%	58.4%	53.1%	58.4%	77.7%

Source: Own calculations based on CBS StatLine, 2014c and Eurostat 2014 (*All CBS data refers to citizens between the age of 15 and 25, Eurostat data refers to citizens between the age of 15 and 24).

Table 3: Comparative data model of migrants with respect to (un)employment, inactive, temporary and part-time employment rates between national (CBS) and Eurostat data in the Netherlands, from 2000 until 2013.

Migrants	Size total population *(1,000)	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
		CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS
Year:	CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat
2000	1,938	7.7%	7.2%	60.0%	53.9%	-	-	40.0%	-	21.4%	26.4%	30.8%	36.7%
2001	2,003	6.5%	4.2%	61.0%	57.9%	28.0%	-	39.0%	-	20.5%	24.7%	32.8%	39.4%
2002	2,068	7.5%	5.1%	61.3%	57.4%	21.6%	21.7%	38.7%	-	19.8%	26.1%	34.2%	41.5%
2003	2,118	10.1%	9.4%	61.3%	56.7%	27.4%	26.9%	38.7%	-	19.8%	26.1%	35.2%	40.3%
2004	2,150	11.8%	10.0%	62.3%	54.5%	36.7%	33.6%	37.7%	-	19.5%	26.2%	35.6%	41.0%
2005	2,174	12.1%	11.8%	63.2%	54.1%	41.9%	42.5%	36.8%	-	20.8%	27.0%	36.0%	40.2%
2006	2,192	10.5%	8.8%	62.6%	58.1%	44.5%	45.0%	37.5%	-	22.3%	27.6%	35.4%	38.5%
2007	2,209	8.0%	6.5%	63.8%	60.9%	43.4%	41.6%	36.2%	-	25.7%	32.2%	36.1%	39.6%
2008	2,245	7.0%	6.2%	66.1%	64.6%	37.3%	35.1%	33.9%	-	24.7%	29.5%	37.5%	42.1%
2009	2,298	8.6%	7.0%	65.8%	63.6%	26.1%	29.8%	34.2%	-	23.4%	25.4%	39.0%	42.8%
2010	2,295	9.6%	9.5%	64.4%	60.6%	29.7%	36.4%	35.6%	-	23.7%	29.3%	39.6%	44.6%
2011	2,338	10.2%	9.7%	65.3%	60.7%	35.5%	39.0%	34.7%	-	23.8%	27.6%	39.5%	43.7%
2012	2,384	12.0%	10.2%	66.7%	62.5%	35.1%	41.9%	33.3%	-	24.8%	27.2%	40.0%	42.9%
2013	2,441	14.5%	13.2%	65.6%	59.8%	40.0%	44.0%	34.4%	-	25.4%	27.2%	41.5%	45.1%

Source: Own calculations based on CBS StatLine, 2014c and Eurostat 2014 (*All CBS data refers to citizens between the age of 15 and 65, Eurostat data refers to citizens between the age of 15 and 64, except among temporary contracts and part-time contract, here Eurostat data refers to citizens between the age of 15 and 74).

Table 4: Comparative data model of elderly with respect to (un)employment, inactive, temporary and part-time employment rates between national (CBS) and Eurostat data in the Netherlands, from 2000 until 2013.

Elderly	Size total population *(1,000)	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
		CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS
Year:	CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat
2000	1,590	3.0%	1.9%	34.7%	37.9%	-	-	65.4%	61.4%	7.1%	9.2%	36.5%	46.6%
2001	1,658	2.5%	1.5%	33.5%	39.3%	53.8%	-	66.5%	60.1%	6.3%	7.0%	37.5%	48.8%
2002	1,754	3.1%	2.1%	37.2%	42.0%	50.0%	61.2%	62.8%	57.1%	5.7%	8.2%	38.3%	50.1%
2003	1,834	3.8%	2.2%	38.8%	44.5%	53.3%	61.7%	61.2%	54.5%	6.0%	7.5%	38.4%	49.7%
2004	1,897	4.8%	3.6%	40.6%	44.6%	51.3%	52.3%	59.4%	53.7%	5.6%	7.9%	39.2%	49.9%
2005	1,950	5.5%	4.1%	41.7%	46.1%	57.4%	62.5%	58.3%	51.9%	5.6%	7.1%	39.8%	51.6%
2006	1,998	5.3%	3.8%	42.7%	47.7%	72.7%	70.9%	57.3%	50.4%	6.4%	8.7%	41.3%	52.4%
2007	2,047	5.1%	3.6%	45.8%	50.9%	74.5%	75.0%	54.2%	47.2%	7.1%	9.1%	42.1%	52.8%
2008	2,089	4.3%	3.2%	48.4%	53.0%	69.0%	67.5%	51.6%	45.3%	7.4%	9.3%	42.0%	53.1%
2009	2,121	4.5%	3.1%	50.1%	55.1%	54.2%	52.7%	49.9%	43.2%	7.5%	9.5%	41.7%	53.3%
2010	2,154	4.9%	4.0%	51.3%	53.7%	53.7%	52.1%	48.7%	44.1%	7.5%	8.8%	43.3%	53.4%
2011	2,164	5.0%	2.4%	53.7%	56.1%	54.1%	61.4%	46.3%	41.5%	7.4%	8.0%	43.5%	53.1%
2012	2,152	5.8%	4.7%	56.7%	58.6%	55.6%	59.1%	43.3%	38.5%	7.3%	8.7%	43.0%	52.6%
2013	2,154	7.8%	6.3%	59.6%	60.1%	58.2%	55.8%	40.4%	35.9%	7.4%	9.0%	43.2%	53.8%

Source: Own calculations based on CBS StatLine, 2014c and Eurostat 2014 (*All CBS data refers to citizens between the age of 55 and 65, Eurostat data refers to citizens between the age of 55 and 64, except among temporary contracts and part-time contract, here Eurostat data refers to citizens between the age of 55 and 74).

Table 5: Comparative data model of disabled with respect to (un)employment, inactive, temporary and part-time employment rates in the Netherlands, from 2000 until 2013.

Disabled	Size total population (*1,000)	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
		CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS
Year:	CBS*	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat	CBS	Eurostat
2000	1,465	5.6%	-	55.2%	-	-	-	44.8%	-	-	-	-	-
2001	1,568	5.1%	-	51.2%	-	-	-	48.7%	-	-	-	-	-
2002	1,797	6.9%	-	45.9%	-	-	-	54.1%	-	-	-	-	-
2003	1,806	8.5%	-	45.8%	-	-	-	54.2%	-	-	-	-	-
2004	1,799	10.6%	-	46.1%	-	-	-	53.9%	-	-	-	-	-
2005	1,764	10.8%	-	45.2%	-	-	-	54.8%	-	-	-	-	-
2006	1,725	12.5%	-	44.2%	-	-	-	53.3%	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-	-	-	-
2009	1,651	8.1%	-	46.6%	-	-	-	53.4%	-	-	-	-	-
2010	1,476	10.0%	-	43.4%	-	-	-	56.6%	-	-	-	-	-
2011	1,384	10.3%	-	40.7%	-	-	-	59.3%	-	-	-	-	-
2012	1,349	12.6%	-	41.3%	-	-	-	58.7%	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Own calculations based on CBS StatLine, 2014c and Eurostat 2014 (*All CBS data refers to citizens between the age of 15 and 65, no Eurostat data available).

With a general unemployment rate of 8.3% in 2013, a preliminary low point was reached in the current economic crisis. However, unemployment rates even increased to respectively 15.9% and 14.5% for young people and migrants. Only older workers have noticed a lower unemployment rate compared with the average, although long-term unemployment rates of elderly reaches far above average. The vulnerable position of these groups according to unemployment rates, however, were not only caused by the crisis. Already in the pre-crisis period, youth, migrants, and elderly showed signs of a difficult labour market position. Next to unemployment rates, the high level of inactivity rates is therefore a second common feature. However, it is remarkable that particularly elderly have shown positive trends because of declining inactivity rates during the crisis. Furthermore, youth distinguished themselves from other groups by high levels of temporary and part-time employment. Especially the high levels of temporary contracts stand out compared to the low levels of temporary contracts among elderly, at the same time, youth have just a very low level of long-term unemployment compared to the high levels among older workers. These examples show the many differences between the vulnerable groups.

The tables in this chapter give a good first impression of the labour market position of vulnerable groups, however, the underlying causes of these differences become not quite clear. Therefore, next two chapters provide further information on the basis of qualitative in-depth analysis of the labour market position of vulnerable groups. Chapter three discusses the so called *pre-crisis* period (2000-2008) and chapter four focuses on the labour market position during the crisis (2008-2013). For this analyses, (inter)national reports of government and independent agencies and scientific articles of labour markets and vulnerable groups have been used. In addition, 16 interviews were conducted with labour market experts of national and local governments, scientific think tanks, trade unions, and representatives of vulnerable groups (see Appendix 1 for all interviewed experts and organizations). The reports, articles and interviews together form the resources on which the analyses is based, however, because of promised anonymity of the interviewees, citations are numbered and not directly traceable to the interviewed labour market experts.

3] A qualitative analysis of the labour market position of vulnerable groups during the pre-crisis period (2000-2008)

At the start of the 21st century, the Dutch labour market was doing well as illustrated in table 1 and figure 4, unemployment rates were low and productivity rose. However, the same table and figure show that those developments came under pressure from 2001 until 2005, as a result of an economic crisis. The cause of this crisis was the bursting of the ‘dotcom bubble’ in 2000 (Van Gestel et al., 2009, p. 99). The name *dotcom bubble* is derived from internet companies that particularly in the United States ensured for stock speculation and rising share prices in the 1990’s, which splashed in 2000, followed due many bankruptcies (Ofek & Richardson, 2003). In the Netherlands, the dotcom bubble was dominated by the stock-market flotation of *World Online*. This internet company was worth 12 billion euros at its introduction, and lost tens of percent’s of its value in a short period of time (NRC, 2000).

The economic crisis that followed the dotcom bubble immediately caused increasing unemployment rates. However, from 2005 onwards, the Dutch labour market showed signs of recovery, unemployment decreased quickly and a booming period was following. From then on, unemployment was no longer the main problem, but a future deficit of available workforce was seen as a threatening issue. This idea of ‘scarcity’ was mainly entered by demographic factors like declining birth and ageing of the working population. These factors forced the Dutch government to think of a future scenario in which the growth of the economy would not be harmed by a lack of available workforce. Therefore, the government constructed a committee which got the task to come up with proposals. The main conclusion of this committee, called ‘*Advies Commissie Arbeidsparticipatie*’ (‘Advisory Committee Labour Participation’), is to increase labour market participation with respect to part-time workers, older workers, and by focusing more on active labour market policies for social benefit receivers. Besides, the committee advised to make a head point of improving the connection between education and labour market (Rijksoverheid, 2008). The outcomes of this committee were presented in June 2008, on the eve of a new financial and economic crisis that no one expected at that time, and of which no one could foresee the implications for the labour market in the near future.

Despite of the strong economic recovery of the Dutch labour market after the dotcom bubble, these positive developments did not translate into improvement of the situation of all labour market groups. The vulnerable groups who are mentioned in chapter two did show mostly a different development. This chapter highlights the labour market position of each of the vulnerable groups, seen from the period before the financial and economic crisis that started late 2008.

3.1 Pre-crisis labour market developments: Youth

Youth have a systematically higher level of unemployment than any other vulnerable group. A part of this unemployment can be explained due the friction that comes up every year when young people enter the labour market. However, the time that young people are searching for their first job is only one of the features that could explain youth unemployment (O’Higgins, 2001). Especially economic cycles influence the labour market position of young people. As is illustrated in figure 4, youth unemployment reacts stronger to economic fluctuations than any other group. After the outbreak of the economic recession in 2001, youth unemployment increased sharply. However, due to the economic recovery between 2006 and 2008, youth unemployment

rates declined rapidly as well. This strong correlation between youth unemployment and economy, shows that labour market position of younger workers is characterized by *flexibility*. However, although young people have high levels of unemployment, most of Dutch youth are only unemployed shortly. Recent figures from 2009 show that more than half of youth who are looking for a job find one within three months, and even seventy percent within half a year (Bierings, Kerkhofs & De Vries, 2010, p. 15). Though, most of the youth have temporary contracts, which means that they have a greater chance of getting fired in a period of recession than those who work on permanent basis. This other side of flexibility explains why young people become unemployed faster in times of economic recession (Van der Mooren & Traag, 2013).

Youth unemployment record of the Netherlands in pre-crisis period was 8.2% in 2005 (to Eurostat data). In international perspective, this figure does not seem to be high, especially because the EU average in this period was 18.7% (Eurostat, 2014). The rate of youth unemployment, therefore, was relative according to interviewed *number 6*, which put is as followed:

“In itself, I never really look at youth unemployment, because it is always high within a crisis and then usually decreased automatically. It is also interesting to compare this situation with Sweden, there youth unemployment is always high as well, how can that be? The Swedish labour market is very institutionalized, you will need to be included in the system, with us, young people have more flexible work, allowing them to switch faster from job to job”.

Increasing labour market flexibility poses both opportunities and challenges for young workers. The process around a flexible labour market was already in full bloom in the 1990's. Flexibility in respect to temporary contracts, especially by youth, has become common since this period (Van der Mooren & Traag, 2013, p. 12). With the increasing flexibility, however, the risk of an *insiders* and *outsiders* labour market occurred, respectively to those with a permanent and flexible contract. In order to counter this negative effect, the law '*Flexibiliteit en Zekerheid*' ('Flexibility and Certainty') entered into force in 1998. This '*flexlaw*' regulated among others the certainty of a permanent contract, after an employee has got maximal three successive fixed-term contracts (or in total three years). The flow of flexibility towards permanent employment was regulated in this way. In the first half of the last decade, research have shown that most of new labour market entrants got a temporary contract, in which a majority could expect a permanent contract after a while (Bekker et al., 2005, p. 49). Even during the economic crisis following the dotcom bubble, there were no significant signs that the flow of flexibility to permanent contracts became more difficult (Zijl, 2006).

The Dutch context concerning labour market flexibility of youth is not only characterized by the great amount of young people having a temporary contract, but also by the high share of part-time employment. These part-time workers may however have a permanent employment (Sol et al., 2011, pp. 23-25), though this seems not to be a common combination by young people as became clear in table 2. This observation could be explained by the fact that a lot of Dutch youngsters have a job on the side, besides doing their studies. Those jobs are mainly fulfilled in part-time employment, like work that needs to be done during the evenings or weekends. Therefore, those part-time jobs do not, by definition, displace the number of full-time jobs (Van Vuuren & Bosch, 2012, p. 10).

3.2 Pre-crisis labour market developments: Migrants

Similarly as to youth, migrants employment is characterized by a high degree of cyclical sensitivity. However, within the group of migrants, there is a substantial amount of young people and vice versa, allowing some overlap within these groups. The high number of youth having a flexible job is in respect to ‘young migrants’ even higher than to autochthonous youth (Meng, Verhagen & Huijgen, 2014, pp. 121-123). Apart from this similarity, migrants have other underlying factors that could explain their vulnerable position in the labour market. In order to understand these factors it is crucial to make a distinction between Western and non-Western migrants³.

The first generation migrant workers came to the Netherlands in the 1960’s and 1970’s, and performed primarily low-skilled factory work. The majority of those migrants came from the Southern-European countries but, later on, also from non-Western countries such as Morocco and Turkey. In this period, migration did not cause any problem, as the migrant workers came to the Netherlands to fill in a temporary gap in the demand of labour. However, many of those non-Western migrants decided to stay and build up a new life in the Netherlands, which eventually led to integration problems because of language barriers, cultural and religious differences between non-Western migrants and indigenous population (Van Tubergen & Maas, 2006). At the beginning of the 21st century those problems led to public debate, which was dominated by the failure of immigration policies and multiculturalism. Partially this debate was fuelled by the fact that non-Western migrants often were characterized by a lower educational level, more unemployment and more poverty than natives. In addition, non-Western migrants are considered to have more needs for social security and to be over-represented in crime rates (Huijnk, 2014, pp. 65-73; Jenissen, Oosterwaal & Blom, 2007). Therefore, Dutch society is in a way segregated between the indigenous population and non-Western immigrants (Bolt, Van Ham & Van Kempen, 2006).

Nowadays, Dutch immigration and integration policies became more restrictive (Entzinger & Fermin, 2006). These developments have limited the inflow of new non-Western migrants (CBS StatLine, 2014e). However, some remarkable developments have been noticed among the labour market position of migrants, the employment rates increased and the inactivity rates declined. These positive developments, though, mainly appears to Western migrants and to a less extent to non-Western migrant from Suriname, Iran, the Dutch Antilles and Turkey. Among non-Western migrants from Morocco and from (former) refugee countries such as Somalia, Afghanistan and Iraq, a different effect appears. These migrant groups have significantly higher inactivity rates and are much more depended on welfare benefits. One of the explanations for these differences could be related to the fact non-Western migrants have on average more flexible contracts, and therefore, less job security. Besides, these group of migrants have a lower educational level (Meng et al., 2014, pp. 112-116). Although these explanations give some clarity, especially social-cultural aspects seems to have an important role in explaining the higher unemployment among non-Western migrants. One of the interviewed experts, *number 12*, noticed as follows:

“The group that is doing best are Surinamese people, we see labour participation of women in this groups is even higher than of natives, thereby, across the board Surinamese youngsters often have a job than other migrants. Of course, Surinamese people do also well because Dutch is their mother language. Besides, they have no discrimination on religious grounds, and their network is at a higher level, allowing them to have easier

³ According to definitions of Dutch CBS a Western migrant is someone originating from a country in Europe (excl. Turkey), North America, Oceania, Indonesia or Japan. A Non-Western migrant is someone originating from a country in Africa, South America or Asia (excl. Indonesia and Japan) or Turkey.

entry on the labour market. In addition, I think the Turkish community made an important step. They have found a better entry to labour market and society. Some reasons for this could be found in a majority which have an urban background, we see for instance their clothes are more in line with Western culture, which gave less occasions to prejudices”.

The historical connection between Suriname and the Netherlands, which resulted in less barriers on language and cultural level, could partially explain why Surinamese people found less hindrance to entry the labour market than other non-Western migrants. Just a lack of mutual understanding with respect to social-cultural knowledge, expressed in a limited adaptability of migrants on the one hand and discrimination on labour market in the other, could be possible explanations for the fact that other non-Western migrants have significantly higher unemployment rates.

Since 2004, the Netherlands was faced with a new kind of labour migration, due the arrival of Western migrants from central and eastern Europe. Not coincidentally, this new flow of migrants went together with the enlargement of European Union⁴ in 2004, which in the beginning gave mainly migrants from Poland, and later on also from Hungary, Bulgaria and Romania the opportunity to live and work in the Netherland (CBS StatLine, 2014e). These migrant groups have a lot in common with the first generation migrant workers from last century, because a large part of the mainly Polish and Romanian migrants works in low-skilled jobs in agricultural and horticulture sectors and in building industries (Engbersen, Ilies, Leerkes, Snel & Van der Meij, 2011, p. 40). However, it is was in the pre-crisis period not clear if these migrants would stay in the Netherlands on temporary basis or, just like a great number of non-Western migrants, will settle permanently.

3.3 Pre-crisis labour market developments: Elderly

The labour market position of older workers is characterized by many contrasts if compared with young people, for instance, young workers have mainly flexible contracts but older workers are characterized by having permanent contracts. Likewise, young workers have much higher unemployment rates than older workers, which put questions towards the vulnerability of elderly. After all, figure 4 have shown that the unemployment level of older workers falls even below the average. From this perspective, it could be concluded that older workers are not a vulnerable group in the pre-crisis period. However, there are two aspects that are striking, the high share of long-term unemployment and the low level of job mobility.

The first remarkable development related to the labour market position of elderly is the high number of long-term unemployed. In times of crisis due the *dotcom bubble* long-term unemployment rose to more than 70%. Even in the economic recovery period after, unemployment rates were higher than 50% (see table 4). These data shows that more than half of older workers could not find a job after they became jobless, which seems to be in line with an opinion of interviewed labour market expert *number 7*:

“In surveys, we ask employers how many vacancies are filled in by older workers, and this is almost always 2%... I carefully think then, unemployment among elderly has always been difficult”.

Causes of the high rates of long-term unemployment among elderly could have to do to the alleged perception employers have towards a less productiveness of older workers. In this perception, older workers have an

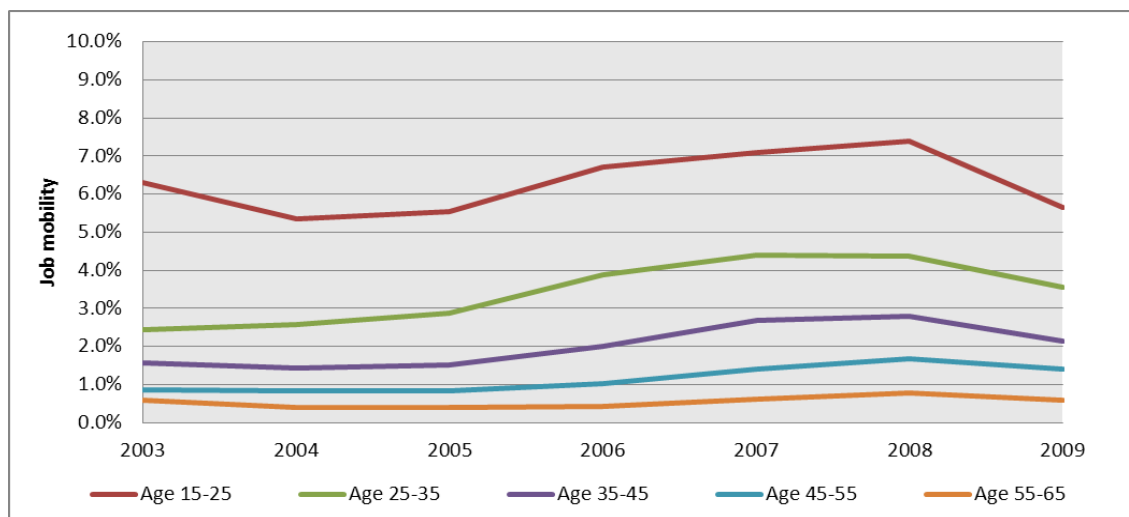
⁴ In 2004, ten new countries joined the European Union: Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, Slovakia and Czech Republic, in 2007 Bulgaria and Romania followed.

image of being less flexible and having a lack of IT-skills. Those *hard skills* are considered as more important to employers than *soft skills*, such as experience and reliability, although employers recognize that older workers do have a good command of soft skills (UWV, 2011). However, it is not clear to what extent it is true that older workers are less productive in the Netherlands. This largely depends on the type of work and industry, but in general, salary rises with aging and productivity stays the same or decreases. This leads to a discrepancy between wages and productivity by older workers (Gelderblom, 2005).

The high share of long-term unemployment among elderly is, however, not only caused due a (alleged) lack of hard skills and a discrepancy between wages and productivity, a low level of job mobility is part of the issue as well. As illustrated in figure 5, already from the age of 45, the average job mobility decreases rapidly, and by the age of 55 job mobility is even less than one percent. The main reason for this low level of job mobility is linked to the relative high degree of job security older workers obtain by having permanent contracts. Because of these permanent contracts, only very few elderly are willing to change jobs. Besides, from the age of 55, the number of employees investing in own employability by following education decreases rapidly (Gelderblom, Collewet & De Koning, 2011, p. 36). For many older workers there might be indeed no need to invest in employability because of having permanent contract, however, it makes the labour market position of elderly much more vulnerable in cases of (unexpected) unemployment. Moreover, this topic seems to get more urgent now recent important changes have been made.

Until 2006, the Dutch '*Ontslagbesluit*' ('dismissal resolution') was based on the principles of *last in, first out* (LIFO) in case of business economic dismissals. In practice, this system regulated the dismissal of employees who started working last in an organization, mostly youngster, instead of older workers who got more job security in this way. Besides, for employers it was even a cheap way of dismissing employees by LIFO, because the wages of young workers are lower and period of service is shorter. However, after *Ontslagbesluit* was changed, a new methodology was used, based on the principles of age proportionality. With this new system, an organization was set in five age categories, in which due the methodology of LIFO employers will be laid off if needed. Now, all age categories have the same change of dismissal, instead of younger workers alone. However, because older workers are less protected than before and job mobility is still low, a potential threat has arisen which may increase the (long-term) unemployment of older workers.

Figure 5: Development of job-job mobility by age group, average of years 2003-2009.



Source: Own calculations based on CBS, 2009a.

3.4 Pre-crisis labour market developments: Disabled

In 2000, the Netherlands had more than two and a half million people with a longstanding health problem in the age between 15 and 65, however not all of them were disabled (CBS StatLine, 2013b). To make a clear distinction between people who have a long standing health problem and people who have work constraints because of those problems, last category labelled as disabled will be used in the rest of this report.

In the pre-crisis period, the number of disabled has steadily increased to over more than 1,8 million (see table 5). Statistical information on disabled people is mostly-limited to national data on (un)employment and inactivity rates. In all of these three aspects, the labour market situation of disabled got worse. Likewise the economic bloom period from 2006 till 2008, unemployment and inactivity rates remain high. Therefore, disabled people seems to have less benefit of economic recovery than young people and migrants for example.

An explanation for the difficult labour market position of disabled persons can be partially explained by the perception of employers related to a lower productivity, financial risks and a predicted high level of absenteeism of disabled workers. Although these perceptions do not fully correspond to reality, they limit the labour market opportunities of disabled. Furthermore, the nature of disability plays an important role in job chances as well. People who have a physical disability or persons with psychiatric disabilities have less job opportunities than persons with a chronic disease (Van Petersen, Vonk & Bouwmeester, 2004, pp. 25-28). In itself, this detection is not astonishing, given the fact a physical or psychical disability can logically lead to a reduction in labour function. Despite of this risks, employers do hire disabled people. Among the reasons that explain the willingness of employers to hire disabled persons are: high degree of motivation of disabled workers, financial compensation and moralistic motives of employers, such as having a workforce that has been reflected from society (Van Petersen et al., 2004).

Especially lower educated disabled people have a significantly lower employment rate than higher educated disabled people. Moreover, youth, elderly and migrants with a disability, have additional barriers to find a job too (Sanders, Lautenbach, Besseling & Michels, 2010, pp. 120-130). For those people with a physical, mental or psychiatric disability, who would be nearly prospect less for getting a job in normal circumstances, the government developed the '*Wet Sociale Werkvoorziening*' ('Social Employment Act'). The law gives people with these disabilities the possibility to do adapted work in a sheltered workplace (SW-businesses). Where SW-businesses used to be seen as permanent workplaces for those disabled persons, nowadays policy focuses on moving up disabled from SW-businesses to the regular labour market. These developments are mainly caused due the inclusive policy of the government, which aims to allow everyone to take part in society and in regular labour market (Fenger, Van der Steen et al., 2011, pp. 144-154).

In 2008, the number of disabled working in sheltered workplaces has increased to more than 100,000. Hypothetically, those disabled workers could be the answer on the issue of scarcity of the labour market, which was still an important theme at that time. However, the extent to which disabled people from SW-businesses really are able to fill in those jobs seems to be limited, because the number of sheltered workers with a serious disability has increased in the period between 2002-2009, as is illustrated in table 6. Moreover, the number of disabled persons with mild issues have been decreasing. This has led to a situation in which the majority of sheltered workers who are able to do regular work already left the SW-businesses, with the 'difficult cases' left behind. Therefore, it is debatable to what extent it is realistic to assume current sheltered

workers would be able to move on to the regular labour market. From an economic perspective, however, this is also not necessarily, as interviewed labour market expert *number 9* said:

“...Yet, you may wonder if you want to let participate everyone on the labour market. You can make economic growth as high as possible by pushing everyone on the labour market, however, you can also accept a lower growth and allow certain groups to stay outside the regular labour market, because it is very difficult to mediate them to a ‘normal’ job. In terms of productivity then, it makes no sense to let participate vulnerable groups like disabled to the regular labour market, if you want to do this, then it has more to do with the social component”.

Although it might indeed make no sense to stimulate people with a physical, mental or psychiatric disability to participate on the labour market on economic reasons, from a social perspective however, there are many motives. Some employers feel genuine concerns towards disabled people, and would like to manifest themselves as a partners who gives high values on Corporate Social Responsibility (CSR). In addition, work and the social interaction that comes with work, generally, ensures people to feel more satisfied with life. In particular to people with a disability, work leads to more social involvement and gives a higher self-esteem than disabled people who do not work (Van Echtelt, 2010, pp. 35-55). From a social perspective, increasing the employment rate of disabled is important, however, those jobs could be filled in on both regular labour market and sheltered workplaces. After all, values people get from work and thereby social interactions could be experienced within a sheltered workplace as well.

Table 6: Profile of employees working in sheltered workplaces, from end 2002 till the end of 2009.

	End of 2002	End of 2003	End of 2004	End of 2005	End of 2006	End of 2007	End of 2008	End of 2009
Sex								
Male	76%	75%	74%	74%	73%	73%	72%	71%
Female	24%	25%	26%	26%	27%	27%	28%	29%
Age								
Average age (years)	43,5	43,7	44	44,3	44,8	45,2	45,6	46
Type of disability								
Physical	39%	39%	38%	37%	36%	36%	35%	34%
Mildly mentally	34%	34%	34%	34%	34%	35%	34%	35%
Psychical	21%	22%	24%	25%	26%	25%	27%	28%
Other	5%	5%	5%	4%	4%	4%	4%	4%
Degree disability								
Mild	3%	3%	3%	2%	1%	1%	0%	0%
Moderate	90%	88%	87%	88%	88%	88%	88%	88%
Severe	7%	9%	10%	10%	11%	11%	12%	12%

Source: WSW-monitor 2007, 2008 and 2009 (from Fenger, Van der Steen, et al., 2011, P.166).

4] A qualitative analysis of the labour market position of vulnerable groups during the crisis (2008-2013)

In June 2008, just when the Advisory Committee Labour Participation presented its recommendation report *'Towards a future that works'*, neither the committee nor the interviewed labour market experts did foresee the crisis that was looming. The proposed targets, such as increasing employment, had to be readjusted as a result of the crisis. Interviewed Labour market expert *number 7* stated that first signals of increasing unemployment were already seen by the end of 2008:

"When we look at the developments of vacancies, a turn was already visible in November 2008. Besides, we saw more people been registered as jobseekers, and the number of people who got a unemployment benefit increased. Before this time, there was just a trend of a decreasing number of unemployment benefits and an increase of vacancies..."

These challenges were the starting point of a series of negative developments in the labour market. In this chapter, these developments and the subsequent policy responses during the economic and financial crisis will be discussed in more detail. In addition, this chapter continues with the description of the labour market position of vulnerable groups, in the context of crisis.

4.1 The impact of the crisis on employment and poverty

In 2009, the crisis hit the Dutch economy, with a 3.7% decline of GDP. This was the greatest decline since the Second World War (CBS StatLine, 2014f). In first instance, the effects of the recession directly affected cyclically sensitive industries such as trade and transportation industries. Total unemployment rate increased to 6% in February 2010 (according to CBS data), together with 290,000 unemployment benefits. However, from this period on, unemployment figures stabilized somewhat until mid-2011. From September 2011 onwards, unemployment increased steadily, till it reached a 8.5% peak by the end of 2013 and 460,000 unemployment benefits (CBS StatLine, 2014g). This fluctuation in unemployment shows that financial and economic crisis did not have a direct effect on the labour market. In fact, there were two crisis that followed, besides some stabilization periods in 2010 and 2011.

4.1.1 Economic crisis and labour hoarding (2009-2011)

Overall, in the immediate period that followed the economic crisis, the Netherlands performed well in reducing the effects of the crisis in terms of an increase in unemployment (Bigos et al., 2014, p. 114). The question why unemployment increased relatively moderately in the beginning, then, cannot be answered on basis of statistical analyses. The interviewed labour market experts, however, explain three underlying factors.

First, a lot of companies experienced a period of economic booming before the crisis. Therefore, companies were able to build up capital, which could be used as a safety in times of economic uncertainty in order to keep their employees. This phenomenon, also referred to as *labour hoarding* (Taylor, 1979), can be best understood in the context of the second factor; *scarcity*. As mentioned earlier, scarcity was an important issue on the political agenda at the time. In addition, a study confirms that scarcity was indeed one of the main motives for

businesses to keep employees employed in order to have an available workforce for the moment economy would recover (Josten, 2011, pp. 22-24). Besides the fact laying off staff is expensive, labour hoarding is therefore a logical consequence of the perception that companies would be faced again with a lack of available workforce in the nearby future. Thirdly, the issue of scarcity led to many *available vacancies* before crisis. However, these vacancies disappeared rapidly, from 241,000 mid 2008 until 130,000 mid 2009 (CBS, 2009b). With falling demand for labour, a part of forced layoffs has been prevented. In conclusion, the combination of these three factors has mitigated the increasing unemployment at the start of the crisis.

In addition to the factors mentioned above, the Dutch labour market become more and more flexible over the past years. This can be seen in the increasing number of people who work on temporary basis, especially youth, who have high levels of job mobility. Besides, the many institutional changes that the labour market was faced with in the 1990's and first decade of this century, led to a situation in which the labour market was in certain sense 'prepared' to deal with the crisis. Therefore, flexibility and policies focusing on an active labour market are important elements for labour market resilience within the Dutch context. According to interviewed labour market expert *number 9*, labour market resilience is now much stronger than in the crisis of 1980's:

"In the 1980's, the incentives to work were structurally out of order, nowadays this is better, there are no incentives yet to remain longer in assistance than needed. On the other side, people are also confronted harder with those new welfare policies, because the safety net gives less protection".

4.1.2 Continuing crisis leads to increasing unemployment (2011-2013)

From the first quarter of 2010 onwards, the Dutch economy seemed to recover from the recession and the labour market situation stabilised. At that time, the general opinion of government was that scarcity of labour force would return when the crisis is over. Therefore, the government was still focusing on increasing employability and labour force participation. An example of those policies are the temporary introduction of reduction of working hours in order to keep employees employed for when crisis would be over, which later transformed into '*deeltijd-WW*' ('partial unemployment benefit') (De Beer, 2009). Promoting labour hoarding was the underlying idea of the reduction of working hours and partial unemployment. Employers and employees would be temporary compensated with these partial unemployment benefits for the lack of available work, so employers could keep their employees. In total, these policies worked for almost 80,000 people, especially in construction industries. Although this is a substantial proportion, this 'prevented unemployment' is no more than a half percent of total unemployment rates (Van der Klaauw, 2013, p. 30).

Besides the reduction of working hours, the retirement age was raised in order to increase labour participation among elderly (De Beer, 2009), and save costs on the Dutch statutory pension: the General Pension Act (Dutch: AOW). However, already long before the crisis, there was an ongoing policy-debate on increasing the eligibility age for AOW. Experts predicted that declining birth rates and aging of working population would lead to an imbalance between workers and pensioners. However, because this was a politically hot issue, real decisions were avoided. In 1956, the year in which AOW was introduced, the average life expectations of a 65 years old were about 15 years after retirement. Nowadays, these expectations are increased to an average of 20 years (CBS StatLine, 2013c). Therefore, elderly do receive their pension longer as well as more and more elderly get eligible for a pension because of aging. After all, with the economic crisis

giving more pressure on the financial sustainability of the system, action could not be avoided any longer. In 2012, a policy window emerged because of a sudden political power shift and a lack of organisation of trade unions, which were normally against extending eligible age for pensions. Because of those events, a political decision was made which resulted in a gradual increase in AOW-age to 67 years.

Although important policy decisions were made, the economic crisis did not reach its most critical point yet. As of mid-2011, a new period of economic downturn had come, with some slight recoveries. However, the impact of this crisis for labour market became visible from 2012 onwards. Financial reserves of companies were running out and it became clear to employers that the crisis was not temporary any longer. Therefore, employers were forced to reorganizations and firing employees, because labour hoarding was no longer a possibility. Unemployment increased from 5.6% by the end of 2011 to 6.8% end of 2012, the same level of unemployment that was reached in crisis of 2005. However, the impact of this crisis was more server, because unemployment increased further to 8.2% by the end of 2013 (CBS StatLine, 2014c).

Although labour hoarding was at the beginning of the crisis an important instrument for keeping employees in business, at the same time, businesses in cyclically sensitive industries created and implemented plans for restructuring an reducing company size. Especially business services, construction industries, manufacturing industries, trade companies, catering companies and transport companies were focusing on reducing labour, as visible in table 7. In 2010 and 2011, a slight economic recovery made this focus less necessary by business services and in a les extent to manufacturing industries, trade companies and transport industries. However, the government just started to implement policies to reduce organisations size in health care and education. The delay in the government response has to do with a time lap in tax revenues and more complicated decision-making procedures.

Table 7: Trends in reducing business sizes in percentage of the number of companies, from 2005 until 2011.

	2005	2007	2009	2011
Total (all sectors)	13%	8%	18%	21%
Manufacturing industries	11%	6%	15%	13%
Construction industries	8%	2%	18%	18%
Trade, catering and repair	14%	5%	17%	16%
Transport industries	14%	7%	15%	15%
Business services	9%	9%	22%	15%
Health care	17%	12%	16%	29%
Other services	15%	12%	14%	26%
Government organizations	37%	23%	22%	53%
Education	18%	13%	24%	54%

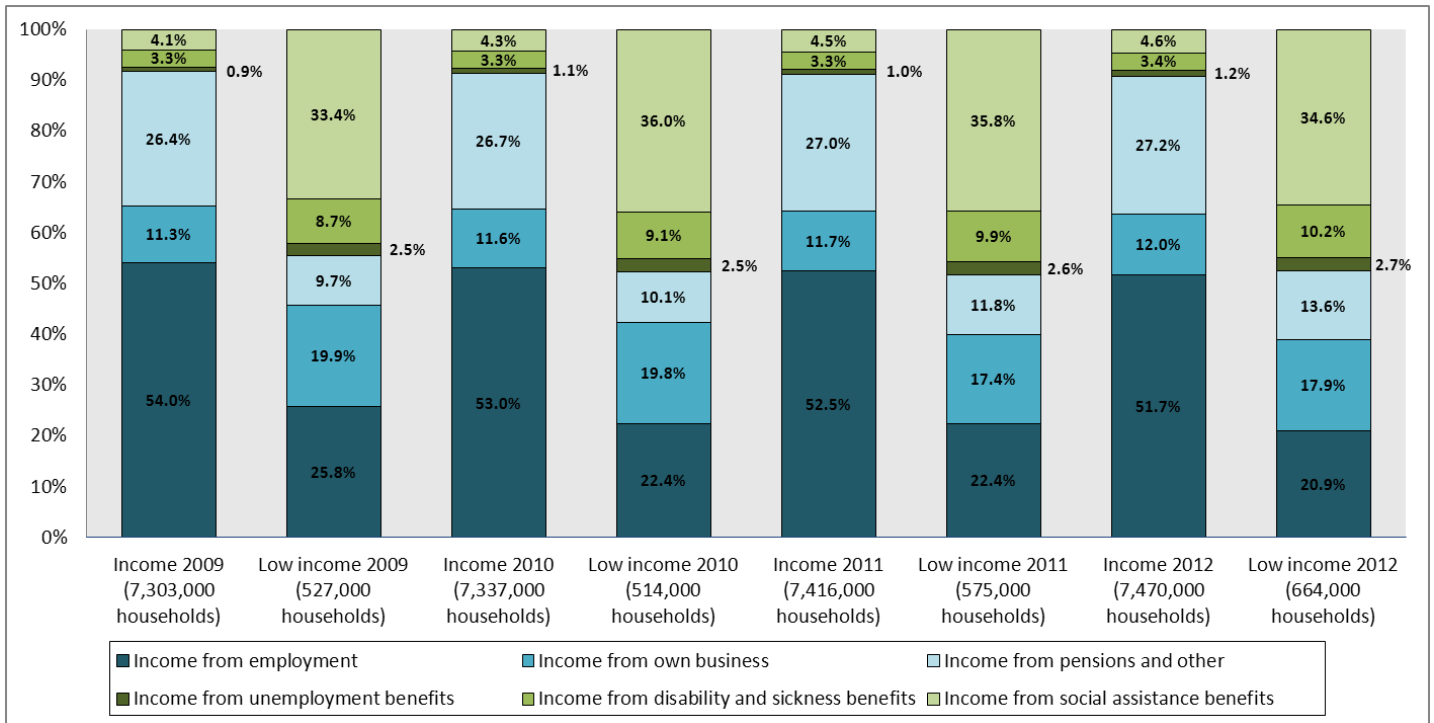
Source: Van Echtelt, Vlasblom, De Voogd-Hamelink, 2014, p. 32.

4.1.3 The impact of the crisis on poverty

The number of households having a low income, and thereby having a higher risk of poverty, increased considerably during the crisis. In 2012, 664,000 households, consisting of 1.3 million people, had to live with a low income. This is 8.9% of the total number of households, in relation to 7.8% in 2011 and even 7.2% at the start of the crisis in 2009 (CBS StatLine, 2013d). Most people with a low income receive their income from

social assistance benefits, pensions, disability benefits, sickness benefits or unemployment benefits. However, they represent only a small part of the total population, as illustrated in figure 6. People who receive social benefits, therefore, have a higher risk of poverty than people who receive income through work. Especially the low income situation of receivers of pension benefits (from 9.7% in 2009 towards 13.6% in 2012) and households who receive an income from unemployment benefits (from 8.7% towards 10.2%, respectively) deteriorated.

Figure 6: Overview of households (with a low income) by income source in percentage, from 2009 until 2012.



Source: Own calculations based on CBS StatLine, 2013e.

As illustrated in figure 6, the number of households that receive their income through employment is quite large in respect to the total number of population, but relative small with respect to those with a low income. Besides, the number of households receiving a low income through employment decreased in past years. In 2009, 25.8% of *employed households*, and 19.9% of *own business households* received a low income, by 2012 respectively 20.9% and 17.9%. However, although the low income position of own business workers improved, they still have to face poverty relatively often compared to the relative small number of own business workers in the total population (12% in 2012).

A major part of the category of own business workers exists of self-employed workers without employees (Dutch: ZZZP). During last decade their number increased strongly in the Netherlands, in 2013 784.000 of the more than 1.1 million entrepreneurs were ZZZP's (CBS StatLine, 2014h). This group includes for example self-employed plumbers, accountants or farmers, however, most ZZZP's work in commercial industries. Before the crisis, ZZZP's did well in the economic bloom period, this is one of the explanations of the increased number of self-employed. Furthermore, being 'own boss' and having the freedom of making own decisions are important motives for people to start as a ZZZP (Zandvliet et al., 2013, pp. 18-20). However, when the crisis started ZZZP's had to deal with more challenges than regular employees, for instance, ZZZP's are not covered by group

insurance in case of disability, furthermore, ZZP's could not apply for unemployment benefits or on a severance pay in case of dismissal. Because of the crisis, a lot of ZZP's had to deal with declining revenues. The lack of social security rights forced ZZP's therefore to live frugal because for the loss of income. In some cases this have led to distressing situations, as summarized by labour market experts *number 9*:

"I even heard stories of self-employed workers who had no income left to pay for their medications, so they are really a vulnerable group... During the crisis, the number of self-employed even increased, partly because the government did move a lot of responsibilities with respect to absenteeism and disability to employers. This created incentives by employers to primarily hire employees for temporary employment..."

4.2 The labour market position of vulnerable groups during the crisis

Since the outbreak of the crisis, two periods could be distinguished as discussed in previous section. In the first period, a context of *scarcity* of labour combined with large numbers of *available vacancies* and *labour hoarding* together contributed to relatively low increase of unemployment. However, in the second period, especially from 2011 onwards, the mitigating effect of those three factors weakened. In addition, because of the length of the crisis, employers were forced to reorganize corporate structures and to lay off their staff. As a result, unemployment increased rapidly especially among vulnerable groups. Therefore, this section gives an overview of the labour market position of youth, migrants, elderly and disabled people during the crisis.

4.2.1 Labour market developments during the crisis: Youth

Already in 2009, the rapidly increasing youth unemployment, translated into concerns about the risk of a 'lost generation' (NRC, 2009). Having in mind a worst case scenario of long-standing unemployment as in the 1980's, political pressure emerged to respond to these challenges. One of the government initiatives was launching the '*Actieplan Jeugdwerkloosheid*' ('action plan youth unemployment), which aimed at stimulating youngster to remain in education, in order to prolong their labour market entry during the crisis. Furthermore, policies were focusing on stimulating students who follow '*Middelbaar Beroepsonderwijs*' (MBO⁵) to get a diploma in promising industries, such as engineering industries, because a lot of unemployment is particularly prevalent among MBO-students and youth with lower educational levels. For these measures, the government made 250 million euro's available for a period during until 2011 (De Boer, 2009).

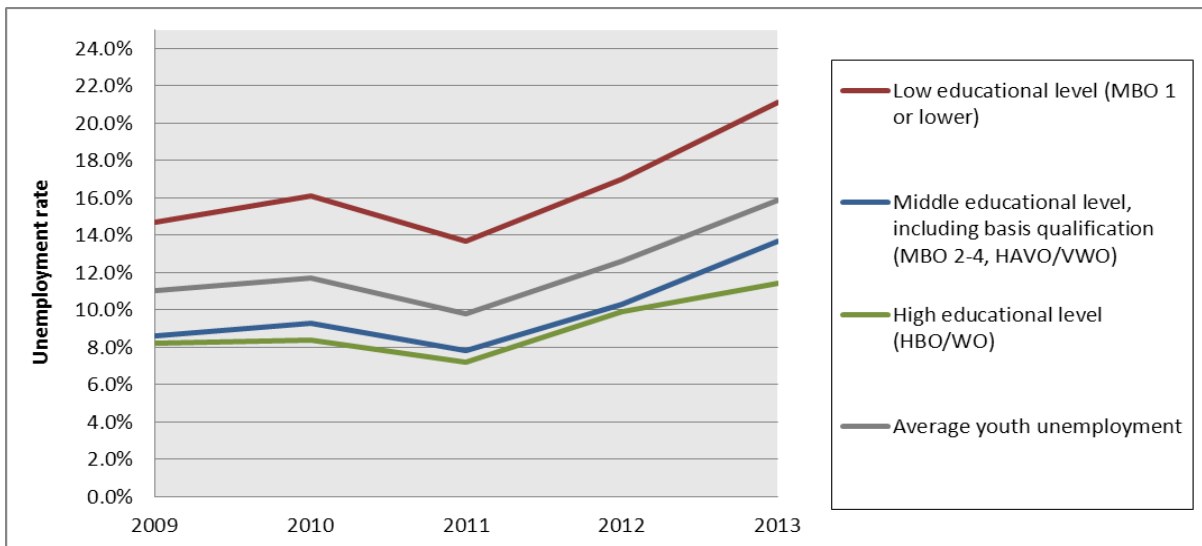
The effects of the policy measures that have been taken is difficult to assess in quantitative terms. However, at least they led to a better local cooperation between organizations in civil society, and better connections between education and businesses (Bouma, Van der Kemp, Van Ommeren & De Ruig, 2011). Consequently, 170,000 young people got a job in this period, whether or not because of the *Actieplan Jeugdwerkloosheid*. However, from mid-2011 the economy deteriorated again and youth unemployment increased from 9.8% in 2011 to 12.6% in 2012 and 15.9% in 2013 (respectively 7.6%, 9.5% and 11% according to Eurostat data). Therefore, in 2013 new actions were taken by setting a '*Ambassadeur Jeugdwerkloosheid*' ('ambassador youth unemployment'). The main task of this ambassador was to continue the cooperation between educational institutions and businesses, through creating internships, work training programs, and (flexible) jobs for young people. In addition, grants were made available for businesses to hire young people, however, with a total

⁵ MBO: Students following Intermediate Vocational Education.

budget of 50 million euro's until 2015, the strength of this program is obviously less than in earlier action plans.

Among the most important factors that contribute to youth unemployment according to interviewed labour market experts is the educational level. Especially youth who have only been following lower educational levels or those who do even not have a basic qualification, have greater disadvantages on the labour market. Those young people could not apply for jobs where higher diplomas are required, and therefore, some youth have to apply for a lower skilled jobs. In addition, early school leavers have an extra disadvantage because they have lack of work experience. Therefore, the government believes that having a *basic qualification*, which is officially MBO-2 level or HAVO⁶, is an important requirement for getting a job (Rijksoverheid, 2014a). Figure 7 illustrates that young people who have only followed a lower level of education, have higher rates of unemployment than youth who have at least a basic qualification. However, in practice the minimum level for having a basic qualification differs. According to labour market experts, a MBO-2 level is for example not enough to work in the harbour and industry sectors.

Figure 7: Overview of youth unemployment (until 25 years) by educational level, from 2009 until 2013.



Source: Own calculations based on CBS StatLine, 2014j (MBO; intermediate vocational education, and is divided into four levels, HAVO; Higher General Secondary Education, and usually followed up by HBO, HBO; Higher Professional Education, which give permission to graduate with a bachelor degree, VWO; Pre-University Education, and usually followed up by WO, WO; Higher/University Education which give permission to graduate with a bachelor or master degree from a research university).

Moreover, the highest participated educational level has major consequences for the extent to which young workers moves from temporary contracts to permanent contracts. Young people who have followed higher educational levels are more likely to get a permanent contract than youth who have followed lower or even middle educational levels (Muffels, 2013, pp. 87-88). As noticed in the pre-crisis analysis of youth, before the crisis there were no major barriers between the flow from temporary to permanent contracts, however, this flow seems to be reduced since 2009. In general, in the crisis period employers are less likely to offer young people permanent contracts. This increases the risk of a segmented labour market. After all, young workers already have much more temporary contracts compared with older workers.

⁶ HAVO: Students following Higher General Secondary Education

4.2.2 Labour market developments during the crisis: Migrants

As discussed in the previous section, the educational level plays a key role in explaining a higher risk of unemployment among young people. Especially young non-Western migrants originating from the Dutch Antilles, Morocco or Turkey have high levels of unemployment. Those young non-Western migrants have even higher unemployment rates than first generation migrants as illustrated in table 8.

Table 8: Unemployment among recent graduated MBO's, to ethnic origin and generation, 2010-2012 piled.

	Turkish	Moroccan	Surinamese	Antillean	Other non-Western	Total Non-Western	Total Western	Autochthonous
Total	18%	21%	12%	18%	23%	19%	9%	5%
1st generation	16%	17%	7%	13%	22%	17%	14%	-
2nd generation	20%	26%	17%	28%	27%	22%	7%	-

Source: Meng et al, 2014, p. 112.

One of the main explanations for the difference in unemployment between Western, non-Western migrants and native population, can be related to educational levels. Young migrants often have lower educational levels (MBO 1-2) than autochthonous youngsters (MBO 3-4). However, this difference can only partly explain the more vulnerable position of young migrants. Even in the case of young non-Western migrants who have the same educational level as non-migrant youth, those non-Western youngsters find it more difficult to find a job. A recent study found that other factors for these differences could be a less intensive or effective search behaviour of young migrants in finding a job, different work orientations, or discrimination by potential employers of young migrants (Meng et al., 2014, pp. 113-116). However, from interviews with labour market experts, the general conclusion emerges that a combination of factors related to discrimination and social-cultural differences creates obstacles for young non-Western migrants in finding a job. Young migrants have the perception that they have to promote themselves more than the autochthonous youth, as illustrated in the next citation of interviewed *number 12*:

"We heard from young non-Western migrants that they systematically loses about half of the time with things like when do you wear your headscarf on and off during applications, these are things who have nothing to do with their talents. On itself, it is no discrimination, it is a vague line, but within this line selection mechanism arise whereby these youngsters already fall of".

Although entering the labour market is probably the greatest obstacle for migrants, it seems difficult in particular for non-Western migrants to *stay* in their job and make a *career*. These issues partly have to do with a lack of experience and knowledge of employers towards the social-cultural differences between non-Western migrants and autochthonous employees, and partly because of a lack of adaptability of the migrants themselves. The next situation sketch of a Dutch multinational, cited by labour market expert *number 12*, describes this issue.

"I heard for instance that company X wanted to have more female employees with a non-Western background. To do so, they selected very specifically female students from non-Western origins on student associations. Selecting these students was not a problem, but all non-Western female employees were gone within one or two years... According to the company, part of the problem had to do with the work atmosphere, in which the

informal network on for instance Friday afternoon drinks is very important for career opportunities. These moments were not the times in which these women felt comfortable, and partly because of this they dropped out”

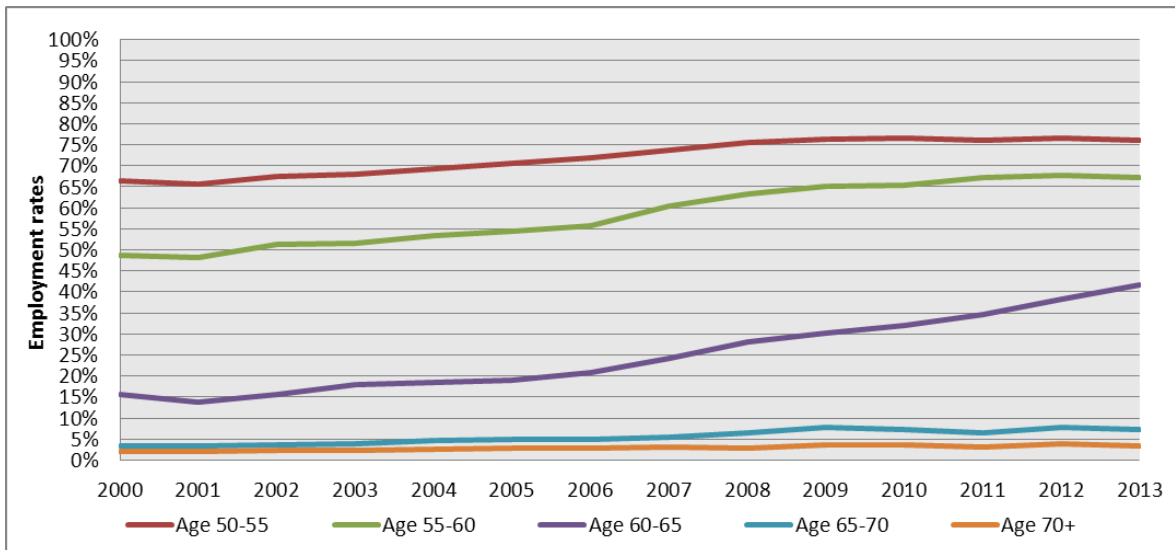
This quote makes clear that especially in informal social-cultural issues difficulties arise that affect the labour market participation of non-Western migrants. According to the interviewed labour market experts, these social-cultural differences, from the employers’ perspective, could be settled by making the informal moments in a company more neutral, allowing more employees to join these activities. In addition, organization facilities could be adapted to be more accessible for non-Western employees, for instance in the creation of prayer rooms, and halal food could be offered besides more conventional offerings. Although larger companies with a diverse workforce are becoming more aware of these issues and adjusting their organizations to those facilities, small and medium companies are still less aware of this. However, it is debatable to what extent companies are responsible for recruiting, selecting and keeping specifically non-Western migrants for their organizations. After all, searching for work in order to provide for one’s own livelihood is indeed a personal responsibility.

Western migrants have a much better labour market position than non-Western migrants. However, they face high levels of unemployment too as compared to autochthonous citizens (see table 8). Since 2004, new migrants, especially from Central and Eastern Europe, have arrived, as mentioned in the previous chapter. Particularly Polish migrants have best found their way into the Dutch labour market, unemployment rates within this groups currently fluctuate around 8% (Gijsberts & Lubbers, 2013, p.11). In addition, young Polish migrants have obtained higher educational levels or have at least a basic qualification. This does not hold true for other new Western migrants like Bulgarians and Romanians. Unemployment among those groups seems to be much higher, however, because the majority of those migrants are not registered in the Dutch General Register Office, no precise unemployment figures can be given. Nevertheless, estimates indicate unemployment rates of Bulgarians of 45% (Gijsberts & Lubbers, 2013, pp. 9-11).

4.2.3 Labour market developments during the crisis: Elderly

During the crisis, the unemployment rates of older workers increased just like those of other vulnerable groups. However, their labour market participation grew as well. This apparently contradictory trend, as illustrated in figure 8, mainly occurred because of the increased participation of older women (UWV, 2011). In addition, more elderly work on the basis of part-time contracts. In an interview, an expert of elderly organizations explained that this is partly because older workers want to combine their work with care for older family members, also known as *‘mantelzorg’* (‘volunteer aid’). In addition, because of the threat of scarcity of labour in the pre-crisis period, it became more clear that longer-term employability of older workers would be essential to overcome this potential danger. Therefore, the government changed regulations for early retirement, among other things, as mentioned in previous section. In particular, elderly between the age of 60 and 65 have caught up relative to other age groups as a result of those measures.

Figure 8: Development of employment rates among elderly, according to age group (2000-2013).



Source: Own calculations based on CBS StatLine, 2014j.

Although the elderly have worked longer in the last decade, and unemployment rates as compared to other vulnerable groups are still low, long-term unemployment and job mobility remain serious issues. Therefore, following the approach used for youth, the government has created a budget of 67 million euros for improving the labour market position of the elderly (Rijksoverheid, 2013). One of the main actions following from the budget is the action plan ‘55pluswerkt’ (‘55 plus works’), which aims to reduce the negative images employers have about the hard skills of older workers. Furthermore, the action plan works to improve the labour market position of elderly by organizing network meetings and training. In addition, concrete measures have been taken to reduce the discrepancy between the wages and productivity of older workers. For instance, employers are able to get temporary financial compensation for hiring an employee of 50+ age, known as a *mobility bonus*. Besides, arrangements have been introduced to compensate employers in case of sickness of older employees. However, even from the age of 45, workers have much lower job mobility (see figure 5), although they are not included in the action plan. Therefore, some interviewed labour market experts question the effectiveness of those measures.

Since 2013, unemployment rates among elderly increased sharply. Because of the extended eligible age for pensions, older workers have to apply for unemployment benefits for longer periods if they become jobless before they can retire. Besides, because of decreasing job security through changes in the ‘Ontslagbesluit’ (see section 3.3), the risk of joblessness even increased. With respect to the high long-term unemployment rates and low job mobility, it is according to the interviewed labour market experts therefore even more important to prevent unemployment rather than take actions in cases when elderly people become jobless. However, the current action plan does not provide for investment in *employability* to reduce the chance of being (long-term) unemployed, this is however essential for reducing (long-term) unemployment, as becomes clear in next quote of interviewed labour market expert *number 7*:

“Policies among older workers should particularly focusing on preventing unemployment. If unemployed older people find a new job, most of them do so within 7 months of the start of receiving unemployment benefits, recent work experience is therefore crucial, after this period job opportunities decline sharply”.

4.2.4 Labour market developments during the crisis: Disabled

During the crisis, the already difficult labour market position of disabled persons deteriorated further. Particularly disabled people with low-skilled jobs had to compete with other vulnerable groups, which causes displacements. Likewise, sheltered workplaces had to compete with each other in a declining market, whereby the financial position of sheltered workplaces and the job changes of their disabled workers came under pressure (Fenger, Van der Torre & Van Twist, 2011, pp. 22-37). Nevertheless, the government made agreements with social partners, the *‘sociaal akkoord’* (‘social agreement’), to put in an ambitious target of getting 125,000 people with a disability employed in the regular labour market before 2025. To achieve this target, the government ensured for 25,000 workplaces, and the other 100,000 workplaces are to be realized by businesses. However, according to labour market experts, it is questionable as to whether the policy is realistic or not, as interviewed expert *number 5* put it as follows:

“Government policies are still characterized by the idea of scarcity. For example, recently the idea has arisen that 125,000 jobs for vulnerable people should be created before 2025 , however, if you look at the current economic cycle, it means a majority of new jobs should be filled in by disabled. This is not logical and real given the current economic situation. After all, it is more likely that employers will choose more productive employees at the moment”.

The underlying idea of this ambitious target seems to fit in a wider context than merely from a social perspective. By the first of January 2015, the *‘Participatiewet’* (‘Participation Act’) -meant to reconstruct the bottom of the labour market and thereby ensures serious savings- will be introduced. An important part of this law consists of the ending of the current *‘Wet Sociale Werkvoorziening’* (‘Social Employment Act’) for people who have not yet made use of this law. However, people with a physical, mental or psychiatric disability who already make use of this possibility may keep using this arrangement until they leave through attrition. Although most ‘new cases’ will have to work in the regular labour market when supported by *regional Work companies*, there will still be some room left for disabled people who are unable to work in normal circumstances. It is estimated that 30,000 disabled will be eligible for this exception (Rijksoverheid, 2014b), but that is much less than the approximately 100,000 people who work in a sheltered workplace currently. To conclude this section, although the labour market position of disabled persons became more vulnerable during the crisis, the government wants to save costs by reducing the number of disabled claimants who are applying for sheltered workplaces. However, at the same time the government has tried to improve the labour market position of disabled people mainly by asking companies to create jobs. This summary suggests a paradox of getting more disabled employed in a market that is already in crisis. By making agreements with social partners, the government is trying to convince businesses to offer more jobs for the disabled.

If the target of 100,000 workplaces for disabled people by businesses is not met, the government has already announced that it will enforce this through a quota. By quota, businesses could be compelled to populate a certain percentage of the labour force out of employees with a disability. The question of whether (the threat

of) a quota is necessary and wise, however, is contested by labour market experts, as cited by interviewed expert *number 11*:

“I think the threat of a quota is good, but it should not be implemented. Especially when we look at the countries that have done this, I wonder if it leads to a lot of permanent work for this group. We went to Germany to see how the practice of a quota would look like, there we saw that employees who normally dropped out of a business because of a various of reasons, now were be kept at work. The intake of disabled people without a history of employment is there even less than in the Netherlands. So I am sceptical about achieving the goal by a quota”.

The threat of a quota could perhaps increase urgency, and thereby stimulate businesses to hire people with a disability. However, even during the crisis some interesting developments did occur, for example those cited by labour market expert *number 11*:

“We noticed in conversations with employers that hiring people with a disability may not cost more than hiring other employees. But where we first thought Corporate Social Responsibility (CSR) was a trend, we still keep seeing it. It helps that businesses are forced by the government to invest in CSR, besides, we noticed that companies start demanding this from each other as well, and so a whole chain between government and employers can occur”.

If businesses keep investing in CSR, and when government and other businesses keep demanding this from each other, a quota is possibly not even necessary. Especially for larger companies, issues like *Social Return on Investment* (SROI) and procurement rules are motives to hire employees with a disability. However, small and medium businesses hire disabled persons mainly because of intrinsic motivations, for example, they know an unemployed disabled person in their environment and want to help him/her. However, apart from the motives of employers, there will be boundaries on the possibilities of hiring (disabled) people if the economy will not recover drastically. Therefore, according to the labour market experts interviewed for this study, the target of getting 125,000 people with a disability employed is a wishful goal. However, this target should not be enforced at any costs, because this could lead to perverse effects in which the labour participation of other (vulnerable) people suffer.

5] Factors affecting the position of vulnerable groups

This last chapter provides a brief overview of the most important factors that have influenced the resilience of the Dutch labour market during the crisis, and specifically the position of vulnerable groups. First, a comparative data model of relevant labour market factors gives an overview of the differences between vulnerable groups in the pre-crisis period as well as during the crisis. This model, mainly based on tables 1 to 5 of chapter two, only consists of data of the Dutch 'Centraal Bureau voor de Statistiek' ('Central Statistical Office') in order to represent the broadest cross-section of data as possible. Afterwards, an overview of the main factors that have affected the resilience of the labour market is given, followed by a concise summary of specific events of each of the vulnerable groups.

5.1 Comparative data analysis in pre-crisis and crisis periods between vulnerable groups

Youth and migrants have seen the largest increase in unemployment rates compared to the pre-crisis situation, as illustrated in table 9. However, when focusing on the position of migrants, unemployment rates of non-Western migrants have increased the most. With respect to employment rates, no great changes were noticed except the strong increase in the labour participation of the elderly. In addition, long-term unemployment is still a significant issue among the elderly, although a decrease has occurred. However, with decreasing inactive rates too, the labour market position of elderly showed some improvements during the crisis. In contrast, almost no positive signals could be noticed among the other vulnerable groups; long-term unemployment among youth has increased and inactivity rates of disabled people are still reaching the upper half. Besides, almost six out of ten young workers do have temporary contracts, far more than in the pre-crisis period, and even three times more than the general population, which makes them more vulnerable. Lastly, part-time contracts have increased strongly among youth and migrants.

Table 9: Comparative data model of (un)employment, inactive and part-time employment rates between vulnerable groups in the pre-crisis period (2008) and during the crisis (2013).

	Unemployment rate		Employment rate		Long-term unemployment		Inactive rate		Temporary employment		Part-time employment	
	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013	2008	2013
General population	3.8%	8.3%	70.9%	72.1%	36.3%	35.8%	29.1%	27.9%	17.5%	19.7%	38.8%	41.9%
Youth	8.4%	15.9%	45.9%	42.3%	10.5%	16.1%	54.1%	57.7%	46.8%	58.4%	50.5%	58.4%
Migrants	7.0%	14.5%	66.1%	65.6%	37.3%	40.0%	33.9%	34.4%	24.7%	25.4%	37.5%	41.5%
<i>Western migrants</i>	5.0%	10.2%	70.4%	71.0%	35.9%	38.8%	29.6%	29.0%	19.7%	22.1%	39.2%	40.8%
<i>Non-western migrants</i>	8.9%	18.6%	62.5%	61.3%	38.0%	40.7%	37.5%	38.7%	29.3%	28.7%	35.9%	42.4%
Elderly	4.3%	7.8%	48.4%	59.6%	69.0%	58.2%	51.6%	40.4%	7.4%	7.4%	42.0%	43.2%
Disabled*	8.1%	12.6%	46.6%	41.3%	-	-	53.3%	58.7%	-	-	-	-

Source: Own calculations based on CBS StatLine, 2014c (*Because of a lack of recent data, information of disabled refers to respectively 2009 and 2012).

5.2 Overview of the factors affecting the resilience of the Dutch labour market and the position of vulnerable groups during the crisis

After the economic crisis that followed as a result of the 'dotcom bubble' in 2000 (Van Gestel et al., 2009), the Dutch economy bloomed at the end of the *pre-crisis* period and unemployment rates decreased to 3.8% in 2008 (CBS StatLine, 2014c). In those years, a future deficit of available workforce was seen as a threatening problem because of declining birth and ageing of the working population. Therefore, the government wanted to anticipate on this future issue of scarcity of labour by increasing the labour market participation of the total workforce, and by focusing more on active labour market policies with respect to social benefit receivers (Rijksoverheid, 2008). However, those policies became less urgent because of sudden developments on the financial markets which causes a series of negative trends in which the economy were hit hard and unemployment increased.

5.2.1 Active labour market policies and flexibility make the labour market more resilient

Although the impact of the crisis was significant, some measures that have been taken in the pre-crisis period contributed to the resilience of the labour market. Already since the 1990's, the government focuses on *active labour market policies*. Those policies resulted in a transformation of the social security agencies of the government in which they received more incentives of market issues like efficiency and effectiveness (Fenger, Van der Steen et al., 2011). In addition, social assistance benefits (WWB) and disability benefits (WAO/WIA) were reconstructed in order to motivate job seekers to find a new job faster, and to reduce the number of social benefit receivers. In this pre-crisis period, an apparently non-stopping upward trend of temporary employment and contracts on part-time basis ensured that the labour market became more flexible. Because of this *flexibility*, businesses were able to respond faster on economic changes and could therefore hire more people when necessary, however, laying off staff became easier as well. To summarize, the developments of increasing flexibility and active labour market policies ensured that Dutch labour market was in a way 'prepared' to deal with the crisis, because it was able to react on economic fluctuations faster.

5.2.2 Labour hoarding, scarcity of labour, and available vacancies mitigate the impact of the crisis on employment rates

Prepared or not, the economic recession of 2009 was the greatest decline (3.7%) of GDP since the Second World War (CBS StatLine, 2014f). Therefore, unemployment rates were still expected to increase sharply, however, the Dutch labour market performed well in mitigating these negative effects (Bigos et al., 2014). Mainly three underlying factors have ensured that unemployment rates were relatively low at the start of the economic recession. First, businesses build on capital in the pre-crisis period which enabled them to resist some economic shocks, and to keep their employees employed, known as *labour hoarding*⁷. Secondly, the context of *scarcity* of labour strengthened businesses in the perception that their employees would be needed after the crisis (Josten, 2011). Thirdly, many jobs were unfulfilled before the crisis which resulted in many *available vacancies*, however, those vacancies disappeared rapidly at the start of the crisis. As a result, the loss

⁷ *Labour hoarding*: Cover all unemployment of employed labour (measured in man-hours) that arises as a consequence of any fall in aggregate demand below its full employment (i.e. full capacity) level. (Taylor, 1979, p. 192)

of available vacancies partly prevented forced layoffs, because employers fulfilled those workplaces with the existing workforce.

Although the labour market showed its resilience after the outbreak of the economic crisis, some people were hit harder by the crisis than others. Especially self-employed workers without employees (ZZP's) did absorb a significant part of the declining available work at the expense of a lower income. They are one of the groups that were faced with a lower income and therefore a higher risk of poverty. From 2011 onwards, more and more people became unemployed. The long duration of the crisis deteriorated the financial position of businesses, and labour hoarding is no longer an possibility. Besides, it became questionable if the context of scarcity of labour will return when the crisis is over. In conclusion, the factors that have absorbed the negative effects to employment rates at the outbreak of the economic recession lost its influence because of the length of the crisis.

5.2.3 Factors affecting the labour market position of vulnerable groups during the crisis

Of all groups mentioned in this report, youth have shown the largest sensitivity of employment when it comes to economic fluctuations in boom periods as well as during the crisis. Therefore, it is not surprising that youth were hit hard during the recent economic downturn and unemployment rates rose at rates exceeding that of all other vulnerable groups. One of the main factors that influences the risk of being unemployed among youth has to do with the highest followed educational level. Youth who have obtained an middle educational level, which is at least a *basic qualification*⁸, have much more chance of becoming employed than youth who do not have this qualification (see figure 7). Therefore, in the 'diploma democracy' that has occurred in the Netherlands (Bovens & Wille, 2009), a solid education is essential. However, even among youth who have obtain higher educational standards, unemployment is still higher than average. Even though this was already the case during the pre-crisis period, youth were then mostly unemployed for short periods, which made the unemployment issue less problematic. However, because of the length of the crisis unemployment rates increased, and long-term unemployment became a serious issue since 2013. Furthermore, more and more young workers start with a temporary contract, although many young workers did start with a temporary contract before the crisis as well, those temporary contract are now less likely to be transformed into permanent contracts (Muffels, 2013). This development increases the already existing gap between those with permanent contracts -the *insiders labour market*- and youth with primarily temporary contracts -the *outsides labour market*. In conclusion, the labour market of youngsters became more vulnerable during the crisis mainly because young workers found problems with their flexibility, resulting in a lack of prospects of permanent contracts and future career changes.

At first sight, the labour market position of migrants shows some similarities with youth. For instance, the economic fluctuations have a great impact on (un)employment rates, and educational levels influences labour market changes as well. However, beyond these similarities, an important distinction can be made between Western and Non-Western migrants⁹. Western migrants show a much better labour market position than non-Western migrants (Meng et al., 2014). As illustrated in tables 8 and 9, unemployment rates are almost twice as high. Besides, long-term unemployment and inactive rates are obviously higher among non-

⁸ *Basic qualification*: The educational level followed at least *MBO-2* level (Intermediate Vocational Education) or *HAVO* (Higher General Secondary Education).

⁹ See footnote two

Western migrants. One of the main factors that influences the vulnerability of non-Western migrants in particular is the blurred line between discrimination and social-cultural differences. This line is partly drawn by employers who have problems with, or who are not used to people with non-Western backgrounds. However, a lack of adaptive power of migrants could restrict job opportunities as well, as was illustrated by the citation of one of the interviewed labour market experts (see pp. 31-32). Therefore, in a way, the context of the crisis seems to stand apart from the causes of high unemployment rates among non-Western migrants. A better understanding between employers and non-Western migrants is needed to overcome this blurred line. However, it is important that other determining factors like educational levels, which is on average lower among non-Western migrants than indigenous people, improve on non-Western migrants as well.

The labour market position of older workers shows fewer signals of vulnerability compared to the other groups. Although unemployment rates among the elderly did increase, these rates are still below average. Besides, labour participation rates have been increasing and inactive rates have dropped, which is mainly due to the increased participation of older women (UWV, 2011), and because the elderly from the age of 60 have started to work longer. However, long-term unemployment is still a serious issue. The main factors affecting the high levels of long-term unemployment are partly caused by a discrepancy between relatively high wages and lower productivity of older workers, which makes older workers less attractive for employers (Gelderblom, 2005). In addition, there is a perception of a lack of hard skills of older workers (like flexibility and IT-skills). Besides, a very low level of job mobility among the elderly, caused by permanent contracts and relatively large level of job security, has resulted in only a small portion of older workers investing in their own employability by following further education. Although not directly visible in the data because of the increased participation of the elderly, these factors makes the labour market of the unemployed elderly very difficult. Finally, because of changes in the *'Onstslagbesluit'* ('dismissal resolution', see p. 22) and the rise of the retirement age, the potential risk of becoming unemployed among the elderly has increased.

Like the labour market position of youth and non-Western migrants, unemployment rates of disabled people already displayed difficulties in the pre-crisis period. These difficulties were and are partly caused by the perception of employers of a lower productivity, financial risks and a predicted high level of absenteeism of disabled persons (Van Petersen et al., 2004). Although it is difficult to conclude to what extent these perceptions match reality, people with a psychical, mental or psychiatric disability do have much more difficulty in finding jobs. Therefore, social arrangements of the government offer disabled persons opportunities to work in sheltered workplaces (SW-businesses). However, those arrangements came under pressure during the crisis because of the competition between SW-businesses in order to get work, and by the decision of the government to cut back the number of disabled workers in sheltered workplaces. This decision is partly motivated by the desire to realize an inclusive labour market in which there is place for disabled people in the regular job circuit instead of SW-businesses (Fenger, Van der Steen et al., 2011). However, realizing financial cutbacks on social welfare is a major reason as well. Therefore, the government is reconstructing the existing law *'Wet Sociale werkvoorziening'* ('Social Employment Act') and will introduce the *'Participatiewet'* ('Participation Act') in January 2015 in order to decrease costs and thereby available jobs in sheltered workplaces. However, at the same time the government wants to create 125,000 jobs for disabled people in the regular labour market to work towards an inclusive labour market. Although this seems paradoxical, the government aims to create 25,000 jobs itself, and will make private businesses responsible for the other 100,000 workplaces. Even though most large businesses are positive towards hiring disabled persons because of the increasing importance of Corporate Social Responsibility (CSR) and Social Return on Investment

(SROI), the current economic cycle raises questions about the feasibility of this number. Nevertheless, if necessary, the government wants to achieve this number by using a quota where businesses are obliged to hire a specific number of disabled people. Although this policy might be necessary to ensure increasing labour participation among people with a disability, it risks perverse effects in which the labour participation of other (vulnerable) groups could suffer as well.

Appendix 1: Interviewees

The interviewees are arranged alphabetically by institution within the category to which they relate. No rights can be derived to this classification or to the numbered citations in this report.

Representatives of national and regional governments, knowledge institutions, and practitioners in the field of labour market policies		
<i>Institution</i>	<i>Name</i>	<i>Position</i>
Advisory Committee Labour Participation	Dominic Schrijer	Former member of the Committee, currently Mayor of Zwijndrecht
Association of Dutch Municipalities (VNG)	Jeannette de Ridder	Policy Adviser Expertise Centre Social Affairs
	Bert Schriever	Senior Policy Adviser
Board of labour market regions ('Programmaraad')	Arjan Kampman	Regional Advisor/Process Manager
Board of labour market regions ('Programmaraad')	Cees Kiene	Regional Advisor/Process Manager
Employee Insurance Agency (UWV)	Rob Witjes	Manager Labour Market Information and Advice
Ministry of Social Affairs and Employment	Dr. Dirk Scheele	Senior Policy Adviser
Municipality of Amsterdam	Piet Jansen	Senior Advisor Platform Labour Market and Education
Municipality of Rotterdam	Maarten van Kooij	Senior Policy Adviser
National Association of Managers with Municipal Services in the field of Social Policies (DIVOSA)	René Paas	Chairman
Representatives of independent research institutions		
<i>Institution</i>	<i>Name</i>	<i>Position</i>
Netherlands Bureau for Economic Policy Analysis (CPB)	Dr. Marloes de Graaf-Zijl	Program leader Labour
The Netherlands Institute for Social Research (SCP)	Dr. Jan Dirk Vlasblom	Researcher Labour Market and Public Services
Representatives of employers and employee organizations		
<i>Institution</i>	<i>Name</i>	<i>Position</i>
Christin National Trade Union (CNV)	Martijn Hordijk	Policy Adviser
Confederation of Netherlands Industry and Employers (VNO-NCW)	Sven Bontje (telephone interview)	Secretary Social Security
Representatives of national associations defending the rights of vulnerable groups		
<i>Institution</i>	<i>Name</i>	<i>Position</i>
The National Consultation Platform on Minorities (LOM Samenwerkingsverbanden)	Leo Euser	Senior Policy Adviser
Organization for social employment and labour integration (CEDRIS)	Alice Odé	Coordinator
	Marleen Damen	Director
Protestant Christian Elderly Bond (PCOB)	Sandrina Sangers	Policy Adviser

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